

To: City Executive Board
Council

Date: 13 February 2018
19 February 2017

Report of: Head of Financial Services

Title of Report: Medium Term Financial Strategy 2019-20 to 2021-22 and 2018-19 Budget

Summary and Recommendations

Purpose of report: To present the outcome of the budget consultation and agree the Council's Medium Term Financial Strategy for 2019-20 to 2021-22 and 2018-19 Budget for recommendation to Council

Key decision: Yes

Executive lead member: Councillor Ed Turner

Policy Framework: The Council's Corporate Plan

Recommendation(s): The City Executive Board is asked to consider the outcome of the public consultation, agree the amendments to the Consultation Budget and recommend that Council resolves to:

- 1) Approve the 2018-19 General Fund and Housing Revenue Account budgets and the General Fund and Housing Revenue Account Medium Term Financial Plan as set out in Appendices 1-10, noting:
 - a) the Council's General Fund Budget Requirement of £23.369 million for 2018/19 and an increase in the Band D Council Tax of 2.99% or £8.67 per annum representing a Band D Council Tax of £298.86 per annum
 - b) the Housing Revenue Account budget for 2018/19 of £43.241 million and a reduction of 1% (£0.85/wk) in social dwelling rents from April 2018 giving a revised weekly average social rent of £104.58 as set out in Appendix 4
 - c) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6.
- 2) Agree the fees and charges shown in Appendix 7

- 3) Delegate to the Section 151 Officer in consultation with the Board Member for Finance and Assets the decision to determine whether it is financially advantageous for the Council to enter into a Business Rates Distribution Agreement as referred to in paragraphs 12-14 below.
- 4) So as to encourage long term empty properties back into use, it is recommended that the Council increases the long term empty premium from 50% to 100%.

Appendices to the report:

- Appendix 1 Summary of General Fund Budget by Service 2018-19 to 2021-22
- Appendix 2 General Fund Revenue Budget by Service 2018-19 to 2021-22
- Appendix 3 Detailed General Fund Service Budgets Bids and Savings Proposals 2018-19 to 2021-22
- Appendix 4 Housing Revenue *Account Budget 2018-19 to 2021-22*
- Appendix 5 *Housing Revenue Account* Rent by property type
- Appendix 6 General Fund and HRA Capital Programme 2018-19 to 2021-22
- Appendix 7 Fees and Charges
- Appendix 8 Risk Register
- Appendix 9 Equalities Impact Assessment
- Appendix 10 Budget Consultation

Comment from the portfolio holder for Finance and Assets, Cllr. Ed Turner

In publishing our consultation budget, I noted that it had been produced in challenging times for Oxford, with significant pressures on services but reductions in funding. That situation has been exacerbated by developments since: in particular, latest assessments of our funding from retained business rates have had to be revised downwards, and the government seems set to confirm the deletion of revenue support grant for Oxford City.

In publishing this budget, therefore, we have made a number of changes compared to the initial proposals, taking on board both public feedback but also changes in government policy and outlook, including the following:

- We propose further increased spending to combat homelessness and eliminate rough sleeping (a further £187,000, on top of £200,000 per annum from 2019/20);
- In line with strong public support for the promotion of the Oxford Living Wage, we will create a new project fund to enable its effective promotion;
- We propose to raise council tax by 2.99% per year, rather than 1.99% per year (an extra £8.67 per year for the average household); this will mitigate the reduction in business rate income identified above;
- We propose to fund a new pavilion at Five Mile Drive;
- We have provided additional funding for the next two years to ensure that all sections of our community have better access to the city's cultural heritage, and lever in external funding for this;
- We have amended and reduced proposed tariff increases at Headington car park, and have continued to freeze Park and Ride charges for most stays, bringing charges fully in line with those levied by Oxfordshire County Council.

There remain positive proposals previously outlined.

