CABINET Agenda

Date Monday 14 December 2015
Time 6.00 pm
Venue Crompton Suite, Civic Centre, Oldham, West Street, Oldham, OL1 1NL
Notes
1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Liz Drogan in advance of the meeting.

2. CONTACT OFFICER for this Agenda is Liz Drogan Tel. 0161 770 5151 or email elizabeth.drogan@oldham.gov.uk

3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Wednesday, 9 December 2015.

4. FILMING - The Council, members of the public and the press may record / film / photograph or broadcast this meeting when the public and the press are not lawfully excluded. Any member of the public who attends a meeting and objects to being filmed should advise the Constitutional Services Officer who will instruct that they are not included in the filming.

Please note that anyone using recording equipment both audio and visual will not be permitted to leave the equipment in the room where a private meeting is held.

Recording and reporting the Council’s meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

MEMBERSHIP OF THE CABINET IS AS FOLLOWS:
Councillors Akhtar, Brownridge, Harrison, Hibbert, Jabbar, McMahon, Shah and Stretton

Item No
1 Apologies For Absence
2 Urgent Business

Urgent business, if any, introduced by the Chair
3 Declarations of Interest

To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting.

4 Public Question Time

To receive Questions from the Public, in accordance with the Council’s Constitution.

5 Minutes of Previous Meeting (Pages 1 - 6)

The Minutes of the meeting of the Cabinet held on 30th November 2015 are attached for approval.

6 Shaw Market - approval to apply for planning permission to hold the market on Market Street (Pages 7 - 20)

7 Treasury Management Half Year Review 2015/16 (Pages 21 - 46)

8 ERDF Enterprise and Business Support (Pages 47 - 54)

9 Provision of Primary School Places Update to March 2014 Approvals (Pages 55 - 60)

10 Project Delivery for Greenfield Primary School Expansion (Pages 61 - 70)

11 Exclusion of the Press and Public

That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contain exempt information under paragraph(s) 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.

12 Provision of Primary School Places Update to March 2014 Approvals (Pages 71 - 76)

13 Project Delivery for Greenfield Primary School Expansion (Pages 77 - 90)
CABINET
30/11/2015 at 6.00 pm

Present: Councilors McMahon (Chair)
          Akhtar, Brownridge, Harrison, Hibbert, Jabbar, Shah and
          Stretton

1 APOLOGIES FOR ABSENCE
There were no apologies for absence received.

2 APOLOGIES FOR ABSENCE
There were no apologies for absence received.

3 URGENT BUSINESS
There were no items of urgent business received.

4 DECLARATIONS OF INTEREST
There were no declarations of interest received.

5 PUBLIC QUESTION TIME
There were no public questions received.

6 MINUTES OF PREVIOUS MEETING
RESOLVED - That the minutes of the meeting held on 16th
November 2015 be approved as a correct record.

7 OVERVIEW AND SCRUTINY PERFORMANCE AND VALUE
FOR MONEY SELECT COMMITTEE MINUTES 3RD
NOVEMBER 2015
The Cabinet gave consideration to the minutes of the Overview
and Scrutiny Performance and Value for Money Select
Committee minutes held on the 3rd November 2015.

RESOLVED – That the minutes of the Overview and Scrutiny
Performance and Value for Money Select Committee held on
the 3rd November be noted.

8 BUDGET PROPOSALS 2016/17 & 2017/18
The Cabinet gave consideration to a report of the Director of
Finance which presented Members with the Administration’s
detailed Tranche 2 budget reduction proposals for the financial
year 2016/17 and seven of the Tranche 1 budget reduction
proposals, noted at the Full Council meeting on the 4th
November 2015 for which a recommendation could now be
made.
Members were advised the proposals needed to be considered
prior to the receipt of the Local Government Finance Settlement
and other information that would impact budget decisions and
therefore further detailed budget proposals would be presented to Cabinet in February 2016 following receipt of all information. It was noted that the Cabinet recommended to Council, approval of Tranche 1 budget reduction proposals of £9.353m subject to the conclusion of consultation processes. At the Council meeting on 4 November 2015, £5.974m of these savings were approved and a further £3.379m (eight proposals) noted as consultation had not concluded. Seven of these proposals totalling £3.029m, were now referred back to Cabinet given current progress with consultation. A further £3.981m of new budget reductions had been identified as Tranche 2. In addition, budget reduction proposal B003 - Public Protection Environment Health Section of Public Health totalling £150k which was deferred from Tranche 1, has also been included within Tranche 2 totals, bringing Tranche 2 up to a value of £4.131m.

Tranche 2 proposals totalling £4.131m included in this report at Appendices 1 and 2 were presented for scrutiny at the Performance and Value for Money (PVFM) Overview and Scrutiny Select Committee on 3 November 2015. Each of the proposals was examined in detail with questions and comments being put forward by Committee Members. As a consequence, the Select Committee was content to commend all except one proposal for consideration by Cabinet. The Committee requested that Cabinet consider the splitting into two elements of proposal B003 - Public Protection Environmental Health Section of Public Health at a value of £150k, as follows:

- B003(a) at a value of £70k in relation to the Commercial Protection Team
- B003(b) at a value of £80k in relation to the Environmental Health Team

The Select Committee was content to commend B003(a) to Cabinet for approval but requested that B003(b) is considered as part of Tranche 3 and thus reviewed in the January/February cycle of budget meetings.

The Select Committee also requested that Cabinet noted specific detail surrounding two of the Tranche 2 proposals:

- E010 (Adult Services – Income Maximisation) – The Helpline charges element of this proposal be reviewed in conjunction with the results of the consultation exercise
- D007 (Reduced Support for Council Operated Day Care Centres) – Should a change of provider occur, the standards of day care provision in the two centres should be maintained

If all proposals currently presented for consideration were approved it would leave a balance of £4.515m for which budget reductions were still to be identified, assuming there were no further changes to the budget position. Further Administration proposals (including Tranche 3) to balance the budget would be presented to the PVFM Select Committee on 21 January 2016.

Options/Alternatives considered
Option 1 - The Cabinet can recommend to Council it approves £4.051m of the Tranche 2 and £3.029m of the deferred Tranche 1 budget reduction proposals contained in this report (subject to consultation comments).
Option 2 - Alternatively, it could suggest other options or request the Administration to find revised additional proposals.

RESOLVED – That:
1. The £3.981m of Tranche 2 budget reduction proposals (presented in summary at Appendix 1 and in detail at Appendix 2) as recommended by the PVFM Select Committee after detailed scrutiny at its meeting on 3 November 2015 (subject to the outcome arising from the conclusion of public and staff consultations) and having regard to the Select Committee’s comments about proposals E010 and D007 be recommended to Council.
2. At the request of the PVFM Select Committee, recommends that Council considers proposal B003 in two parts (B003(a) and B003(b) presented in summary at Appendix 1 and in detail at Appendix 2.
   i) proposal B003(a) in the sum of £0.070m
   ii) Defers a decision on budget reduction proposal B003(b) in the sum of £0.080m until the consideration of Tranche 3 budget proposals at the next cycle of budget meetings
3. The £3.029m of Tranche 1 budget reduction proposals presented in summary at Appendix 3 and detail at Appendix 4 subject to the outcome arising from the conclusion of public and staff consultation be recommended to Council.
4. The information contained within the Equality Impact Assessments also included in Appendices 2 and 4 be noted.
5. The Cabinet noted that the budget reduction target may need to be revised depending on the Government funding and policy announcements, including the Provisional and Final Local Government Finance Settlements for 2016/17.
6. The approval for the inclusion of the Council in a business rates pool for 2016/17, be delegated to the Cabinet Member for Finance and HR in consultation with the Executive Director, Corporate and Commercial Services and the Director of Finance
7. The pilot Business Rates retention scheme and delegates authority to the Cabinet Member for Finance and HR, in consultation with the Executive Director Corporate and Commercial Services and the Director of Finance to work with the Greater Manchester Combined Authority Treasurer and other Greater Manchester District Treasurers to finalise the detailed arrangements for the operation of the scheme be agreed and endorsed.

CAPITAL INVESTMENT PROGRAMME 2015/16
Consideration was given to a report of the Director of Finance, which sought to provide the Cabinet with details of the financial position of the Capital Programme at the end on Month 6 2015/16.
It was reported that since month 3, appropriate approvals had been made under delegated powers together with other approved amendments in months 4, 5 and 6. It had reduced the revised budget total by £4.137m; further virements pending approval for month 6 reduced the forecast by a further £7.915m to a projected £85.211.

The current project managers forecast outturn position for 2015/16 predicted expenditure of £85.103m, a movement of £11.979m from the last reported forecast position at month 3 and a reduction of £0.108m from the revised budget position. The majority of this small reduction would be re-profiled into later years. The annual review of the capital programme had recently completed and its outcome would be included in the next monitoring report.

Options/Alternatives considered
Option 1 - To approve all the changes included in the report.
Option 2 - To approve some of the changes included in the report.
Option 3 - Not to approve any of the changes included in the report

RESOLVED - That:
1. The revised capital budget for 2015/16 at the end of month 6 be approved.
2. The proposed budget movements detailed in Appendix G to the report be approved.

REVENUE MONITOR 2015/16 QUARTER 2 - JULY 2015 TO SEPTEMBER 2015

The Cabinet gave consideration to a report of the Director of Finance which provided an update on the Council’s 2015/16 revenue budget position forecast to the year-end at quarter 2. It was reported that the current forecast position for 2015/16 quarter 2 was a projected underspend of £447k following reserve transfers. This presented a favourable change of £62k compared to the variance of £385k at quarter 1.

The position was in accordance with the Council's normal practice of setting the budget, identifying subsequent issues, addressing them and moving to a balanced budget position by the year end.

Options/Alternatives considered
Option 1 - Not to approve the forecast outturn projection and use of reserves included in the report.
Option 2 - Not to approve some of the forecast outturn projection and use of reserves included in the report.
Option 3 - Approve the forecast outturn projection and use of reserves included in the report

RESOLVED – That:
1. The forecast outturn for 2015/16 at quarter 2 being a £447k underspend be approved.
2. The forecast positions for both the Housing Revenue Account and Collection Fund as detailed in the report be approved.
3. The Use of reserves as detailed in section 7 of the report be approved.

11 OLDHAM HIGHWAY ASSET MANAGEMENT, POLICY, FRAMEWORK AND STRATEGY

The Cabinet gave consideration to a report of the Executive Director, Cooperatives and Neighbourhoods which sought approval of the Oldham Highway Asset Management, Policy, Framework and Strategy.

It was reported that the Council was required to publish a Highway Asset Management, Policy, Framework and Strategy on the Council’s website by the end of November 2015 as part of the Department of Transport’s requirements for 2015-2020 incentive funding.

The Highways Asset Management Policy, Framework and Strategy would replace the Highways Asset Management Plan (HAMP) which was currently on the Council’s website. The Highways Asset Management Policy, Framework and Strategy would detail the strategy for all Oldham’s Highway Infrastructure Assets and not just highway maintenance as in the current plan.

Options/Alternatives considered

Option 1 - Do not approve the proposed Highways Asset Management Policy, Framework and Strategy. This would result in a 10% reduction of the 2016-17 Department for Transport (DfT) Incentive Funding as it would place the Council in Band 1.

Option 2 - Approve the proposed Highways Asset Management Policy, Framework and Strategy. This would place Oldham in Band 2 and Oldham would receive 100% of the 2016-17 DfT Incentive Funding.

RESOLVED – That the Highways Asset Management Policy, Policy Framework and Strategy be signed off, approved and used to replace the existing Highway Asset Management (HAMP).

12 COUNCIL PERFORMANCE REPORT SEPTEMBER 2015

Consideration was given to a report of the Director of Policy and Governance which provided Members with a review of the Council’s performance for September 2015.

It was reported that of the rated performance measures 55% met the target and in relation to the Corporate Plan actions 86% were on track or had been completed.

Options/Alternatives considered

None

RESOLVED – That the Council Performance Report September 2015 be noted.

The meeting started at 6.00pm and finished at 6.35pm.

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Report to CABINET

Shaw Market – approval to apply for planning permission to hold the market on Market Street

Portfolio Holder:  
Councillor J McMahon, Cabinet Member - Economy and Enterprise

Officer Contact:  
Tom Stannard, Director Of Enterprise and Skills

Report Author:  
Liz Kershaw/Sharon Hibbert  
Ext. 4168

14th December 2015

Reason for Decision

The purpose of the report is to ask Cabinet to give approval for officers to submit a planning application to enable Shaw Market to be held on Market Street and for the original market ground on Westway to be used as car park.

