

Green Group Budget Amendment 2020-24 – Explanatory Text

Revenue Budget

We have raised car parking fees by 5% (two years' worth of inflation) and increased, by 50p, the cost of an individual Park & Ride visit.

In addition, we would generate a return from our capital investment in renewable energy projects.

This money has been used to reverse some of the budget cuts that we find unpalatable, additional spending on climate mitigation measures and to cover the cost of our reduced spending on commercial property.

- New **carbon accountant** (0.5 FTE) post - to develop annual carbon budgets and to get a greater understanding of the Council's carbon footprint regarding procurement and property assets
- Additional money for **tree planting** (£60k over four years)
- Additional funding for **Green Neighbourhood Grants** (£60k over four years)

We would also reverse the following cuts in the administration's budget:

- **Out of hours noise service** (reinstating £80k over four years)
- **Town Twinning** (reinstating £24k over four years)
- **Oxford Living Wage** – fund and staffing (£90k reinstatement of planned cuts in Y2, Y3 & Y4)
- **Experience Oxfordshire** – removal of planned Y1 cut of £25k and reduced cuts (£50k reversal per year – an additional £150k) in Y2, Y3 & Y4

We are also extremely concerned at the depletion of the **homelessness reserve** and have topped this up by £600k over the four years (£150k per year).

HRA Budget

We have made an adjustment to allow for additional units of affordable housing to be built on Council-owned land in Cave Street site which has been vacant for some years. This is in addition to the money we would re-direct from the housing development planned on the East Oxford Community Centre Site. This funding, together with that in the Capital Budget, will preserve the integrity of the East Oxford Community Centre site as well as leading to an increase in the overall number of affordable homes.

Capital Budget

On the capital budget, we have cut in half the controversial proposed investment in the as yet unspecified new commercial property freeing up £25m. We have deployed most of the money saved (£17.5m) into green energy investments instead – getting a return on Council money as well as reducing carbon emissions.

We have also invested £6m in some commercial units targeted at small local businesses, co-operatives and social enterprises which would be located on the EOCC site (shifting the housing to the larger Cave Street site – as described above). This would generate a return to the Council that we have cautiously not included.

We want to ensure each home the Council builds is future-proofed and have set aside £4,000 per unit to build them to Passivhaus standard. There is some doubt as to whether this fund will be needed as the cost of carbon neutral housing is now comparable to more conventional housing. Again, we have been cautious in not including any payback from this investment in future-proofing our social housing.

Finally, we have set aside some money for the Living Streets Initiative – to allow for cost-effective improvements in streetscapes in residential areas – learning lessons from the effective, low cost measures trialed in the mini-Holland scheme in Waltham Forest. The aim is to make our streets safer, more cyclist and pedestrian friendly, with reduced rat-running traffic.

Conclusion

The Green Budget amendment is a sensible response to the climate crisis and responds to comments made by the Budget Review Group.

REVENUE

GREEN GROUP AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

REVENUE

£1000's

	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S	2023/24 £000'S
Consultation Budget Net Budget Requirement	24,029	22,223	22,753	23,200
Changes since the consultation budget				
Sub total changes since the consultation budget	0	50	50	50
<u>Additional Savings proposed</u>				
Increase City Centre and Off Street car parking charges by two years inflation (5%)	(170)	(170)	(170)	(170)
Increase Park & Ride car parking charge from £2 to £2.50	(235)	(235)	(235)	(235)
Return on investment in community energy schemes	(17)	(43)	(61)	(76)
Total additional savings proposed	(422)	(448)	(466)	(481)
Cumulative additional savings	(422)	(870)	(1,336)	(1,817)
<u>Additional costs proposed</u>				
Loss of income on £25 million of reduced commercial property purchases	85	155	162	191
New carbon accountant (0.5 FTE) - to develop annual carbon budgets	25	25	25	25
Reverse cuts to out of hours noise service	20	20	20	20
Additional community tree planting fund	15	15	15	15
Expand Green Neighbourhood Grants	15	15	15	15
Reverse town twinning cuts (needed post-Brexit)	6	6	6	6
Top up homelessness reserve (which is being depleted over the 4 year plan)	150	150	150	150
Reverse cuts to OLW staffing and support	0	30	30	30
Experience Oxfordshire - reversal of Y1 cuts and reduction in cuts y2, 3, 4	25	50	50	50
Total additional costs proposed	341	466	473	452
<u>Net effect on budget in-year of proposals</u>	(81)	18	7	(29)
<u>Cumulative effect on budget</u>	(81)	(63)	(56)	(85)
Additional Budget transfer to/(from) reserves	234	5	(114)	(212)
Alternative Budget Net Budget Requirement	24,182	22,296	22,696	23,009
Financed By :				
Council Tax- Consultation Budget	(14,407)	(14,842)	(15,287)	(15,749)
Retained Business Rates - Consultation Budget	(9,165)	(7,335)	(7,303)	(7,260)
New Homes Bonus	(610)	(119)	(106)	0
Total	(24,182)	(22,296)	(22,696)	(23,009)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	(3,855)	(4,326)	(4,405)	(4,962)
Transfer (to)/from balance	(471)	(79)	(557)	1,546
Working Balance 31st March	(4,326)	(4,405)	(4,962)	(3,416)