- To help us tackle homelessness, we will spend an additional £5 million to purchase properties for local homeless families.
- With the same objective we will earmark over £10 million in the Housing Revenue Account for provision of council housing at the East Oxford Community Centre, as part of that building's renewal, and at associated sites.
- As part of our vision to reduce carbon emissions and reduce fuel poverty, we will extend the energy efficiency advice service introduced for council tenants, and have earmarked an additional £100,000 for energy efficiency works in council properties, as well as our ongoing programme of £24.4 million to raise standards in council homes.
- We propose investment of £1.6 million in the fabric of the Covered Market, as part of our commitment to the city centre.
- We propose to provide funding equivalent to two Police Community Support Officers for use in partnership with Thames Valley Police for the coming year in areas where depleted police numbers are having the highest impact, and will press government for adequate funding of the police service in the future. We also propose additional investment in our tree team, to ensure potentially dangerous trees are treated and made safe.
- As part of our mission to reduce inequality and poverty in Oxford, we will continue to provide the full level of council tax support to households on low incomes.
- To safeguard frontline services, we intend to press ahead with the establishment of our Local Authority Trading Company, to offer services to local firms, charities and other organisations, with additional income of £500,000 being forecast annually once the organisation is fully established.
- We are aware that parking pressures in some areas of the city are severe, for instance due to commuter parking. We are therefore proposing additional funding of £200,000 to create new controlled parking zones, where there is local support for these.
- The budget incorporates continued provision, in full, of our programme of grants of £1.4 million to the community and voluntary sectors. It also includes increased funding of £1million for the Museum of Oxford (levering in £1.3 million from the Heritage Lottery Fund), which will ensure both visitors and local people are able to access an excellent insight into our city's history.

We are grateful to people who responded to our budget consultation, and to our council workforce, which continues to work hard to provide an excellent service to people in our city. We want to put in place a range of additional measures and funds to tackle homelessness and eliminate rough sleeping, including funding services and building more genuinely affordable homes. We are setting up our innovative Local Authority Trading Company, bringing in much-needed income to support front-line services. Notwithstanding continued and severe reductions in government funding, we are committed to supporting Oxford as a great place to live, making our city safer, greener, and a more equal place, while seeing its economy thrive – this budget contains important measures towards that goal.

INTRODUCTION

- 1 This report reflects the outcome of the consultation on the draft budget agreed by the City Executive Board at its meeting on 20th December 2017 as well as changes which have arisen since the consultation budget was published.
- 2 The consultation on the draft budget began on 21st December 2017 and ended on 31st January 2018. The consultation document was available on the Council's website. 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

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, these are summarised below:

Provisional Local Government Finance Settlement 2018-19

- 5 The Government published its Provisional Finance Settlement for 2018/19 on 19th December 2017, together with indicative figures for 2019-20. These were subject to consultation which closed on 16th January.

The key points include:

Social Care Precept

- Introduced last year upper tier authorities are able to increase the Social Care Precept by up to 3% per annum in 2017/18 and 2018/19. However, authorities that do so will not be able to make a further increase in 2019/20 (i.e. the total allowable increase over the three-year period is 6%).

Referendum level

- Councils will be able to raise their council tax by an additional 1% in 2018/19 **and** 2019/20 to reflect the level of inflation.
- For 2018/19, there will therefore continue to be differential limits that will trigger the need for a council tax referendum.

For upper tier authorities wishing to use the social care precept at the maximum, a referendum will be triggered where council tax is increased by 6% or more above the authority's relevant basic amount of council tax for 2017/18.

For district councils, increases of less than 3% or up to and including £5 (whichever is higher) above the authority's relevant basic amount of council tax for 2017/18 can be made without triggering a referendum.

New Homes Bonus

- The amounts take into account the changes previously announced as part of the 2017/18 Local Government Finance Settlement, these being:
 - Funding reduced from 6 years to 5 years' in 2017/18
 - Funding reduced to 4 years' from 2018/19 onwards
 - A deadweight (initially set for individual authorities at 0.4% growth) with only growth above this level rewarded.
 - The figures for 2019-20 are indicative

Fairer Funding Review

- The government has published the consultation paper "Fair funding review: a review of relative needs and resources", technical consultation on relative need. The consultation closes on 12th March 2018.

Business Rates Retention

- Local business rates retention will move from 50% to 75% in 2020/21. This is understood to mean all authorities would be at 75%, rather than the 75% being an average.
- A reset of the business rates retention system will take place in 2020/21. This will see NNDR Baselines adjusted to better reflect how much local authorities are actually collecting in business rates (the current ones are based on the amount collected in 2010/11 and 2011/12).