Executive Summary

Shaw market has been declining for a number of years with a steadily reducing number of market traders and reducing customer base. Following a public consultation in Autumn 2014, the Council decided to run a trial market for 10 weeks on Market Street between Farrow Street East and Beal Lane. The rationale for selecting this location for the trial was to try and move the market closer to the area of highest footfall and attract new customers to visit the market and also to draw that footfall towards the local shops and businesses in the heart of the District centre.

The Council’s Licensing Panel granted a temporary licence and the trial market began on the 27th August. During the trial period extensive consultation took place. In response to the largely positive response from the formal consultation with Market Street businesses and feedback from the public and market traders, the Council’s Licensing Panel granted a permanent licence on the 2nd November 2015 for the market to be held on Market Street between Farrow Street East and Beal Lane and on a section of Newtown Street.

At the beginning of the trial, there were only 9 existing market traders. During the trial, 2 of the regular traders decided not to continue, but these were replaced plus additional traders attracted, giving a total of 11 traders operating during the trial. As a result of the trial, additional Market Street shops and businesses have agreed to the placing of a stall in front of their premises and the market is now in a position to grow to 20 stalls and the time of writing, the Markets Manager has already filled 17 pitches.
The Council now needs to apply for planning permission to hold the market on Market Street and will also need to apply for permission to demolish the fixed stalls on the existing market ground at Westway and to change the use of that area to become a free car park in accordance with the Council’s current policy for parking in District Centres.

Recommendations

The Cabinet is recommended to approve the submission of a planning application for

- Shaw Market to be held on Market Street between Farrow Street East and Beal Lane and on a section of Newtown Street as shown in the plan at Appendix 3; and
- The change of use of the market ground at Westway to a car park
Cabinet

14th December 2015

Shaw Market – approval to apply for planning permission to hold the market on Market Street

1 Background

1.1 The Council made a decision on the 23rd February 2015 to run a trial ‘On Street Market’ on Market Street, Shaw. The trial was introduced following an informal public consultation process with local residents, Shaw market traders and local businesses about potential alternative locations for the market. The reason for exploring alternative locations was a fear that the market, which has been steadily declining over a number of years, would continue to decline despite its existing loyal customer base unless more customers and market traders could be attracted. This decline has taken place despite various efforts to publicise the market to new traders and to provide rent incentives. The rationale for moving the market on street was to take it closer to the areas of heavier footfall on Market Street and generated in particular by the supermarkets on Eastway and High Street.

1.2 The potential locations which were the subject of the original public consultation were:
   - Milne Street car park
   - Market Street – between Farrow Street East and High Street.

There were no clear preferences and a large proportion of existing market customers wanted the market to stay on its Westway site. However, during the consultation with supermarket shoppers and people who did not use the market, there were indications that moving the market closer to the supermarkets might encourage them to visit the market. In addition, because of the location of the pedestrian crossing point on Eastway and the larger area on Market Street between Farrow Street East and Beal Lane, this area was identified as a better alternative option.

1.3 It was recognised that there were a number of practical issues that needed to be considered before making a decision to move the market permanently, and in view of this, the decision was taken to run an on-street market for a trial period. The purpose of the trial was to provide a practical test of whether the market is more successful on-street, whether it had an impact on local businesses and local residents living near Market Street and also to assess the impact on traffic movements in and around Shaw Town Centre. A plan of the area for the trial market and the existing market ground on Westway can be found at Appendix 1.

1.4 Since the decision to hold the trial, the Council has introduced an Experimental Traffic Regulation Order (TRO) which became operative on 29th June 2015 which enables Market Street to be closed to traffic on market days. An Experimental TRO provides a six month period within which objections can be made. Any objections received would be heard at the next appropriate TRO Panel scheduled in March 2016 unless the Council choose to consider any objections received after this period or to hold a special TRO Panel earlier in 2016.

1.5 A licence for the trial market to be held for 10 weeks was granted by a special meeting of the Council’s Licensing Panel, held on the 5th August 2015. This licence was granted based on 14 businesses giving consent to a stall being placed in front of their premises. The support from these 14 businesses enabled 11 stalls to be placed on Market Street for the trial period.

1.6 The 11 stalls that formed the trial market allowed the traders that traded from the existing market ground to move to the on street location if they so wished, and enabled some new traders to come for the trial. All of the market traders have reported to market officers an
increase in trade and takings compared to when they traded on the exiting market grounds. These traders have expressed their desire to continue the market on Market Street. In addition due to the success of the trial a further seven traders have approached market officers about obtaining a stall on Market Street. However, it was not until the licence was made permanent that market officers could look at accommodating these requests.

2 Current Position
2.1 During the trial, extensive consultation took place along with formal and informal traffic observations. A summary of the results of this consultation and traffic observations can be found at Appendix 2. Monitoring of traffic took place both before and during the trial period including monitoring of the traffic queues on Eastway when the pedestrian crossings are in use. There were no unacceptable traffic flow issues noted during monitoring. There has been regular consultation with the bus companies, the local mail order companies, the emergency services and the larger supermarkets. There have been no negative reports from any of these organisations. The consultation included informal consultation with members of the public and local businesses plus statutory consultation with business on Market Street that either had a stall/potential for a stall in front of their premises or were materially affected by the market.

2.2 The licence for the market to occupy the highway on Market Street was granted by Licensing Panel on 2nd November 2015. The licence was granted for the whole of Market Street from Farrow Street to Beal Lane and for part of Newtown Street. See appendix 3. Stalls will only be placed on one side of Market Street and outside those premises who gave consent. However, if frontager businesses wish to change their mind, i.e. either give consent for a stall or withdraw consent for a stall outside their premises, they can do so in writing to the Licensing Team. At the time of writing this report, 21 frontager businesses have given their consent for a stall to be placed in front of their premises.

2.2 In order to make the market move permanent, there is also a need to seek planning consent to enable Shaw Market to be held on Market Street and for the original market ground on Westway to be used as car park. This will involve the demolition of the permanent market stalls and a change of use to the original market ground to provide additional car parking in Shaw town centre.

2.3 Parking in District Centres is currently free of charge, although restrictions are in place on some car parks in terms of length of stay. Consultation would be undertaken with local Ward Members to determine the type of free car parking to be provided (ie. short stay or long stay)

2.4 Whilst there is no current intention to change the market day from Thursday or to hold a market on additional days, the Council is able to hold an additional 20 markets during any calendar year without planning consent. This would enable specialist markets to be held on other days either on Market Street or even on the existing market ground at Westway if considered appropriate. This would enable existing regular events to continue to take place at Westway such as those held by Shaw Parish Council.

3 Options/Alternatives
3.1 Option 1 - Do nothing and leave the market on street. This would means that the on street market would operate without planning consent on Market Street. In addition, no consent for the original market ground would exist, the stalls would not be demolished, would fall into disrepair or would become an expensive liability and the site would not be available for additional free car parking.

3.2 Option 2 - Do not apply for planning permission and move the market back to the original market ground. The market traders trading on street on Shaw Market have already stated
that they do not want to move the market back to the original market ground. If the market is moved back, we would not have any traders on the market and would struggle to attract new traders (this has been very difficult in the past) which would result in Shaw potentially losing its market.

3.3 Option 3 – Do not apply for planning permission, move the market back to the original market ground and invest in the demolition of the existing fixed stalls and use demountable gazebo type stalls. This option involves the same amount of expenditure as Option 4 and does not move the market closer to the supermarkets where there is heavier footfall.

3.4 Option 4 - Apply for planning permission to hold the market on Market Street. If granted, this would mean that the market would be operating with full planning permission and the original market ground can be used for additional free car parking for Shaw Centre and additional space for events.

4 Preferred Option
4.1 Option 4 is the preferred option. There is a budget of £120,000 in the Capital Programme to facilitate the market move and the demolition of the permanent stalls on the original market ground.

4.2 The estimated costs associated with the preferred option are:

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<td>Highways costs</td>
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<td>Permanent TRO</td>
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<td>Amendment to car park orders and signing</td>
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<td>Pedestrian signage</td>
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<tr>
<td>New bus stop</td>
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<td>Contingencies</td>
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<td>New car park layout</td>
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<td>Planning fees</td>
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<tr>
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<td><strong>Sub total</strong></td>
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<td><strong>Total</strong></td>
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5 Consultation
5.1 A public consultation exercise and a formal consultation exercise for the purposes of Licensing took place during September/October to assess the views of the public, local
businesses and market traders in the light of the 10 week trial of the on street market. The results of the consultation can be found at Appendix 2.

5.2 In addition to the public consultation a petition signed by 384 residents was received objecting to the relocation of the market on to Market Street and seeking investment in the current market ground as outlined in Option 3. The petition states:

‘Oldham Labour want to wreck our market and close Market St for a day each week. The Liberal Democrats are opposed to this and want to see a dedicated market site with Farmers markets and Continental markets added to bring back shoppers to our town. We want to see Shaw Market stay on its present site with investment to bring Farmers Markets and Christmas Markets to our area as well. I am opposed to closing Market St to traffic every week bringing traffic chaos to Shaw and Crompton.’

5.3 A petitioners meeting was held on the 10th November and was attended by Cllrs Sykes, Williamson and Turner. The District Executive meeting on the 1st December the District Executive agreed with the recommendation of the petitioners and would urge the Council to honour their request.

6 Financial Implications

6.1 Capital

6.1.1 The cost of moving the market onto the street are £119,958 as shown in the table in 4.2. The capital strategy has an allocation of £120,000 for the market relocation in 2015/16. Should all the works not be carried out before the Year End the budget will be carried forward into 2016/17.

6.1.2 There are no further unallocated funds within the Capital Programme therefore the costs will need to be contained within the £120,000 budget.

6.2 Revenue

6.2.1 Any revenue implications of the relocation will be contained within the Markets budgets which are currently forecasting an overall outturn pressure of £24,050 at month 7. The pressure primarily relates to under achievement of income within the Market Hall units.

(Sam Smith)

7 Legal Services Comments

7.1 If Shaw market is to be moved onto Market Street it will be necessary to obtain planning permission. The legal use of the highway for the holding of a market has been dealt with by the grant of a licence by the Licensing Panel on 2 November. (A Evans)

8 Co-operative Agenda

8.1 The success and the market and the success of local shops and businesses rely upon increasing customer footfall and diversifying the town centre offer to make it more attractive to new customers whilst retaining their loyal customer base. This requires mutual co-operation and the Council’s Markets Team has been facilitating this to ensure that the market is of benefit to as many local business as possible.

9 Human Resources Comments

9.1 None

10 Risk Assessments
The main risks with the on-street market are associated with the road closure and temporary nature of the stalls. The gazebos are to be placed away from the pavements and any designated crossing points. All traders are issued with the adverse weather policy and understand that in severe weather, there is a risk that the market will be abandoned for that day. All stalls are erected with weights and have drop down sides and removable guttering. All stall holders have a designated retail area and all have to comply with the timings of the market for loading and unloading to minimize any risk to pedestrians. The road closure is well signposted. All traders have to have a licence stating that they must not cause any obstructions.

**IT Implications**

11.1 None

**Property Implications**

12.1 Cath Conroy

**Procurement Implications**

13.1 There will a procurement process to select a contractor for the demolition and reinstatement of the original market ground. There may also be a procurement process in respect of a lighting solution for the on-street market.

**Environmental and Health & Safety Implications**

14.1 Full risk assessments have been carried out to ensure that the operation of the market is safe for operatives, stall holders, adjacent businesses and residents. Highways safety issues have been fully addressed by Traffic Officers.

**Equality, community cohesion and crime implications**

15.1 The removal of the permanent stalls on the existing market ground at Westway will remove opportunities for anti-social behavior.

**Equality Impact Assessment Completed?**

16.1 Yes

**Key Decision**

17.1 Yes

**Key Decision Reference**

18.1 ECEN-21-15

**Background Papers**

19.1 None

**Appendices**

Appendix 1 - Location plan showing the area of the trial on street market and the original market ground
Appendix 2 - Summary of the results of the public consultation and business consultation and the traffic observations
Appendix 3 – Location plan showing the extent of the permanent license granted
Appendix 1 - Location plan of on street trail and original market ground
Appendix 2 - Summary of Public Consultation and Traffic Surveys

Public Consultation

The face-to-face / public consultation, seeking feedback on the market pilot, ran from 18th Sept to 16th October. The questionnaire was available online, in the Lifelong Learning Centre, Library and Children’s centre. Officers also sought opinions in Asda, on the street and on the market itself.