Housing Revenue Account

GREEN GROUP PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
REVENUE
£1000's

	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S	2023/24 £000'S
Consultation Budget Net (operating income)/expenditure after appropriations	(1,283)	(2,228)	3,221	1,071
Changes since the consultation budget				
Sub total	290	1,758	(4,178)	(914)
Additional Savings proposed				
1				
Total additional savings proposed	0	0	0	0
Cumulative additional savings	0	0	0	0
Additional costs proposed				
1 Build housing (20% more units) on Cave Street site rather than EOCC- HRA	707	1,413		
Total additional costs proposed	707	1,413	0	0
Net effect on budget in-year	<u>707</u>	<u>1,413</u>	<u>0</u>	<u>0</u>
Cumulative effect on budget	<u>707</u>	<u>2,120</u>	<u>2,120</u>	<u>2,120</u>
Budget transfer to/(from) reserves	286	(943)	957	(157)
Alternative Budget Net (surplus)/deficit	(0)	0	0	0

HRA Working Balance				
Working Balance 1st April	(4,941)	(5,227)	(4,284)	(5,241)
Transfer (to)/from balance	(286)	943	(957)	157
Working Balance 31st March	(5,227)	(4,284)	(5,241)	(5,084)

(surplus)/deficit (0) 0 0 0

CAPITAL

GREEN GROUP PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
CAPITAL

	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S	2023/24 £000'S
CAPITAL PROGRAM AS PER CEB DECEMBER 2019 - General Fund and	144,884	110,084	81,039	91,323
Changes since the consultation budget				
Sub total of changes since consultation budget	(2,407)	84	0	0
CHANGES PROPOSED				
1 Half spend on commercial properties - reducing risk and liabilities	(12,500)	(12,500)		
2 New investment in community energy fund (5% return - capital repaid over 20 yrs)	2,500	5,000	5,000	5,000
3 Future Programme - build small social enterprise and coop business units (instead of housing) on EOCC site - See HRA bid to increase housing on Cave St site - leading to 20% more units overall. Note Cave St site 500m2. EOCC site 300m2.	1,993	3,987		
4 Passivhaus fund - all new Council built homes zero carbon (may not be needed)	720	720	720	720
5 Living Streets Initiatives (learning from low cost 'mini-holland' measures trialled in Waltham Forest)	250	250	250	250
Sub total	(7,037)	(2,543)	5,970	5,970
REVISED CAPITAL PROGRAM	135,440	107,625	87,009	97,293
FINANCING				
FINANCING AS PER CEB REPORT 17TH DECEMBER	144,884	110,084	81,039	91,323
Sub Total of changes since consultation budget	(2,407)	84	0	0
ALTERNATIVE BUDGET PROPOSALS				
1 Financing	(7,033)	(2,543)	5,970	5,970
2 Capital receipt sale of Oxpens Deck estimate	-4			
Sub Total	-7,037	-2,543	5,970	5,970
Total Financing	135,440	107,625	87,009	97,293
(surplus)/deficit	0	0	0	0

Head of Finance – Section 151 Comments on Green Group Alternative Budget for 2020-21 to 2022/23

Date 10-02-20

I have reviewed the budget submitted by the Green party as an alternative to the Labour Administrations budget and can conclude that it is arithmetically correct and subject to detailed business cases for the capital projects and due diligence analysis as in the case of the community funds, the alternative budget could be implemented if voted through.

The revised Capital Budget makes provision for:

- The removal of £25 million of spend on commercial property in favour of additional investment of £17.5 million in community energy funds. The energy funds would require significant due diligence to ensure the security of the councils cash, the collateral offered if any and the diversification risk. Should such risks be judged as unacceptably by the Councils Section 151 Officer then alternative sources of savings would need to be found to balance the budget.
- Additional capital expenditure on HRA housing on the site at Cave Street instead of East Oxford Community Centre site and small business units on the East Oxford Community Centre as opposed to HRA housing. These proposals would require appropriately costed business cases to be submitted through the Councils capital gateway processes before coming forward for budget approval. Given the limited costing undertaken the viability of such submissions would need to be tested and planning approval sought. There is, in the view of officers significant planning and design risk to the existing projects.
- Passivhaus support fund – It is understood that monies provided in support of this initiative may provide a return of around 7% although this has not been tested. For prudence no return has been included in the revenue budget.

Financing of the new schemes over the life of the MTFP would be undertaken from new borrowing. Taking account of reduced spend on commercial property this new borrowing is approximately £2.3 million which would be required at the end of the MTFP period.

The General Fund Revenue account provides for a number of additional costs and savings which have been costed. Whilst community energy funds do exist, due diligence around the returns and risks to the council from such funds would need to be undertaken before such transactions are made.

The HRA makes provision for the new for the HRA housing on the Cave Street site which would be subject to a full business case and planning permission. In the short term this could be financed from HRA revenue resources.

Nigel Kennedy

Head of Financial Services (Section 151 Officer)