Settlement Funding Assessment (SFA)

- 6 The Settlement Funding Assessment comprises authorities Revenue Support Grant (RSG) and their share of locally retained business rates (the baseline funding level). The figures for Oxford City Council are as follows:

Table 1 : Settlement Funding Assessment				
	2018/19	2019/20	Est 2020/21	Est 2021/22
	£000's	£000's	£000's	£000's
Total SFA	6,651	5,860	5,977	6,097
of which				
Revenue Support Grant	630	0	-	-
Baseline Funding Level	6,021	6,155	5,977	6,097
Tariff adjustment *	-	(295)	-	-
Reduced/ (Increased) SFA on previous year	(8.9)	(11.9)	2.0	2.0

* Where baseline need is less than the Settlement Funding Assessment a reduction is made to funding. For authorities not in receipt of RSG the reduction is made to baseline funding. It is not certain whether this adjustment will continue going forward.

Revenue Support Grant

- 7 There is no change to Revenue Support Grant assumptions as a result of the Provisional Settlement, as shown in Table 2 below:

Table 2 Change In Revenue Support Grant since Consultation Budget				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Consultation Budget	630	0	0	0
Provisional Settlement Figures	630	0	0	0
(Decrease)/ Increase	0	0	0	0

Retained Business Rates

- 8 The Government has issued authorities with their Retained Business Rates Baseline Funding Levels for 2018-19 to 2019-20. 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 and the levy paid on additional income above the Baseline. The tariff figure for the authority increased slightly from that previously estimated which has resulted in a small reduction in the estimated amount of income.
- 9 Almost certainly the Baseline Funding Level will not be the amount the authority eventually receives in Retained Business Rates. A summary of the changes is shown below but it should be noted that there can be substantial volatility around these figures:

Table 3 Change In Business Rates since Consultation Budget				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	Est	Est
	£000's	£000's	£000's	£000's
Consultation Budget	8,170	8,188	8,193	8,498
Final Finance	8,132	8,037	8,041	8,342

Settlement				
(Decrease)/ Increase	(38)	(151)	(152)	(156)
Tariff (see para 11)	29,031	29,888	30,486	31,095
Tariff adjustment (negative RSG)	-	295		
Safety net threshold (92.5% baseline)	5,600	5,700	5,528	5,639

- 10 From 1/4/2020 there will be a re-basing of all the figures when the Government introduces 75% business rate retention. This will be coupled with new burdens on local Government but it is unclear as yet what these will be.
- 11 The Ministry for Housing Communities and Local Government (MHCLG) recently contacted local government authorities to advise that Valuation Office Agency (VOA) have published revised data on the change in rateable value between rating lists for 2010 and 2017. The MHCLG confirmed that they only used provisional data – from October 2017 – for the change in rateable values that were used in the Provisional Finance Settlement. The effects of these changes have resulted in a reduced income of around £117k over the four year plan and have been factored into the figures.

Business Rates Distribution Group

- 12 It was announced in December that Oxfordshire's bid to be a business rates retention pilot was unsuccessful. As a result the Chief Finance Officers have agreed the formation of the West Oxfordshire Business Rates Pool for 2018-19 to be formed by Oxfordshire County Council and West Oxfordshire and Cherwell District Councils as in previous years.
- 13 The Pool's membership has been set to maximise its income for the good of Oxfordshire. It has also agreed that councils who would benefit from being in a pool (because the levy on business rates growth would be less than if they were outside the Pool) should not be excluded from sharing in the additional income generated by the Pool just because in any year their membership would not generate the optimum retained income for the Pool. These authorities should form a Business Rates Distribution Group and benefit from a share of some of the growth on the Business Pool in exchange for taking on some of the risk of Pool losses not covered by the safety net.
- 14 It is recommended that the decision to join the Business Rates Distribution Group is delegated to the Section 151 Officer in consultation with the Executive Member for Finance and Asset Management once business rates estimates for 2018-19 are known for all Districts within Oxfordshire.