There were 673 responses to this consultation the results of which are:-

- 70.43% had used Shaw Market previously and 28.38% had not used the Market previously. Since the market moved on street, more people have used the market with 78.31% using the market whilst it’s been on street compared to 21.55% who had not.

- For the majority of those who responded (66.57%) the market move has not made any difference to their shopping habits, however 25.56% stated they use local shops and businesses more now that the market has moved.

- Majority of those who responded (59.44%) prefer the new on street location, with only 26.89% preferring the original market ground location, however 12.18% were indifferent or had no opinion over the location.

- When asked about making the market permanent on street on Thursdays, the majority 68.2% said it would have a positive impact, 18.87% thought it would have a negative impact and 11.14% thought it would have no impact at all.

- The majority of responses (45.62%) came from those over the age of 65, but a good range of responses also came from other age groups across the local demographic. Many market traders have noticed a lot of new customers using the market including more younger people.

Traffic Surveys Shaw Market

Background

Concerns were raised by the Highways Team when the proposal to relocate Shaw Market to a street market was initially under discussion.

The main concerns were the delays that could be experienced by the distribution centre traffic and the effect this would have on their operations. There was also a concern regarding the difficulties that motorists could experience when egressing from Eastway into Greenfield Lane, due to the increase in vehicles that may choose to use Eastway as an alternative route, if Market Street is closed to traffic.

The closure of Market Street would also require the bus service to be diverted, but initial discussions with Transport for Greater Manchester and the bus operators confirmed both were willing to support the market trial.

Discussions were also undertaken with the Transport Managers of both distribution centres and they initially had reservations regarding the delays that could be imposed to their operations, as they only have a 15 minute window to receive and process deliveries, but both were willing to support the market trial.
Traffic Diversion Routes

To try and reduce the number of vehicles using the Beal Lane and Greenfield Lane junctions of Eastway, general traffic has been diverted along Crompton Way, with only the bus service diverted along Eastway.

Traffic Surveys

Traffic survey equipment was introduced in February 2015, prior to the Market trial, to determine the volume of traffic using Market Street, Eastway and Farrow Street East. These surveys were repeated in September, when the Market Trial had commenced, to determine how traffic has displaced on Thursdays, when the Market is in operation.

The results of the traffic surveys are detailed in the following table.

The survey results show that traffic on the lower section of Market Street has reduced together with the easterly traffic along Farrow Street East (towards Market Street).

Traffic heading in a westerly direction along Farrow Street East (towards Westway) has however increased. This could be explained by observations undertaken on market day which revealed an increase in the number of motorists that travelled along Milne Street, from Eastway, and then crossed Market Street to travel along Farrow Street East.

The traffic surveys undertaken along Market Street, prior to the market trial, revealed an average hourly flow of 140 vehicles (between 7.00am and 6.00pm). The southerly traffic flows along Eastway have increased on average by 48 vehicles per hour in the same time period on market day, which would suggest approximately a third of the Market Street traffic has diverted along Eastway, with the remaining two thirds diverting along other routes such as Crompton Way.

Site Observations

Although traffic has increased along Eastway when the Market is in operation, site observations have been undertaken to determine the delays being experienced at the Beal Lane and Greenfield Lane junctions with Eastway. The dates the observations were undertaken are detailed below:-

Date - Thursday 3rd September 2015
Time - 8am-9am and 3pm-4pm

Date - Friday 4th September 2015
Time – 8am-9.15am and 3pm-3.30pm

Date - Thursday 10th September 2015
Time – 8am-9.15 and 5pm-5.30pm

Traffic observations were undertaken at the Eastway / Greenfield Lane junction and the Rochdale Road / Beal Lane / Milnrow Road junction on market days and non-market days to compare queue lengths

Both market days and non-market days revealed no significant queue lengths, the longest queue observed was approximately 7 vehicles which had to wait behind the bus stopped at the bus stop. The vehicles couldn't manoeuvre around the stationary bus as delivery vehicles were stopped outside the carpet shop located on the opposite side of the road to the bus stop. Once the bus moved off, it took less than a minute for the vehicles to manoeuvre through the junction of Eastway and Greenfield Lane.
On the 5pm visit on Thursday 10th September there was a minor traffic accident involving two vehicles which resulted in the bus stop area being obstructed whilst the drivers exchanged details. The bus arrived during this event but the service was not affected and motorists were able to manoeuvre around the obstruction.

Vehicles were not observed blocking the junction of Rochdale Road, Milnrow Road, Beal Lane and High Street due to an increase in vehicles wanting to turn right into Eastway from Beal Lane; the maximum of vehicles observed waiting behind a right turning vehicle was 2.

Motorists were not observed to be experiencing difficulty exiting from Beal Lane into Eastway; queue lengths did not differ from market day to non-market day.

**Feedback from Distribution Centres, TFGM and Emergency Services**

During the trial period contact had been maintained with the Transport Managers of the distribution centres, Transport for Greater Manchester and the emergency services to determine if their services have been affected by the closure of Market Street.

The Transport Managers from both distribution centres have confirmed their deliveries have not been affected by the market trial.

The Fire Brigade have not had any reported problems.

TFGM / First Manchester have not reported any problems from a bus operational point of view.

**Recommendation**

In view of the observations that have been undertaken and that no adverse comments have been received from the distribution centre transport managers, TFGM and emergency services, the Highways Team would support the street market being made permanent.
<table>
<thead>
<tr>
<th>Time</th>
<th>Market Street (Farrow St East to High St)</th>
<th>Eastway</th>
<th>Farrow Street East</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>North</td>
<td>South</td>
<td>North</td>
</tr>
<tr>
<td>5.00</td>
<td>17</td>
<td>20</td>
<td>81</td>
</tr>
<tr>
<td>6.00</td>
<td>43</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>7.00</td>
<td>107</td>
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</tr>
<tr>
<td>8.00</td>
<td>124</td>
<td>31</td>
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</tr>
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<td>9.00</td>
<td>164</td>
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<td>136</td>
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<td>10.00</td>
<td>144</td>
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</tr>
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<td>11.00</td>
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<td>12.00</td>
<td>143</td>
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<td>189</td>
</tr>
<tr>
<td>13.00</td>
<td>156</td>
<td>49</td>
<td>202</td>
</tr>
<tr>
<td>14.00</td>
<td>121</td>
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<td>211</td>
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<tr>
<td>15.00</td>
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<tr>
<td>16.00</td>
<td>173</td>
<td>66</td>
<td>298</td>
</tr>
<tr>
<td>17.00</td>
<td>170</td>
<td>100</td>
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</tr>
<tr>
<td>18.00</td>
<td>169</td>
<td>173</td>
<td>239</td>
</tr>
<tr>
<td>Mean Speed</td>
<td>19.8 mph</td>
<td>19.0 mph</td>
<td>23 mph</td>
</tr>
<tr>
<td>85th Percentile</td>
<td>24.4 mph</td>
<td>23.1 mph</td>
<td>27.3 mph</td>
</tr>
</tbody>
</table>
Appendix 3 – Extent of Licence

Although the licence was granted for the whole of Market street, a stall will not be placed outside of those businesses who did not give consent.
Report to Cabinet

Treasury Management Half Year Review 2015/16

Portfolio Holder: Councillor Jabbar, Cabinet Member for Finance and HR

Officer Contact: Anne Ryans, Director of Finance

Report Author: Andy Cooper, Senior Finance Manager

Ext. 4925

14th December 2015

Reason for Decision

The report advises Cabinet of the performance of the Treasury Management function of the Council for the first half of 2015/16, and provides a comparison of performance against the 2015/16 Treasury Management Strategy and Prudential Indicators.

Executive Summary

The Council is required to consider the performance of the Treasury Management function in order to comply with the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Treasury Management Revised Code of Practice. This report therefore sets out the key Treasury Management issues for Members’ information and review and outlines:

- An economic update for the first six months of 2015/16;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council’s capital expenditure (prudential indicators);
- A review of the Council’s investment portfolio for 2015/16;
- A review of the Council’s borrowing strategy for 2015/16;
- Why there has been no debt rescheduling undertaken during 2015/16;
Recommendations

Cabinet is requested to:

1) Approve the:

   a) Treasury Management activity for the first half of the financial year 2015/16 and the projected outturn position

   b) Amendments to both Authorised and Operational Boundary for external debt as set out in the table at Section 2.4.5 of the report.

   c) Changes to the credit methodology whereby viability, financial strength and support ratings will no longer be considered as key criteria in the choice of creditworthy investment counterparties.

2) Commend this report to Council for approval
1 Background

1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

1.2 The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 As a consequence treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

2 Current Position

2.1 Requirements of the Treasury Management Code of Practice

2.1.1 The Council adopted the revised Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2011) on 23rd February 2011.

2.1.2 The primary requirements of the Code are as follows:

a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities

b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives

c) Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year
d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. In Oldham, this responsibility is delegated to the Director of Finance.

e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. In Oldham, the delegated body is the Audit Committee.

2.1.3 This mid-year report has been prepared in compliance with CIPFA’s Code of Practice, and covers the following:

- An economic update for the first six months of 2015/16;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council’s capital expenditure (prudential indicators);
- A review of the Council’s investment portfolio for 2015/16;
- A review of the Council’s borrowing strategy for 2015/16;
- Why there has been no debt rescheduling undertaken during 2015/16;
- A review of the compliance with Treasury and Prudential Limits for 2015/16.

2.2 Economic Performance for the First Six Months of the Year

2.2.1 The UK economy cannot be considered in isolation and the impact of the financial and economic performance of other countries and groups of countries has a significant influence on the global economic position as well as that of the UK. This section of the report therefore sets out key issues relating to the UK and other key regions.

The United Kingdom (UK) Economic and Financial Position

2.2.2 UK Gross Domestic Product (GDP) growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, possibly being equal to that of the US. However, quarter 1 of 2015 was weak at +0.4% though there was a rebound in quarter 2 to +0.7%.

2.2.3 The Bank of England’s August Inflation Report included a forecast for growth to remain around 2.4 to 2.8% over the next three years. However, the subsequent forward looking Purchasing Manager’s Index (PMI) surveys in both September and early October for the services and manufacturing sectors showed a marked slowdown in the likely future overall rate of GDP growth to about +0.3%. This is not too surprising given the appreciation of Sterling against the Euro and weak growth in the European Union (EU), China and emerging markets creating headwinds for UK exporters. Also, a fall in consumer confidence in September, due to an increase in concerns for the economic outlook, could also lead to a dampening of services sector growth through weakening consumer expenditure. For this recovery to become more balanced and sustainable in the longer term, the recovery still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure.
2.2.4 The strong growth since 2012 has resulted in unemployment falling quickly over the last few years although it has now picked up recently after the Chancellor announced in July significant increases planned in the minimum (living) wage over the course of this Parliament.

2.2.5 The Monetary Policy Committee (MPC) has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. It has therefore been encouraging in 2015 to see wage inflation rising significantly above Consumer Price Index (CPI) inflation which slipped back to zero in June and again in August.

2.2.6 However, with the price of oil taking a fresh downward direction and Iran expected to soon re-join the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.

2.2.7 The August Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. Despite average weekly earnings picking up to 2.9% year on year in the three months ending in July (as announced in mid-September), this was unlikely to provide ammunition for the MPC to take action to raise the Bank Rate as soon as labour productivity growth meant that net labour unit costs appeared to be only rising by about 1% year on year. However, at the start of October, statistics came out announcing that annual labour cost growth had actually jumped sharply in quarter 2 from +0.3% to +2.2%: time will tell if this is just a blip or the start of a trend.

2.2.8 There are therefore considerable risks around whether inflation will rise in the near future as strongly and as quickly as previously expected; this will make it more difficult for the central banks of both the US and the UK to raise rates as soon as had previously been expected, especially given the recent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far, which could potentially spill over to impact the real economies rather than just financial markets.

2.2.9 On the other hand, there are also concerns around the fact that the central banks of the UK and US have few monetary policy options left to them given that central rates are near to zero and huge quantitative easing (QE) is already in place. There are therefore arguments that they need to raise rates sooner, rather than later, so they are prepared if there was a sudden second major financial crisis. But it is hardly likely that they would raise rates until they are sure that growth was securely embedded and ‘no-flation’ was not a significant threat.

2.2.10 The forecast for the first increase in Bank Rate has therefore progressively been pushed back during 2015 from quarter 4 2015 to quarter 2 2016 and increases after that will be at a much slower pace, and to much lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.
2.2.11 The Government’s revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20.

United States (US)

2.2.12 GDP growth in 2014 of 2.4% was followed by first quarter 2015 growth depressed by exceptionally bad winter weather at only +0.6% (annualised). However, growth rebounded very strongly in quarter 2 to 3.9% (annualised) and strong growth was initially expected going forward.

2.2.13 Until the turmoil in financial markets in August caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Federal Reserve (Fed) would start to increase rates in September. However, the Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, and due to a 20% appreciation of the dollar which has caused the Fed to lower its growth forecasts. Since then the nonfarm payrolls figures for September and revised August, issued on 2 October 2015, were disappointingly weak and confirmed concerns that US growth is likely to significantly weaken. This has pushed back expectations of the first rate increase from 2015 into 2016.

Eurozone (EZ)

2.2.14 The European Central Bank (ECB) announced a massive €1.1 trillion programme of quantitative easing in January 2015 to buy up high credit quality government debt of selected EZ countries. This programme started in March and will run to September 2016. This seems to have already had a beneficial impact in improving confidence and sentiment.

2.2.15 There has also been a continuing trend of marginal increases in the GDP growth rate which hit 0.4% in quarter 1 2015 (1.0% year on year) and +0.4%, (1.5% year on year) in quarter 2 GDP.

2.2.16 The ECB has also stated it would extend its QE programme if inflation failed to return to its target of 2% within this initial time period.

Greece

2.2.17 During July, Greece finally acceded to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance to EU demands of the Syriza Government, elected in January.

2.2.18 The subsequent surprise general election in September gave the Syriza Government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.
China and Japan

2.2.19 Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth. In quarter 2 2015 growth was down 1.6% (annualised) after a short burst of strong growth of 4.5% in quarter 1.

2.2.20 During 2015, Japan has been hit hard by the downturn in China. This does not bode well for Japan as the Government has already tried its first two options to try to stimulate recovery and a rise in inflation from near zero, but has withheld introducing the third, deregulation of protected and inefficient areas of the economy, due to political lobbies which have traditionally been supporters of the governing party.

2.2.21 As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market. Many commentators are concerned that recent growth figures around that figure could have been massaged to hide a downturn to a lower growth figure.

2.2.22 There are also major concerns as to the creditworthiness of much bank lending to corporates and local government during the post 2008 credit expansion period and whether the bursting of a bubble in housing prices is drawing nearer.

2.2.23 Overall, China is still expected to achieve a growth figure that the EU would envy. However, concerns about whether the Chinese cooling of the economy could be heading for a hard landing, and the volatility of the Chinese stock market, have caused major volatility in financial markets in August and September such that confidence is, at best, fragile.

Emerging Countries

2.2.24 There are considerable concerns about the vulnerability of some emerging countries and their corporates. Since the financial crisis western investors have invested in emerging countries as they searched for yield by channelling investment cash away from western economies with poor growth, depressed bond yields (due to QE), and near zero interest rates. There is now a strong current flowing to reverse that flow, with a movement back to those western economies with strong growth and an imminent rise in interest rates and bond yields.

2.2.25 This change in investors’ strategy and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US and UK, has helped to cause the dollar and sterling to appreciate. In turn, this has made it much more costly for emerging countries to service their western currency denominated debt at a time when their earnings from commodities are depressed.

2.2.26 There are also going to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates, if available at all.
2.2.27 Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by sovereign wealth funds of countries highly exposed to falls in commodity prices which, therefore, may have to liquidate investments in order to cover national budget deficits.

2.3 Interest Rate Forecast

2.3.1 The Council’s treasury advisor, Capita Asset Services, has provided the following bank rate and Public Works Loan Board (PWLB) interest rate forecast covering the period from the last quarter of 2015 to the third quarter of 2018:

**Interest Rate Forecasts for the period ending 31/12/15 to 31/6/18**

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank rate</strong></td>
<td>0.50%</td>
<td>0.50%</td>
<td>0.75%</td>
<td>0.75%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.25%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.75%</td>
<td>1.75%</td>
</tr>
<tr>
<td><strong>5yr PWLB rate</strong></td>
<td>2.40%</td>
<td>2.50%</td>
<td>2.00%</td>
<td>2.80%</td>
<td>2.90%</td>
<td>3.00%</td>
<td>3.10%</td>
<td>3.20%</td>
<td>3.30%</td>
<td>3.40%</td>
<td>3.50%</td>
</tr>
<tr>
<td><strong>10yr PWLB rate</strong></td>
<td>3.00%</td>
<td>3.20%</td>
<td>3.30%</td>
<td>3.40%</td>
<td>3.50%</td>
<td>3.70%</td>
<td>3.80%</td>
<td>3.90%</td>
<td>4.00%</td>
<td>4.10%</td>
<td>4.20%</td>
</tr>
<tr>
<td><strong>25yr PWLB rate</strong></td>
<td>3.60%</td>
<td>3.80%</td>
<td>3.90%</td>
<td>4.00%</td>
<td>4.10%</td>
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<td>4.40%</td>
<td>4.50%</td>
<td>4.60%</td>
<td>4.60%</td>
</tr>
<tr>
<td><strong>50yr PWLB rate</strong></td>
<td>3.60%</td>
<td>3.80%</td>
<td>3.90%</td>
<td>4.00%</td>
<td>4.10%</td>
<td>4.20%</td>
<td>4.30%</td>
<td>4.40%</td>
<td>4.50%</td>
<td>4.60%</td>
<td>4.60%</td>
</tr>
</tbody>
</table>

2.3.2 Capita Asset Services undertook its last review of interest rate forecasts on 11 August shortly after the quarterly Bank of England Inflation Report. Later in August, fears around the slowdown in China and Japan caused major volatility in equities and bonds and sparked a flight from equities into safe havens like gilts and so caused PWLB rates to fall below the above forecasts for quarter 4 2015. However, there is much volatility in rates as news ebbs and flows in negative or positive ways and news in September in respect of Volkswagen, and other corporates, has compounded downward pressure on equity prices. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

2.3.3 Despite market turbulence in late August, and then September, causing a sharp downturn in PWLB rates, the overall trend in the longer term will be for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

2.3.4 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

2.3.5 The disappointing US nonfarm payrolls figures and UK PMI services figures at the beginning of October have served to reinforce a trend of increasing concerns that growth is likely to be significantly weaker than had previously been expected. This, therefore, has markedly increased concerns, both in the US and UK, that growth is
only being achieved by monetary policy being highly aggressive with central rates at near zero and huge QE in place. This, in turn, is causing an increasing debate as to how realistic it will be for central banks to start on reversing such aggressive monetary policy until such time as strong growth rates are more firmly established and confidence increases that inflation is going to get back to around 2% within a 2-3 year time horizon. Market expectations in October for the first Bank Rate increase have therefore shifted back sharply as far as November 2016.

2.3.6 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK’s main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens.

2.3.7 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- Uncertainty around the risk of a UK exit from the EU.
- The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

2.4 Treasury Management Strategy Statement and Annual Investment Strategy Update

2.4.1 The Treasury Management Strategy Statement (TMSS) for 2015/16 was approved by Oldham Council on 25th February 2015. The underlying TMSS approved previously now requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out in the next sections of this report.
2.4.2 A decrease to both the overall Authorised Limit (the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003 above which the Council does not have the power to borrow) and Operational Boundary (the expected borrowing position of the Council during the year) for external debt is required. This indicator is made up of external borrowing and other long term liabilities, Private Finance Initiatives (PFI) and Finance Leases. The revision to the limits aligns to the reduction in the Capital Financing Requirement (£18.451m) as outlined at paragraph 2.4.4 below.

2.4.3 The Council has the following Private Finance Initiative (PFI) and Public Private Partnership (PPP) Schemes each contributing to the Other Long Term Liabilities element of the Authorised Limit and the Operational Boundary:
- Gallery Oldham and Library
- Sheltered Housing (PFI2)
- Radclyffe and Failsworth Secondary Schools
- Chadderton Health & Well Being Centre
- Street Lighting
- Housing (PFI4)
- Blessed John Henry Newman RC College (Building Schools for the Future)

2.4.4 In addition, it will be necessary to decrease the Capital Financing Requirement (CFR) by £18.451m. Approved capital expenditure/funding carry forwards from 2014/15 (£26.593m) caused an initial increase, however this is more than offset by estimated slippage and other anticipated adjustments in the 2015/16 capital programme resulting in the reduced CFR.

2.4.5 Members are therefore requested to approve the key changes to the 2015/16 prudential indicators as set out in the table below which show the original and recommended figures:

<table>
<thead>
<tr>
<th>Prudential Indicator 2015/16</th>
<th>Original £'000</th>
<th>Recommended £'000</th>
</tr>
</thead>
<tbody>
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<td>Authorised Limit</td>
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<td>600,000</td>
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<tr>
<td>Operational Boundary</td>
<td>600,000</td>
<td>570,000</td>
</tr>
<tr>
<td>Capital Financing Requirement</td>
<td>572,382</td>
<td>553,931</td>
</tr>
</tbody>
</table>

2.5 The Council’s Capital Position (Prudential Indicators)

2.5.1 This section of the report presents the Council’s capital expenditure plans and their financing, the impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow together with compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

2.5.2 The table below shows the half year position and the revised budget for capital expenditure (as per table 3 of the month 6 Capital Investment Programme monitoring report which was approved at Cabinet on 30th November 2015). It therefore highlights the changes that have taken place and are forecast since the capital programme was agreed at the Council meeting on 25 February 2015.
## Capital Expenditure by Service

<table>
<thead>
<tr>
<th>Service</th>
<th>2015/16 Original Estimate £'000</th>
<th>2015/16 Original Estimate Reconfigured Portfolios £'000</th>
<th>2015/16 Revised Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighbourhoods</td>
<td>7,812</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioning</td>
<td>1,950</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Services</td>
<td>19,058</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development and Infrastructure</td>
<td>61,825</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperatives and Neighbourhoods</td>
<td>6,999</td>
<td>15,144</td>
<td></td>
</tr>
<tr>
<td>Corporate and Commercial Services</td>
<td>2,407</td>
<td>4,126</td>
<td></td>
</tr>
<tr>
<td>Economy and Skills</td>
<td>79,289</td>
<td>63,729</td>
<td></td>
</tr>
<tr>
<td>Health and Wellbeing</td>
<td>1,950</td>
<td>1,788</td>
<td></td>
</tr>
<tr>
<td>Funds yet to be allocated</td>
<td></td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>General Fund Services</strong></td>
<td><strong>90,645</strong></td>
<td><strong>90,645</strong></td>
<td><strong>84,795</strong></td>
</tr>
<tr>
<td>HRA</td>
<td>0</td>
<td>0</td>
<td>416</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90,645</strong></td>
<td><strong>90,645</strong></td>
<td><strong>85,211</strong></td>
</tr>
</tbody>
</table>

2.5.3 The above table shows a decrease in the capital programme of £5.434m to the month 6 position of £85.211m. The original estimate was initially increased by slippage of £26.593m brought forward into the 2015/16 programme from the previous year; this has been offset by slippage in 2015/16, deletions and other movements showing a net decrease in the programme of £32.027m in the first 6 months of the year.

Changes to the Financing of the Capital Programme

2.5.4 The table below draws together the main strategy elements of the capital expenditure plans (above) highlighting the original supported (£35.180m) and unsupported elements i.e. requiring borrowing (£55.464m) of the capital programme, and the expected financing (revised position) arrangements of this capital expenditure. The borrowing need element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

2.5.5 The overall net reduction in the capital programme has resulted in a change in the mix of funding sources required in 2015/16, a reduced reliance on capital receipts and prudent borrowing is offset by an increase in grant income and to a lesser extent an increased contribution from revenue.
<table>
<thead>
<tr>
<th>Capital Expenditure</th>
<th>2015/16 Original Estimate £'000</th>
<th>2015/16 Revised position £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Services</td>
<td>90,644</td>
<td>84,795</td>
</tr>
<tr>
<td>HRA</td>
<td>0</td>
<td>416</td>
</tr>
<tr>
<td><strong>Total spend</strong></td>
<td><strong>90,644</strong></td>
<td><strong>85,211</strong></td>
</tr>
</tbody>
</table>

Supported Finance

- Capital receipts  
  (14,554)  
- Capital grants  
  (20,026)  
- Revenue  
  (600)  

**Total Supported financing**  
(35,180)  
(42,635)

**Borrowing need (Unsupported Finance)**  
55,464  
42,576

Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

**2.5.6** The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. As previously mentioned in paragraph 2.4.4 the CFR needs to decrease by £18,451m. It also shows the expected debt position over the period (the Operational Boundary). This indicator has decreased to reflect the revisions to the forecast year end position of the capital programme.