Council Tax Increase

- 15 Following the Finance Settlement Councils will be able to raise their Council Tax by an additional 1% in 2018/19 and 2019/20. For district councils, increases of less than 3% or up to and including £5 (whichever is higher) above the authority's relevant

basic amount of Council Tax for 2017/18 can be made without triggering a referendum.

- 16 Within the Council's Consultation budget allowance was made for Council Tax increases of 1.99%. Increasing the Council Tax by an additional 1% for 2018/19 and 2019/20 would have the following effect:

Table 4 Change In Council Tax since Consultation Budget				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Consultation Budget	13,207	13,619	14,029	14,450
1% additional increase for 2018/19 and 2019/20	13,336	13,887	14,305	14,735
Net Variation	129	268	276	285

- 17 In the Autumn 2017 statement the Chancellor announced that the government is keen to encourage owners of empty homes to bring their properties back into use. To help achieve this, local authorities will be able to increase the council tax premium from 50% to 100% for properties empty and unfurnished for more than 2 years. No date as to when this will come into force has been given and Primary legislation needs to be amended. As this may be April 2018 or 2019 it is proposed that Council should agree the change now and that it be implemented as soon as the legislation comes into force.
- 18 Currently the Council has around 80 properties which have been empty for more than 2 years and clearly the addition of a further council tax premium may change behaviour in terms of bringing the property back into use more quickly; if it is not changed, then additional income to the council would result.

New Homes Bonus

- 19 From 2018-19 New Homes Bonus (NHB) is paid each year for 4 years based on the amount of additional 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. Only growth above 0.4% in comparison to the previous year is paid.
- 20 The amounts for Oxford City compared to the assumptions in the MTFs are shown in Table 5 below:

Table 5 : New Homes Bonus Estimates				
New Homes Bonus	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Consultation Budget	1,274	1,699	1,504	1,170

Provisional Finance Settlement	1,270	1,695	1,500	1,166
(Increase)/ Decrease	4	4	4	4

- 21 The Council uses NHB to fund Capital; as it is one off expenditure and so de-risks the MTFs. In the event of further reductions in NHB the Council's Capital Programme could be reduced or alternatively schemes funded by prudential borrowing.

Other Changes Arising

- 22 A summary of other changes to the Consultation Budget outside of the Finance Settlement are shown in Table 6.

	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Deletion of income re Horspath 3 G pitch	30	30	30	30
Deletion of income re Hinksey Park Café	2	2	2	2
Income re Five Mile Drive Pavillion	0	(2)	(2)	(2)
Slippage on Barton Park cycle studio	2	-	-	-
Cultural strategy(3)	50	50	-	-
Project management for promotion of Oxford Living wage	5	-	-	-
Transfer to homelessness reserve (4)	-	23	80	84
Members Remuneration Panel (2)	10	10	10	10
Total	99	113	120	124

Notes

- (1) **Slippage** -A number of new schemes put forward in the Consultation process have been slipped in the Capital Programme as delivery is not thought to be in the timescale originally proposed. The above table includes the revenue implications of these slippages
- (2) **Remuneration Panel** -The Council's Independent Remuneration Panel (IRP) will present its findings to Council on 20th February. The IRP's report contains proposed amendments for the Oxford City Council Members' Allowances

Scheme and should these be approved the financial implication to the Council is an estimated additional £10k per annum..

- (3) **Cultural Strategy** – to enable wider provision to be delivered to meet Cultural Strategy objectives and provide match-funding for Arts Council applications and applications to the Cultural Partnership Fund plus increasing the grant application pot to assist with funding for other organisations.
- (4) **Homelessness**- The Council’s consultation budget proposed significantly increased spending on homelessness, from both new revenue commitments and the existing homelessness reserve. We propose now to “back-fill” the reserve, as a further commitment to eliminating rough sleeping in Oxford and to send a clear message of encouragement to partners to match this commitment.