<table>
<thead>
<tr>
<th>Prudential Indicator – Capital Financing Requirement</th>
<th>2015/16 Original Estimate £’000</th>
<th>2015/16 Revised Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFR – non housing</td>
<td>572,382</td>
<td>553,931</td>
</tr>
<tr>
<td><strong>Total CFR</strong></td>
<td><strong>572,382</strong></td>
<td><strong>553,931</strong></td>
</tr>
<tr>
<td>Net movement in CFR</td>
<td>(18,451)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prudential Indicator – External Debt / the Operational Boundary</th>
<th>2015/16 Original Estimate £’000</th>
<th>2015/16 Revised Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>325,000</td>
<td>295,000</td>
</tr>
<tr>
<td>Other long term liabilities*</td>
<td>275,000</td>
<td>275,000</td>
</tr>
<tr>
<td><strong>Total debt 31 March</strong></td>
<td><strong>600,000</strong></td>
<td><strong>570,000</strong></td>
</tr>
</tbody>
</table>

* - On balance sheet PFI schemes and finance leases etc.

Limits to Borrowing Activity

**2.5.7** The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose.

**2.5.8** Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and next two
financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

2.5.9 The CFR calculation is shown in the table below and the Director of Finance reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

<table>
<thead>
<tr>
<th></th>
<th>2015/16 Original Estimate £'000</th>
<th>2015/16 Revised Estimate £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross borrowing</td>
<td>216,117</td>
<td>184,916</td>
</tr>
<tr>
<td>Plus other long term liabilities*</td>
<td>266,140</td>
<td>266,141</td>
</tr>
<tr>
<td>Gross borrowing</td>
<td>482,257</td>
<td>451,057</td>
</tr>
<tr>
<td>CFR* (year end position)</td>
<td>572,382</td>
<td>553,931</td>
</tr>
</tbody>
</table>

* - Includes on balance sheet PFI schemes and finance leases etc.

2.5.10 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

<table>
<thead>
<tr>
<th>Authorised limit for external debt</th>
<th>2015/16 Original Indicator</th>
<th>2015/16 Revised Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>345,000</td>
<td>315,000</td>
</tr>
<tr>
<td>Other long term liabilities*</td>
<td>285,000</td>
<td>285,000</td>
</tr>
<tr>
<td>Total</td>
<td>630,000</td>
<td>600,000</td>
</tr>
</tbody>
</table>

* - Includes on balance sheet PFI schemes and finance leases etc.

Investment Portfolio 2015/16

2.5.11 In accordance with the Code, it is the Council’s priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 2.3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and shorter term strategy. Given this risk environment, investment returns are likely to remain low.

2.5.12 The Council held £105.610m of investments, including property funds as at 30th September 2015 (£103.070m at 31 March 2015). A full list of investments as at 30th September 2015 is included in the table below.
2.5.13 Taking the opportunity to earn a better rate of return on its cash balances, the Council has in accordance with the approved TMSS, during the first 6 months of the current financial year tentatively started to use a broader range of investment products, namely Certificates of Deposit and Investment units with a Property Fund. To invest in these types of instruments, accounts have been opened up with a custodian service (King & Shaxson) and the Churches, Charities and Local Authority (CCLA) Property Fund.

2.5.14 Certificates of Deposit open up a wider range of approved counterparties, that the Council may either not have access to directly or who may not offer fixed investments. Although certificates of deposits are entered into for a fixed duration they can be sold on the secondary market in the highly unlikely event that there should be an urgent need for liquidity. As at 30th September £35m was held in Certificates of Deposit.

2.5.15 As mentioned above in 2.5.13, the Council has started to invest with CCLA Property Fund. Details are included within the table below. Further information regarding property funds can be found in paragraphs 2.5.26 – 2.5.29. At 30th September the investment had been held for 3 months and generated a return of 4.93%.

2.5.16 The Council ensures enough funds are kept in either instant access accounts and/or on-call accounts to meet its short term liquidity requirements. As at 30th September the Council held £32.610m in such accounts.

<table>
<thead>
<tr>
<th>Investments Counterparty</th>
<th>Type</th>
<th>30 Sept. 2015 £'000</th>
<th>Interest Rate</th>
<th>Date of Investment</th>
<th>Date of Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCLA Property Fund</td>
<td>Property</td>
<td>2,000</td>
<td>4.93%</td>
<td>30/06/15</td>
<td>Open</td>
</tr>
<tr>
<td><strong>Total Property Funds</strong></td>
<td></td>
<td><strong>2,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater London Authority</td>
<td>Fixed</td>
<td>5,000</td>
<td>0.90%</td>
<td>15/04/14</td>
<td>15/10/15</td>
</tr>
<tr>
<td>Bank of Scotland plc</td>
<td>Fixed</td>
<td>3,000</td>
<td>0.80%</td>
<td>09/02/15</td>
<td>09/11/15</td>
</tr>
<tr>
<td>Barclays Bank plc</td>
<td>Fixed</td>
<td>5,000</td>
<td>0.78%</td>
<td>26/02/15</td>
<td>26/11/15</td>
</tr>
<tr>
<td>Barclays Bank plc</td>
<td>Fixed</td>
<td>5,000</td>
<td>0.92%</td>
<td>23/03/15</td>
<td>21/03/16</td>
</tr>
<tr>
<td>Nationwide Building Society</td>
<td>Fixed</td>
<td>2,500</td>
<td>0.66%</td>
<td>14/04/15</td>
<td>14/10/15</td>
</tr>
<tr>
<td>Bank of Scotland plc</td>
<td>Fixed</td>
<td>5,000</td>
<td>0.70%</td>
<td>11/05/15</td>
<td>11/11/15</td>
</tr>
<tr>
<td>Santander UK plc</td>
<td>Fixed</td>
<td>2,500</td>
<td>0.67%</td>
<td>03/06/15</td>
<td>03/12/15</td>
</tr>
<tr>
<td>Nationwide Building Society</td>
<td>Fixed</td>
<td>5,000</td>
<td>0.66%</td>
<td>17/08/15</td>
<td>17/02/16</td>
</tr>
<tr>
<td>Barclays Bank plc</td>
<td>Fixed</td>
<td>3,000</td>
<td>0.85%</td>
<td>20/08/15</td>
<td>20/05/16</td>
</tr>
<tr>
<td><strong>Total Fixed Investments</strong></td>
<td></td>
<td><strong>36,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>CD</td>
<td>5,000</td>
<td>0.72%</td>
<td>20/04/15</td>
<td>20/10/15</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>CD</td>
<td>2,500</td>
<td>0.90%</td>
<td>06/05/15</td>
<td>04/05/16</td>
</tr>
<tr>
<td>Royal Bank of Scotland plc</td>
<td>CD</td>
<td>5,000</td>
<td>0.91%</td>
<td>17/04/15</td>
<td>15/04/16</td>
</tr>
<tr>
<td>Royal Bank of Scotland plc</td>
<td>CD</td>
<td>5,000</td>
<td>0.72%</td>
<td>30/04/15</td>
<td>29/01/16</td>
</tr>
<tr>
<td>Sumitomo Mitsui Bank*</td>
<td>CD</td>
<td>2,000</td>
<td>0.57%</td>
<td>01/07/15</td>
<td>01/10/15</td>
</tr>
<tr>
<td>Abbey National Treasury Services</td>
<td>CD</td>
<td>5,000</td>
<td>0.73%</td>
<td>19/05/15</td>
<td>19/11/15</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>CD</td>
<td>2,500</td>
<td>0.82%</td>
<td>19/05/15</td>
<td>19/02/16</td>
</tr>
</tbody>
</table>
2.5.17 The Council’s investment strategy looks to achieve a return on its investment of London Interbank Bid Rate (LIBID) plus a 5% mark up. The Council will maintain sufficient cash reserves to give it its necessary liquidity and may place investments up to 5 years if the cash flow forecast allows and the credit rating criteria is met. Performance against this benchmark was as follows:

<table>
<thead>
<tr>
<th>7 Day LIBID</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.36175%</td>
<td>0.37984%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 month LIBID</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.45813%</td>
<td>0.48104%</td>
</tr>
</tbody>
</table>

Average Return on all cash investments made 0.66159%

2.5.18 The Council’s overall average performance on its cash investments exceeded its target by 0.28176% on 7 day LIBID and 0.18056% on 3 month LIBID, the performance against the relevant LIBID/strategy benchmark, matched to the length of investment is further analysed at appendix 2.

2.5.19 The cash investments have generated £347k of income in the first 6 months of the financial year. Furthermore The Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2015/16.

Investment Counterparty Criteria

2.5.20 The Council currently has investment criteria and limits and these are set out in the table below. This shows the colour banding into which each of the counterparties are categorised, depending on their credit rating, and for each colour banding, the maximum duration of the investment and the maximum principal that can be invested. The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
<table>
<thead>
<tr>
<th>Capital Colour Band</th>
<th>Maximum Duration</th>
<th>Maximum Principal Invested £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellow (Note 1)</td>
<td>5 Years</td>
<td>£10m</td>
</tr>
<tr>
<td>Dark Pink (Note 2)</td>
<td>5 Years</td>
<td>£10m</td>
</tr>
<tr>
<td>Light Pink (Note 3)</td>
<td>5 Years</td>
<td>£10m</td>
</tr>
<tr>
<td>Purple</td>
<td>2 Years</td>
<td>£20m</td>
</tr>
<tr>
<td>Blue (Note 4)</td>
<td>1 Year</td>
<td>£20m</td>
</tr>
<tr>
<td>Orange (Note 5)</td>
<td>1 Year</td>
<td>£15m</td>
</tr>
<tr>
<td>Red</td>
<td>6 months</td>
<td>£10m</td>
</tr>
<tr>
<td>Green</td>
<td>100 days</td>
<td>£10m</td>
</tr>
<tr>
<td>No Colour</td>
<td>Not to be used</td>
<td>Not to be used</td>
</tr>
</tbody>
</table>

Note 1 – Includes Public Sector Bodies

Note 2 – Enhanced money market funds (EMMF) with a credit score of 1.25

Note 3 - Enhanced money market funds (EMMF) with a credit score of 1.5

Note 4 – Blue Institutions only applies to nationalised or semi nationalised UK Banks, which are currently:
- Lloyds Banking Group – Lloyds and Bank of Scotland.

Note 5 - Includes the Council’s banking provider, if it currently falls into category below this colour band.

2.5.21 The Council has re-appointed Capita Asset Services as its Treasury Advisors (see 2.9 below) and uses its rating assessments to support investment decisions. Capita is changing its credit rating methodology and this impacts on the Council’s own assessment methodology. This change is outlined in the following paragraphs.

Change in Credit Rating Methodologies

2.5.22 The main rating agencies (Fitch, Moody’s and Standard & Poor’s) have, through much of the financial crisis, provided some institutions with a ratings “uplift” due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these “uplifts” with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have “netted” each other off, to leave underlying ratings either unchanged or little changed. A consequence of the new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody’s) Financial Strength rating withdrawn by the agency.
2.5.23 In keeping with the agencies’ new methodologies, the credit element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used by Standard & Poor’s, this has been a change to the use of Fitch and Moody’s ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

2.5.24 The evolving regulatory environment, in tandem with the rating agencies’ new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While the Council understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AAA for all non-UK countries. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

2.5.25 It is important to note that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the “support” phase of the financial crisis.

Property Funds

2.5.26 As highlighted in sections 2.5.12 and 2.5.15, during 2015/16 the Council has invested in the CCLA (Churches, Charities & Local Authority) Property Fund. The fund is a unit trust fund that invests in commercial and industrial property in the UK. This is a longer term investment and it is recommended to hold the units for at least 3 years.

2.5.27 Prior to use guidance was sought regarding the status of this fund. The CCLA fund has been approved by HM Treasury under section 11(1) of the Trustee Investments Act 1961, and in accordance with section 25(3)(d) of the regulations, the purchase of units in this Fund does not count as capital expenditure in England. It will be accounted for as an available for sale financial asset. Due diligence was also carried out prior to use in terms of organisation background, property portfolio, past performance, use by other Authorities within the sector and employee expertise.
2.5.28 The fund is performing well and is currently yielding 4.93% for the 3 month period ending September 2015.

2.5.29 In the future it is possible that the Council may choose to use other property funds. If this were to be the case it will seek prior advice regarding the status of any new fund, undertake thorough and appropriate due diligence and seek advice in terms of accounting treatment (the use of these instruments can be deemed capital expenditure, and as such would therefore be an application of capital resources and appear in the capital programme).

Bonds

2.5.30 The current TMSS gives theoretical approval to the use of bonds as an alternative investment instrument, the Authority does not currently hold any such investments, it is however aware of the emerging popularity of Bonds within the sector and may consider investing in bonds in the current financial year, consideration would therefore be required as to the type/ category of bond e.g. corporate, government, financial institution, the rating of the issuer and the maturity duration before any such decision was made.

2.6 Borrowing

PWLB

2.6.1 It is proposed in this report that the Council’s CFR for 2015/16 is revised to £553.931m and this denotes the Council’s underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

2.6.2 The table within paragraph 2.5.9 shows the Council has borrowings of £451.057m and has utilised £102.874m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

2.6.3 The Council has not undertaken any borrowing in the first half of the year, and did not undertake any debt rescheduling during the first half of 2015/16.

2.6.4 As outlined below, the general trend has been an increase in interest rates during the first quarter but then a fall during the second quarter.

2.6.5 Current PWLB maturity rates are set out in the following table and show for a selection of maturity periods over the first half of 2015/16, the range (high and low points) in rates and the average rates over the period. In addition, Appendix 1 tracks the movement in the PWLB certainty rate over the period in question across the same range of loan terms as is used in the table below.
Maturity Rates

<table>
<thead>
<tr>
<th>Maturity Rates</th>
<th>1 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>25 Year</th>
<th>50 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>1.11%</td>
<td>1.82%</td>
<td>2.40%</td>
<td>3.06%</td>
<td>3.01%</td>
</tr>
<tr>
<td>Date</td>
<td>02/04/15</td>
<td>02/04/15</td>
<td>02/04/15</td>
<td>02/04/15</td>
<td>02/04/15</td>
</tr>
<tr>
<td>High</td>
<td>1.35%</td>
<td>2.35%</td>
<td>3.06%</td>
<td>3.66%</td>
<td>3.58%</td>
</tr>
<tr>
<td>Date</td>
<td>05/08/15</td>
<td>14/07/15</td>
<td>14/07/15</td>
<td>02/07/15</td>
<td>14/07/15</td>
</tr>
<tr>
<td>Average</td>
<td>1.26%</td>
<td>2.12%</td>
<td>2.76%</td>
<td>3.39%</td>
<td>3.29%</td>
</tr>
</tbody>
</table>

2.6.6 The Council will closely monitor the movement in PWLB interest rates and if available those being offered by the Municipal Bonds Agency (see 2.6.8 and 2.6.9 below) during the remaining months of the year. This will be considered in conjunction with the spend profile of the capital programme and borrowing may be undertaken to support the capital plans of the Council if this is considered advantageous.

2.6.7 Members may recall that for the last 3 years the Council has been able to take advantage of the PWLB certainty rate, whereby there is a 20 basis points discount on standard loans from the PWLB under the prudential borrowing regime for Authorities providing improved information on their long term borrowing and associated capital spending plans. The obvious benefit to the Council of the certainty rate will be reflected in the future with reduced Treasury Management borrowing costs in relation to any PWLB borrowing undertaken. The Council has submitted its spending plans for 2015/16 and currently awaits confirmation of extension of the certainty rate for the period 1st November 2015 to 31st October 2016. The certainty rate variations are shown in Appendix 1.

Municipal Bonds Agency (MBA)

2.6.8 The Local Government Association (LGA) is close to completing the setting up of the Municipal Bonds Agency (MBA) the aim of which is to seek to provide Councils with a cheaper source of long term borrowing and to introduce sector owned diversity into the Local Government lending market, the Council has invested a total sum of £100k in the equity of the MBA.

2.6.9 The Council has undertaken this investment to access a potentially cheaper source of long term borrowing and any other beneficial financing arrangements that may become available. The agency has indicated that the first bond could possibly be issued in the Spring of 2016, whilst this may be not be the opportune timing for Oldham the Council will keep under review the availability and cost of funds from the MBA as an alternative source of finance with a view to borrowing at an appropriate time if terms are preferential. As an investor, the Council would expect to benefit from any profits generated by the MBA

2.7 Overall Position at the Mid-Year 2015/16

2.7.1 The position at the mid-year 2015/16 shows that the Council is continuing to follow recommended practice and manage its treasury affairs in a prudent manner.
2.8 **Current Position- Banking**

2.8.1 The Council has a banking contract in place with Barclays Bank effective from 1st April 2014 for a duration of 5 years. The working relationship between the parties is proving successful and it has enabled the Council to adopt a more traditional working relationship with its clearing bank.

2.9 **Treasury Management Advisors**

2.9.1 The contract engaging Capita Asset Services as the Councils Treasury Management advisors expired on 31st March 2015, the Council undertook a competitive joint tendering exercise with other GM Local Government bodies to procure advisory services from April 2015, the outcome of which is that Capita Asset Services were re-appointed as Treasury Management advisors for a period of 3 years (with the option for a further year) effective from 1st April 2015.

3 **Options/Alternatives**

3.1 In order that the Council complies with the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management the Council has no option other than to consider and approve the contents of the report. Therefore no options/alternatives have been presented.

4 **Preferred Option**

4.1 As stated above the preferred option is that the contents of the report are approved

5 **Consultation**

5.1 Consultation has taken place with Capita Asset Services (the Councils Treasury Management Advisors), and the Executive Management Team (EMT). The report will also be presented to the Audit Committee.

6 **Financial Implications**

6.1 All included in the report.

7 **Legal Services Comments**

7.1 None

8 **Cooperative Agenda**

8.1 The Council ensures that any Treasury Management decisions comply as far as possible with the ethos of the Cooperative Council.

9 **Human Resources Comments**

9.1 None
10 **Risk Assessments**

10.1 There are considerable risks to the security of the Authority’s resources if appropriate treasury management strategies and policies are not adopted and followed. The Council has established good practice in relation to treasury management which have previously been acknowledged in the External Auditors’ Annual Governance Report presented to the Audit Committee.

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 None

14 **Environmental and Health & Safety Implications**

14.1 None

15 **Equality, community cohesion and crime implications**

15.1 None

16 **Equality Impact Assessment Completed?**

16.1 No

17 **Key Decision**

17.1 Yes

18 **Forward Plan Reference**

18.1 CFHR -22-15

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are contained within Appendices 1 and 2.
Officer Name: Anne Ryans
Contact No: 0161 770 4902
Appendices

20.1 Appendix 1 – Borrowing

Appendix 2 – Investments
APPENDIX 1 - Borrowing

1A) PWLB Certainty Rate Variations 2015/16

![Graph showing PWLB rate variations from Apr-Sep 2015](image)

1B) Comparison of borrowing parameters to actual external borrowing (Table)

<table>
<thead>
<tr>
<th>Actual/Expected</th>
<th>2014/15 £'000</th>
<th>2015/16 £'000</th>
<th>2016/17 £'000</th>
<th>2017/18 £'000</th>
<th>2018/19 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised Limit</td>
<td>590,000</td>
<td>600,000</td>
<td>595,000</td>
<td>610,000</td>
<td>610,000</td>
</tr>
<tr>
<td>Operational Boundary</td>
<td>560,000</td>
<td>570,000</td>
<td>565,000</td>
<td>580,000</td>
<td>580,000</td>
</tr>
<tr>
<td>Capital Financing Requirement</td>
<td>527,364</td>
<td>553,931</td>
<td>563,924</td>
<td>579,481</td>
<td>567,412</td>
</tr>
<tr>
<td>External Debt</td>
<td>426,660</td>
<td>451,057</td>
<td>468,775</td>
<td>485,523</td>
<td>476,553</td>
</tr>
</tbody>
</table>
1C) Comparison of borrowing parameters to actual external borrowing (Graph)
## Appendix 2

### 2A) Investment performance for half year to 30th September 2015

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Benchmark Return LIBID</th>
<th>Council Performance</th>
<th>Investment Interest Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 day *</td>
<td>0.38%</td>
<td>0.49%</td>
<td>£79,376</td>
</tr>
<tr>
<td>1 month</td>
<td>0.38%</td>
<td>0.57%</td>
<td>£1,312</td>
</tr>
<tr>
<td>3 month *</td>
<td>0.48%</td>
<td>0.52%</td>
<td>£31,060</td>
</tr>
<tr>
<td>6 month</td>
<td>0.60%</td>
<td>0.73%</td>
<td>£153,544</td>
</tr>
<tr>
<td>12 month</td>
<td>0.90%</td>
<td>0.91%</td>
<td>£81,221</td>
</tr>
</tbody>
</table>

*includes 5% mark up as per 15/16 strategy performance target

### 2B) Comparison of Bank rate against LIBID (various) April to September 2015

![Graph: Apr - Sep 2015 Bank Rate vs LIBID %](image)
This page is intentionally left blank
Reason for Decision

The 2014-2020 ERDF programme requires co-financing with Councils in Greater Manchester being asked to provide the funding. Officers are seeking approval of £275k of resources for the programme lifespan (three years) which is a key decision.

Executive Summary

The European Regional Development Fund is the main lever for delivering business and enterprise support. DCLG have released seven calls (five targeted at Manchester and two across NW). The report seeks approval of £275k of resources to provide match-funding to enable a robust programme can operate in Oldham to achieve the objectives set out in the 2015 Local Economic Assessment.

Recommendations

The recommendation is that the Cabinet approves the request for £275k of Council resources to underpin the three year ERDF programme.
ERDF Enterprise and Business Support

1  Background

1.1 The Business, Enterprise and Competitiveness chapter of the 2015 Local Economic Assessment demonstrated that economic restructuring is still taking place in Oldham and whilst some key indicators are three key areas which need addressing:

1. Increase the number of quality businesses starting up. – The business start up rate has increased, but the GM rate is still significantly higher (12 percentage points higher). The survival rate of Oldham business is below national and regional averages with 61% of new start-ups ceasing to trade within the first 5 years.

2. Rebalance the Economy: Inward investment and growth support - Oldham’s economy needs to shift towards a higher skill, higher wage economy, a task which requires a long term plan. It is important that Partnership and Council develop an approach which sees this transition into higher value opportunities through a combination of inward investment and support for existing, indigenous businesses to innovate and grow.

3. Improve Competitiveness and GVA. The economic assessment reported that “Oldham needs to develop an approach that improves: productivity (output per hour), employment rate, weekly pay, and number of knowledge based businesses”.

1.2 The 2014-2020 European Regional Development Fund (ERDF) programme is the main vehicle to provide support to these 3 objectives. DCLG launched a number of calls for the 2014-20 ERDF Programme on March 27 2015 with the aim to fund activity between Autumn 2015 and December 2018. Figure 1 lists the 7 schemes that DCLG is looking to commission.

1.3 Figure 1 – DCLG ERDF Calls.

<table>
<thead>
<tr>
<th>Project / service</th>
<th>Geographical coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Services</td>
<td>GM</td>
</tr>
<tr>
<td>Sectors</td>
<td>GM</td>
</tr>
<tr>
<td>Start Up</td>
<td>GM</td>
</tr>
<tr>
<td>Innovation</td>
<td>GM</td>
</tr>
<tr>
<td>Access to Finance (A2F)</td>
<td>GM</td>
</tr>
<tr>
<td>Manufacturing Advisory Service (MAS)</td>
<td>NW</td>
</tr>
<tr>
<td>International Trade</td>
<td>NW</td>
</tr>
</tbody>
</table>

2  Current Position

2.1 The previous ERDF Programme closed down in March 2015. The Council extended the contract with Blue Orchid for Business Start up support until 30th September 2015. Due to the nature of the DCLG calls it was decided to work with
Manchester Growth Company to deliver in Oldham. This decision was because the vast majority of the ERDF calls represented an extension of the existing GM LEP or ERDF-funded activity which was delivered by MGC.