23 Summary of Changes to Medium Term Financial Strategy

The Council’s General Fund Medium Term Financial Strategy is shown in Appendices 1-3 together with assumptions around fees and charges in Appendix 7. A summary of the movement in the Medium Term Financial Strategy from the Consultation Budget agreed in December 2017, taking account of the changes highlighted above is shown below:

	2018/19	2019/20	2020/21	2021/22
	£000’s	£000’s	£000’s	£000’s
Net Expenditure per Consultation Budget	23,282	23,507	23,726	24,120
Summary of other changes per table 6	99	113	120	124
Additional transfer to/(from) working balances	(12)	0	0	0
Net Budget Requirement	23,369	23,619	23,846	24,244
FUNDING				
Council Tax (table 4)	(13,336)	(13,887)	(14,305)	(14,735)
Revenue Support Grant (table 2)	(630)	-	-	-
Retained Business Rates (table 3)	(8,132)	(8,037)	(8,041)	(8,342)
New Homes Budget (includes	(1,271)	(1,696)	(1,500)	(1,167)

table 5)				
Total	(23,369)	(23,620)	(23,846)	(24,244)
Surplus/ (Deficit)	0	0	0	0

GENERAL FUND WORKING BALANCE				
Opening	4,006	3,902	4,280	3,928
Transferred to/(from)	(104)	378	(352)	(239)
Closing	3,902	4,280	3,928	3,689

Budget Consultation Results

24 The consultation concentrated on a number of key areas which are shown below. There were 47 responses were received. The results are shown in Appendix 10 with a summary shown below for each of the main areas:

- **Approach to Budget Setting**
Most respondents agreed with the Council's approach to budget setting, which focuses Council spending on maintaining high quality frontline services, avoiding compulsory redundancies and increasing efficiency.
- **Capital Investment**
Most respondents agreed with the major capital investments undertaken by the Council. The schemes with the most support were new waste transfer facility followed by purchase of homes for homeless families, additional spaces at Seacourt and refurbishment of community centres. There was least support for spend on museum of Oxford.
- **Revenue Investment**
There was strong support to 'continue to pay staff at least the Oxford Living Wage' and maintaining support to homeless families. There was least support around increasing resources in planning services and putting resources into the Blue Bin Recycling scheme.
- **Fees and Charges**
Respondents were in agreement with all increases in fees and charges with the most popular being increases in garage rents, garden waste collection and pest control.
- **Car parking**
69% of respondents agreed with our proposals to freeze park and ride charges and increase off street parking charges in the centre and suburban car parks.
- **Council Tax**
71% of respondents agreed with the proposal to increase Council Tax in order to avoid service cuts
- **Housing Revenue Account**
In terms of prioritising the HRA Capital Programme, respondents agreed that maintaining the quality of existing homes was the top priority together with acquiring and building new homes, although most respondents were not council tenants

Car parking

- 25 In addition to answers to the specific questions in the Consultation Budget a number of concerns were raised via a petition by residents in Headington about the proposal to remove the 0-2 hour charge from the car parks in Headington and replace with a 0-1 & 1-2 hour tariff.
- 26 The Council is mindful of the concerns raised and as a change to the Consultation budget will not seek to implement this change. The new charges are as follows

	Consultation Budget	Proposed Fee
	£	£
0-2 hours *	2.50	n/a
0-1 hours	n/a	2.00
1-2 hours	n/a	2.50

* Increased from £1.70

- 27 The consultation budget proposed scrapping an increase in Park and Ride charges which had been assumed from next year in previous budget consultations. There were two reasons for this: first, the City Council wished to encourage us of its Park and Ride car parks as far as possible, to reduce congestion and pollution in Oxford city centre, and secondly to maintain parity with the County Council's scale of charges. We confirm our proposal in this budget to freeze charges for most stays for a further year. We also propose to amend our charges for longer stays at the Park and Ride car parks so these are aligned with those at sites run by the County Council.

	Consultation Budget	Proposed Fee
	£	£
0-1 hour	Free	Free
1-11 hours	2.00	2.00
11-24 hours	2.00	4.00
24-48 hours	4.00	8.00
48-72 hours	6.00	12.00

- 28 These changes are reflected in Appendix 7.