2.2 Following discussions with the Business Growth Hub team and the 10 GM local authorities it was agreed that the Manchester Growth Company would submit bids for the 7 ERDF calls to continue and enhance the services provided by the GM Business Growth Hub. Each Local Authority was required to find match-funding in the form of money or staff time. Following discussions with the Business Growth Hub team and Oldham Council it was proposed that £275k would be made available over the next three years to fund additional Growth Hub activity/capacity in Oldham, and to enhance the integration between Oldham MBC, OBLG and Business Growth Hub employer-facing activity.

2.3 It is proposed that the £275k would be matched with ERDF to provide both additional activity and outcomes for Oldham businesses. The funding would support both the creation of new businesses, and the growth of existing ones. It is recommended that the funding is split into two distinct elements.

2.4 **Element 1:** £175k to provide additional capacity to support Oldham Small to Medium Enterprises (SMEs) to grow. The funding is essentially increasing the number of Advisors that would work with Oldham businesses, with

- 1 dedicated Growth Advisor, supporting Oldham SMEs to grow
- 1 dedicated Growth Start Up Advisor, helping start new businesses with growth potential
- Resource to recruit, manage and match business mentors
- An Executive Development Programme, to provide leadership and management support to small business owners or managers
- A Workforce Development Advisor, working across Oldham and Rochdale to help businesses recruit, manage and develop their workforce. This post will specifically support the promotion and implementation of the Fair Employment Charter and work closely with Get Oldham Working to maximise local recruitment opportunities.

2.5 These posts would directly engage and work with Oldham SMEs, and provide the link into wider Business Growth Hub services such as

- Access to Finance support, particularly helping Oldham SMEs to be able to apply for and secure Enterprise Trust Fund grants and loans
- The Manufacturing Advice Service
- The Digital Growth programme, which helps companies understand and use new technology
- The Green Growth programme, providing resource efficiency advice
- The innovation advisory service, which helps companies develop new products and services and to link in with GM’s R&D asset base
• Sector-specific support for GM’s priority sectors (Advanced Materials and Manufacturing, Low Carbon and Environmental Goods and Services, Creative and Digital, Life Sciences)
• UK Trade and Investment export advice.

2.6 **Element 2**: £100k to enhance the support available in Oldham to help people start their own business. This would complement the Growth Start Up activity, and would support both those in and out of work become self-employed. The project will also support early stage micro businesses who need support to survive and grow. Oldham’s investment would fund an additional dedicated Business Advisor post, as well additional client engagement / partnership resource to link into Oldham's resident and business networks. This will provide an uplift both in capacity and outputs, and would provide resource to align to specific Oldham priorities/ projects, such as Get Oldham Working, OBLG and the Stoller grants and loans.

2.7 This investment will further the alignment of resource and expertise between Oldham MBC and the Business Growth Hub, with the dedicated staff working closely with Oldham MBC staff and partner networks. This will include co-location of staff. This integration is key to maximise business engagement and support in order to achieve the proposed outputs:

2.8 It is proposed that from this additional investment of £275k over 3 years we would expect the following uplift outputs for Oldham residents and businesses:

• 115 existing SMEs assisted (with at least 12 hours of support)
• 33 Growth Start Up companies created (i.e. expect to turnover £250k or employ 5 staff within 3 years)
• 48 jobs created in existing SMEs
• 212 new businesses started.

2.9 In March 2015, a request for £250k of reserves was made to fund this provision. In addition, it was discussed and agreed that £25k of the Fair Employment Charter fund would be used to secure a post that can engage with local businesses, provide growth and employment support and promote the Fair Employment Charter. The principle being that a business that has been supported, should be looking a growth plan which would enable the concept of Fair Employment to be developed and signed up to.

2.10 **Implementation** – There have been a number of delays with this and the European Social Fund. It is expected that a decision will be made as to who will be the delivery agent in the next two months with roll out two weeks later. There is a possibility that Manchester Growth Company might not win the competition. The Cabinet would then need to understand the implications in terms of usage of match funding and integration with other services. Similarly, the negotiation on outputs and outcomes will be determined by DCLG and as such the volumes proposed in 2.8 are subject to change. There will be a Service Level Agreement
put in place with MGC if they are successful and quarterly out reports will be disseminated to Officer and Members to measure progress and manage risk.

3 Options/Alternatives

3.1 There are two alternative options:

3.2 1: Do not fund: This would remove business facing support for the next 3 years which would have a negative impact on the delivery of the Enterprise Trust, Get Oldham Working and the local economy.

3.3 2: Second staff onto the programme – Following discussions with MGC it is clear that Oldham Council doesn’t have the staff resources available to meet this criteria. The OBLG secretariat function is being explored but this is ostensibly to secure OBLG funding.

4 Preferred Option

4.1 The preferred option is to fund the provision using reserves as stated to ensure that Oldham can continue to improve the business start up and growth rates. This ensures a clean contractual agreement can be developed with lines of accountability. Also, the importance of this type of scheme will become increasingly more important, not just in terms of economic wellbeing but also with regards devolution of business rates, whereby a growing economy will see increased returns on business rates.

5 Consultation

5.1 Consultation has taken place with:

Manchester Growth Company
Cabinet Member
Executive Director
Finance Officers
Other GM local authorities.

6 Financial Implications

6.1 Option 1

This would remove business facing support for the next 3 years which would have a negative impact on the delivery of the Enterprise Trust, Get Oldham Working and the local economy.

6.2 Option 2

Oldham Council does not have the staff resources available to meet this demand.

6.3 Option 3

The preferred option requires match funding of £275k. This proposal will be funded as follows:
<table>
<thead>
<tr>
<th>Resources Available</th>
<th>Amount (£000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOW ERDF match fund – reserve</td>
<td>250</td>
</tr>
<tr>
<td>Budget for Fair Employment Charter (FEC)</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>275</strong></td>
</tr>
</tbody>
</table>

6.4 The allocation of £250k utilises the entire GOW ERDF match funding reserve. The expenditure will be drawn down over a 3 year period as referred to in paragraph 2.2.

6.5 A sum of £25k is available to support schemes relating to the Fair Employment Charter (FEC) and the above proposal recommends an allocation of £25k to this scheme. It is proposed that this funding will be utilised in accordance with paragraph 2.9.

6.6 It is anticipated that the above proposal will stimulate business growth in the Town Centre. This is expected to generate additional business rates, which will help to underpin the Council’s Collection Fund and supports the Council’s corporate objective of a productive place to invest where business and enterprise thrive.

(Matthew Kearns/Grant Brown)

7 Legal Services Comments

7.1 The proposals are lawful and within the powers of the Council. There are no legal issues in relation to staffing given that the employer will not be the Council. Legal Services should be engaged in relation to the proposed agreement with the ultimate delivery agent. (Colin Brittain)

8 Co-operative Agenda

8.1 The activity supports the Council’s Cooperative agenda by enabling investment to secure specialist support and advice for citizens that either want to start a business or who have potential to grow their business.

9 Human Resources Comments

9.1 There are no HR issues. However, it should be noted that the staff will be co-located within the Council and will look to embed within Council activity but will not be employed by the Council

10 Risk Assessments

10.1 None – The risks will be managed by MGC.

11 IT Implications

11.1 None
Property Implications

12.1 The officers will require hot-desk access.

Procurement Implications

13.1 None

Environmental and Health & Safety Implications

14.1 The scheme will seek to support local businesses and will include provision of training, mentoring and support to the local business community. Included in the remit is the ability to access environmental support.

Equality, community cohesion and crime implications

15.1 None

Equality Impact Assessment Completed?

16.1 No

Key Decision

17.1 Yes

Key Decision Reference

18.1 ECEN-20-15

Background Papers

19.1 None

Appendices

20.1 None
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CABINET

Provision of Primary School Places
Update to March 2014 Approvals

Portfolio Holder:  
Cllr Shoab Akhtar, Cabinet Member for Education & Skills

Officer Contact:  
Elaine McLean, Executive Director Economy and Skills

Report Author:  
Barney Harle, Capital Works & Energy Manager
Ext. 1985

14th December 2015

Reason for Decision

To seek approval to the re-profile the funds previously allocated as budgets for the provision of 3 primary school projects to allow the completion of the proposed programme of primary school expansion works.

Recommendations

Cabinet are requested:

- To accept the proposed change to the scope of works for Greenfield Primary School.

- To note the works completed to date and ongoing works at the site of the former Grange School and Oasis Academy Limeside.

- To agree to the proposed re-profiling of funds for these projects.

- To agree to the proposed increase of overall budgets.
UPDATE – Provision of Primary School Places

1 Background

1.1 The report to Cabinet in March 2014 highlighted a future need for between 140 and 165 primary school places in the borough by 2017 to meet predicted increases in school aged population considering the minimum recommended guidance on school places (including surplus provision to provide flexibility / manage change).

1.2 The Cabinet approval sought to deliver sufficient capacity to cope with anticipated demand up to and including 2017 by delivery of the following projects:-

- New 3FE build primary school (Central) 90 places per year
- 1 FE expansion in single project (Failsworth / Hollinwood) 30 places per year
- 2 nr. expansion projects (Saddleworth & Lees) 18 – 45 places per year

Total between 138 & 165 places per year

1.3 A budget provision of £13.5m was made available for these works as part of the March 2014 report.

1.4 The programme of works were commenced and the scope and budgets updated in July 2014 to be as follows:-

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated cost</th>
<th>Increased nr of places (PAN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oldham Central</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New 3FE Primary School</td>
<td>£ 7,500,000</td>
<td>90</td>
</tr>
<tr>
<td>Failsworth / Hollinwood</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oasis Limeside / Oasis Academy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limeside Primary (KS1)</td>
<td>£ 400,000</td>
<td></td>
</tr>
<tr>
<td>Oasis Academy (KS2)</td>
<td>£ 1,500,000</td>
<td>30</td>
</tr>
<tr>
<td>Greenfield Primary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christ Church, Denshaw</td>
<td>School funded</td>
<td>5</td>
</tr>
<tr>
<td>Holy Trinity, Dobcross</td>
<td>School funded</td>
<td>5</td>
</tr>
<tr>
<td>Greenfield Primary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary classroom</td>
<td>£ 75,000</td>
<td>10</td>
</tr>
<tr>
<td>New KS2 block</td>
<td>£ 3,775,000</td>
<td>30</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>£13,250,000</strong></td>
<td><strong>170 places</strong></td>
</tr>
</tbody>
</table>

1.5 In July 2014 an application was made to the Education Funding Agency (EFA) for the rebuilding and expansion of Greenfield Primary School through the Priority Schools Building Programme Phase 2 (PSBP2), this application was unsuccessful.

2 Current Position

2.1 Works at Christ Church, Denshaw, Holy Trinity, Dobcross and Phase 1 of Oasis Limeside have been completed.
2.2 Design, tender and planning works have been completed for the new 3 FE Primary on the site of the former Grange School, demolition and construction works commenced on site in July 2015.

Currently the budget on this project is Cabinet approved at £7.62m.

2.3 Detailed design works have taken place with Oasis Academy and the proposal rationalised to be an extension of Oasis Limeside Primary to create a 2 form entry primary school on the Limeside site.

This project will be executed in 2 phases with the first phase having been completed in August 2015 and the second phase commencing May 2016, all works are expected to be completed by September 2016.

Currently the work at Oasis Limeside Primary Phase 2 is being designed and tendered.

2.4 Further to the identification of Greenfield Primary as the most suitable candidate to expand in Saddleworth district a feasibility study of design options has been carried out as detailed in section 3 of this report.

Greenfield Primary is an old stone built school with parts dating back to circa 1900 and several extensions and temporary buildings currently accommodating a 1 form entry (1FE) primary school in compromised and less than ideal facilities with a playing field remote to the main school site.

The proposed method of delivery of Greenfield Primary School project is subject of a further Cabinet report.

2.5 Based upon design and tender work to date costs for projects require reconciliation post tender to meet with latest proposals.

3 Options/Alternatives

As commitment has already been given to the works at Denshaw, Dobcross, Grange and Oasis Limeside these projects are proceeding, or have completed, as approved but before proceeding with the final uncommitted project at Greenfield it is necessary to consider the options and agree on what basis this project should be progressed.