Risk Implications

- 29 The main risks to the balanced position of the General Fund Consultation Budget (Appendix 8) are that:
- Significant variations in actual income and expenditure against budget occur
 - Business Rates income is lower than forecast
 - Non achievement of surpluses from wholly owned companies
 - New Homes Bonus is lower in future years
 - Welfare Reform impacts the authority more adversely than assumed
 - Interest rates are lower than projected

- Slippage, non-delivery of savings or additional pressures arise that have an on-going financial impact on the Council
- The knock on implications of funding cuts being experienced by partner organisations

Section B Housing Revenue Account Budget

Issues arising since the publication of the consultation budget

- 30 The Council published its Consultation Budget on 20th December 2017 including the Housing Revenue Account Budget. The budget for the Housing Revenue Account is as detailed in Appendices 4. Appendix 5 shows the effect of the 1% reduction on council house rents in the city.
- 31 Since the Consultation Budget the Government has confirmed that the High Value Council Levy will not be implemented in 2018-19.
- 32 There are no other changes to the HRA since the Consultation Budget

Housing Revenue Account Budget 2018/19 to 2021/22

- 31 Appendix 4 details the HRA Budget for the period 2018/19 to 2021/22 which is summarised below for the next four year period:

Housing Revenue Account 2018-19 to 2021-22

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
	£	£	£	£
<u>Income</u>				
Total Income	(43,241,157)	(43,492,630)	(44,107,870)	(45,498,400)
<u>Expenditure</u>				
Total Expenditure	42,073,015	41,689,321	42,410,242	43,690,496
Net Operating Expenditure	(1,168,142)	(1,803,309)	(1,697,628)	(1,807,905)
Transfer (to)/from Major Repairs/Other Reserves				
Revenue Contributions towards Capital	2,636,100	1,831,520	1,718,320	1,836,120
(Surplus)/Deficit for the Year	1,467,957	28,210	20,691	28,215
Balance b/f	(4,941,000)	(3,501,485)	(3,493,818)	(3,500,869)
Investment Income	(28,443)	(20,543)	(27,743)	(27,743)
Balance C/F	(3,501,485)	(3,493,818)	(3,500,869)	(3,500,397)

Risk Implications

- 33 The main risks to the balanced position of HRA are summarised below and detailed in Appendix 8:
- Liability arising from forced sale of High Value Council Housing (HVCH) is more than estimated for future years
 - Rent increase in year four is insufficient to sustain the HRA BP over the 30 year trajectory.
 - 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

- 34 The Council's Draft Capital Programme for consultation amounted to over £132 million over the four year period 2018/19 to 2020/21.
- 35 Appendix 6 attached details the Council's Capital Programme for 2018/19 to 2021/22. The changes to the Consultation Budget reported in December 2017 are summarised in Table 9 below.

	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
GENERAL FUND				
Consultation Budget Spend	65,906	36,506	28,736	15,836
Additional changes to Schemes				
Slippage museum of Oxford	(2,325)	2,262		
Slippage end point devices	150			
Slippage Housing management system	265			
Slippage on Section 106 schemes	55			
Slippage of Barton cycle studio	(40)	40		
Additional grant Go Ultra Lo	373			
Slippage purchase of homes	3,886			
Slippage East Oxford Community Centre	25			
Slippage depot project	250			
Deletion of Hinksey kiosk	(49)			

Skateboard park not funded (to be replaced by improvements at Manzil Way, identified below)	(70)			
Deletion of 3G pitch		(900)		
Additional item Five Mile Drive pavilion (6)		49		
Additional infrastructure Manzil Way (5)	70			
Additional item Loan to Housing Company Lucy Faithfull House (3)	13,000			
Additional funding East Oxford (4)	730			
Total General Fund	82,226	37,957	28,736	15,836
HRA				
Consultation Budget Spend	19,390	24,246	18,723	15,747
Additional Schemes				
Slippage of spend Tower Blocks	829			
Slippage Lift replacements	150			
Slippage Kitchens	400			
Reduced spend Heating	(200)			
Slippage Great estates	100			
Slippage Barton	350			
Reduced spend major voids	(200)			
Social rental housing acquisitions (1)	1,035			
Bracegirdle and Mortimer Road (2)	349			
Total HRA	22,203	24,246	18,723	15,747
Total Revised Programme	104,429	62,203	47,459	31,583

Notes

- (1) Elsewhere on the CEB agenda is a report to approve the sale of a council house property in Walton Street with the resultant capital receipt being used to purchase properties for social housing elsewhere in the city.
- (2) The Council has been awarded HCA grant for the development of housing at Bracegirdle and Mortimer Road in the order of £350k. The previous estimated figure of £735,500 has been replaced.
- (3) The Oxford City Housing Ltd Shareholder Group have agreed to acquisition of the Lucy Faithfull House site from Oxford City Council and its inclusion in the Housing Company Business Plan and supported the provision of a loan facility for £13million from Oxford City Council for the development of a flatted scheme of between 40-55 homes consisting of 1 and 2 bed flats.

- (4) East Oxford – Since the General Fund element of the scheme was put forward in 2017 the costs have risen due to build cost inflation, additional planning consultancy, increased build costs, potential increased refurbishment cost in retained building. The total cost of the scheme is now estimated at around £4million which will be offset by a capital receipt from the HRA for the sale of land of around £2.6million. This leads to a net cost to the General Fund of £1.4 million, an increase of £730k, which is include within the revised budget.
- (5) Improve Manzil Way Gardens by designing out anti-social behaviour and making it a more welcoming and usable place for local residents
- (6) File Mile Drive. This is a new scheme to provide funding towards pavilion facilities at File Mile Drive

Funding of the Capital Programme

36 The funding of the Capital Programme is shown in Table 10 below

Table 10 Capital Programme 2018/19 to 2021/22				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
GENERAL FUND				
Capital Receipts	17,837	8,315	11,149	800
Revenue Funding	6,993	2,420	3,937	3,357
Section 106	314	0	0	0
Community Infrastructure Levy	2,880	750	200	0
Grants	2,766	2,272	1,000	1,000
Borrowing	51,436	24,200	12,450	10,679
TOTAL GENERAL FUND	82,226	37,957	28,736	15,836
HRA				
Major Repairs Reserve	15,386	10,246	10,433	3,101
Capital Receipts	2,247	2,299	2,353	2,352
Other capital receipts	1,035	0	0	0
Grants	350	0	0	0
Revenue Funding	2,653	1,866	1,755	1,874
Borrowing	532	9,835	4,182	8,420
TOTAL HRA	22,203	24,246	18,723	15,747
TOTAL FUNDING	104,429	62,203	47,459	31,583

- 37 The main risks to the Capital Programme are set out in Appendix 8 and summarised below:
- Disposals as detailed before are not secured causing a shortfall in funding of schemes
 - Estimate for payment to Government in respect of high value Council homes is insufficient
 - Slippage in Capital Programme and impact on delivery of priorities

- Robustness of estimates

Housing Company

- 38 In March 2016 the Council approved the establishment of a Local Authority housing company and the company was incorporated in June 2016.
- 39 The Council will lend money to the Housing Company at state aid compliant rates of interest using its prudential borrowing powers with the company repaying the Council either based on an annuity or overdraft method.
- 40 Over the next 4 years loans from the Council are assumed to be in the region of £74 million facilitating the construction and acquisition of approximately 536 new dwellings. In addition to capital receipts, loan repayments will be made by the company back to the Council.

Oxford West End Development (OXWED)

- 41 The Council has a 50/50 partnership with Nuffield College to undertake the development of the land at Oxpens. The Council has already approved loans totaling £8.58 million as its 50% share of the cost of purchasing land in 2015. In 2018 the Council will transfer land to Oxwed in exchange for a capital receipt of £8million. The Council will need to provide an additional £4.16 million to the Company as its 50% share of the cost including SDLT which it has already provided for in its Capital Programme.

Oxford Direct Services

- 42 City Executive Board have already agreed the establishment of a Local Authority Trading Company (LATCO) which will go operational with effect from April 2018. The company (Oxford Direct Services Ltd) will undertake services currently undertaken within Direct Services. Initial loans of around £2million for cash flow purposes have already been agreed by CEB.

Financial Implications

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

Legal Implications

- 44 The Council is required to set a balanced budget and agree the Council Tax and housing rents before the beginning of the financial year.

Risk Implications

- 45 These are shown in Appendix 8 of the report and highlighted within the body of the report

Equalities Impact Assessment

- 45 A copy of the Equalities Impact Assessment is given in Appendix 9 attached to this report

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