3.1 Option 0 - Do nothing

This is not an option as the Basic Need programme is essential to meeting the growing demand for primary school places.

3.2 Option 1 – To reconcile the available funds and to construct the expanded space at Greenfield Primary by means of a Key Stage 2 (juniors) block on the playing field.

3.3 Option 2 – Demolish existing school and construct a new 2FE through primary school.

This option would require funds to be reconciled and additional funds made available from the 2018 Basic Needs budget as outlined in Section 6 of this report.

4 Preferred Option

4.1 Option 2 – Demolish existing school and construct a new 2FE through primary school.
This option would require funds to be reconciled and additional funds made available from the 2018 Basic Needs budget as outlined in Section 6 of this report.

5 Consultation

5.1 Consultation has taken place with the Cabinet Members, Ward Councillors, head teacher, school governors, schools access officers, Director Education & Early Years, corporate landlord and procurement teams to arrive at the recommended option.

6 Financial Implications

6.1 Capital Implications

6.1.1 The expected spend profile for each of the schools is shown in the table below and contrasted with the current approved Capital Programme. This highlights that a total additional budget of £1.264m is required to complete the schemes.

<table>
<thead>
<tr>
<th>Project</th>
<th>2014/15 £’000</th>
<th>2015/16 £’000</th>
<th>2016/17 £’000</th>
<th>2017/18 £’000</th>
<th>Total £’000</th>
<th>Current Approved Budget £’000</th>
<th>Additional Budget Required £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenfield-Including Free School Meals and Kitchen Works</td>
<td>71</td>
<td>230</td>
<td>4,500</td>
<td>1,367</td>
<td>6,168</td>
<td>4,095</td>
<td>2,073</td>
</tr>
<tr>
<td>Oasis Phases 1 and 2</td>
<td>40</td>
<td>400</td>
<td>530</td>
<td>0</td>
<td>970</td>
<td>1,900</td>
<td>(930)</td>
</tr>
<tr>
<td>New 3FE Primary Including Grange Demolition</td>
<td>158</td>
<td>4,600</td>
<td>2,863</td>
<td>0</td>
<td>7,621</td>
<td>7,500</td>
<td>121</td>
</tr>
<tr>
<td>Total</td>
<td>269</td>
<td>5,230</td>
<td>7,893</td>
<td>1,367</td>
<td>14,759</td>
<td>13,495</td>
<td>1,264</td>
</tr>
</tbody>
</table>

6.1.2 Resources are available within the approved capital programme to provide the required financing. Education Basic Needs grant funding of £15.405m is due to be received in 2017/18 and has currently not been allocated to specific projects. This grant funding can be utilized to support the schools programme in the sum of £1.264m. The expenditure and funding profile within the capital programme will required amending to reflect that which is outlined in the table above. (James Postle/Rebecca Shorrock)

6.2 Revenue implications

6.2.1 The revenue funding of the new schools and additional phases at Oasis will have to be met from the Dedicated Schools Grant.

6.2.2 The Local Authority will not receive any additional funding in the Dedicated Schools Grant for the estimated pupils in 2016/17 as the DSG settlement will have been based on the October 2015 census and will not be re-determined in that financial year.  

6.2.3 This will be the same for new pupils entering reception in September 2017 and will be replicated each year until 2022-2023, therefore funding for these new pupils will have to be met from Oldham’s existing Dedicated Schools Grant.
6.2.4 The cost each year for 10 new primary aged pupils for September – March would be £17,497 + additional allocations for deprivation & SEN (if applicable). (Liz Caygill)

7 Legal Services Comments

7.1 None – Janice Thompson

8 Co-operative Agenda

8.1 The provision of primary places and building of schools to ensure there is adequate school places is essential to the achievement of the Council’s corporate outcomes in respect of a regenerated borough and a working borough. Investing in education will mean that Oldham’s young people have the best chance possible of securing skills and work in the future.— Jenni Barker

9 Human Resources Comments

9.1 There are no direct HR implications however the increase in school places will create a number of employment opportunities for residents throughout the borough and wider areas. - Andy Collinge

10 Risk Assessments

10.1 N/a - Mark Stenson

11 IT Implications

11.1 N/a

12 Property Implications

12.1 The reconciliation of budgets to provide funds for the rebuild of Greenfield Primary School complies with the strategic property aims of providing sufficient basic need accommodation whilst also seeking to replace older inefficient, high maintenance properties. – Barney Harle

13 Procurement Implications

13.1 The Strategic Sourcing Team will manage all tendering activity for works and services contracts for these projects to identify the most commercially viable solution and will ensure all contracts are secured in accordance with EU Regulations and Oldham Contract Procedure Rules. - Gaynor Gamble, Procurement Manager

14 Environmental and Health & Safety Implications

14.1 It is expected that any projects will be conducted in compliance with associated health and safety regulations, including the Construction (Design and Management) Regulations 2015. This should be assured by the relevant project manager.— Laura Smith

14.2 The preferred option will result in a modern, energy efficient building compliant with current building regulations. This will reduce the environmental impact of like-for-like activities at the school and reduce the long-term running costs of the school. [Andrew Hunt]
15  **Equality, community cohesion and crime implications**

15.1 The proposed expansion of Greenfield primary will alleviate current place pressure in that area, reducing waiting lists and reducing the need for the LA to place children in schools that are already full, over and above their PAN. It will ensure that children in that area are placed within the LA's reasonable walking distance.

Paula Green, Partnerships & Placements Manager, Schools Access Team

16  **Equality Impact Assessment Completed?**

16.1 No

17  **Key Decision**

17.1 Yes

18  **Key Decision Reference**

18.1 KDD EDS-10-15

19  **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref : $CabinetProvisionofPrimarySchoolPlacesV4HMc2.docA.ps
Name of File : Provision of Primary School Places
Records held in Strategic Regeneration Department, Level 3, Civic Centre, Oldham
Officer Name : Barney Harle
Contact No : 0161 770 1985

20  **Appendices**

20.1 None
CABINET

Project Delivery for Greenfield Primary School Expansion

Portfolio Holder:  Cllr Shoab Akhtar, Cabinet Member for Education & Skills

Officer Contact:  Elaine McLean, Executive Director Economy and Skills

Report Author:  Barney Harle, Capital Works & Energy Manager
Ext. 1985

14th December 2015

Reason for Decision

To seek approval to the change of scope of works at Greenfield Primary School from being an expansion by means of building a junior school block to a rebuilding of a new 2 form entry (60 pupils per year) primary school.

Recommendations
Cabinet are requested:

- To agree to the proposed change to the scope of works for Greenfield Primary School.

- To agree to the proposed increase of overall budgets.

- To delegate authority to Cabinet Member for Education in consultation with Executive Director Economy & Skills, Director of Legal Services and Director of Finance to enter into a contract for the works at Greenfield Primary School if tenders are within the accepted budget.
UPDATE – Provision of Primary School Places

1 Background

1.1 The report to Cabinet in March 2014 highlighted a future need for between 140 and 165 primary school places in the borough by 2017 to meet predicted increases in school aged population considering the minimum recommended guidance on school places (including surplus provision to provide flexibility / manage change).

1.2 The Cabinet approval sought to deliver sufficient capacity to cope with anticipated demand up to and including 2017 by delivery of the following projects:

- New 3FE build primary school (Central) 90 places per year
- 1 FE expansion in single project (Failsworth / Hollinwood) 30 places per year
- 2 nr. expansion projects (Saddleworth & Lees) 18 – 45 places per year

Total between 138 & 165 places per year

1.3 A budget provision of £13.5m was made available for these works as part of the March 2014 report.

1.4 Since the approval of the Cabinet report in March 2014 commitment has been made to all of the projects except Greenfield Primary which was approved for expansion through the construction of a new Key Stage 2 (juniors) block on the playing field.

1.5 In July 2014 an application was made to the Education Funding Agency (EFA) for the rebuilding and expansion of Greenfield Primary School through the Priority Schools Building Programme Phase 2 (PSBP2), this application was unsuccessful.

2 Current Position

2.1 The completion and commitment to contracts for the delivery of other projects approved under the March 2014 cabinet approval along with other education project financial completions have highlighted the potential for additional funds to be available for the expansion of Greenfield Primary School.

2.2 Further to the identification of Greenfield Primary as the most suitable candidate to expand in Saddleworth district a feasibility study of design options has been carried out as detailed in section 3 of this report.

Greenfield Primary is an old stone built school with parts dating back to circa 1900 and several extensions and temporary buildings currently accommodating a 1 form entry (1FE) primary school in compromised and less than ideal facilities with a playing field remote to the main school site.

3 Options/Alternatives

As commitment has already been given to the works at Denshaw, Dobcross, Grange and Oasis Limeside these projects are proceeding, or have completed, as approved but before proceeding with the final uncommitted project at Greenfield it is necessary to consider the options and agree on what basis this project should be progressed.

3.1 Option 0 - Do nothing
This is not an option as the Basic Need programme is essential to meeting the growing demand for primary school places.

3.2 Option 1A – Existing school remodeled to form a 2FE infant block whilst a new single storey 2FE junior block is built on the playing fields

This option will give the expansion capacity required utilising the existing resources, whilst minimizing costs.

3.3 Option 1B – Existing school remodeled to form a 2FE infant block whilst a new two storey 2FE junior block is built on the playing fields

This option will give the expansion capacity required using the existing resources but also building in future expansion capacity for the junior block to be easily expanded to form a 2FE through primary school should funds be made available in future to replace the existing school building.

Whilst funds for the rebuild of the old building are not immediately available it is thought that the minimal cost premium over Option 1A is a cost effective future proofing option at this time. It should be noted that if a split site proposal is adopted the present head teacher has expressed a preference for option 1A as it retains all accommodation at ground floor level.

Adopting either Option 1A or 1B is within the current approved budget for the programme of works.

3.4 Option 2 – Demolish existing school and construct a new 2FE through primary school on the school playing fields and converting the existing school site into playing fields.

This option will give the expansion capacity required, in purpose built new accommodation utilising the existing sites but at a significant premium, the cost of this option would be subject to a design and tender exercise to reach a final detailed cost.

This option will require consultation with the Secretary of State for Education for the repurposing and reprovisioning of playing fields.

This was the proposal submitted as part of our PSBP2 bid to the EFA.

4 Preferred Option

4.1 Option 2 – Demolish existing school and construct a new 2FE through primary school on the school playing fields and converting the existing school site into playing fields.

This option will give the expansion capacity required, in purpose built new accommodation utilising the existing sites but at a significant premium, the cost of this option would be subject to a design and tender exercise to reach a final detailed cost.

In addition to providing purpose built accommodation this option would negate future issues around building maintenance costs, energy efficiency and risk to quality of education related to out dated accommodation. This is the preferred option of the present head teacher, school governors and ward councilors.

It is proposed that the tender of works will go out to contractors in early 2016, in parallel with the planning application, with a proposed commencement on site of Summer 2016 and completion in time for the intake of pupils to the new school building in September 2017 from which time the pupil intake would rise form 30 per year to 60 per year.
5 Consultation

5.1 Consultation has taken place with the Cabinet Members, Ward Members, head teacher, school governors, schools access officers, Director Education & Early Years, corporate landlord and procurement teams.

Ward Members and School Governors expressed their preference for the rebuilding of the school on the playing fields i.e. Option 2 which is the recommended option.

6 Financial Implications

6.1 Capital

6.1.1 The expected spend profile for the new school is shown in the table below and is contrasted with the currently approved Capital Programme budget. A report elsewhere on the agenda considers the spending and funding requirements for the wider school places programme which includes Greenfield school. Whilst additional funding of £2.073m is required for Greenfield school, when considered in the context of the wider school places programme, the additional resource requirement is reduced to £1.264m as there are budget variances on other planned projects. This additional resource requirement can be financed from within the £15.405m Education Basic Need Grant which the Council expects to receive in 2017/18 which has not previously been allocated specific projects.

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<td>2,073</td>
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</table>

6.2 Revenue

6.2.1 The revenue funding of this school will have to be met from the Dedicated Schools Grant.

6.2.2 The Local Authority will not receive any additional funding in the Dedicated Schools Grant for the estimated pupils in 2016/17 as the DSG settlement will have been based on the October 2015 census and will not be re-determined in that financial year.

6.2.3 This will be the same for new pupils entering reception in September 2017 and will be replicated each year until 2022-2023, therefore funding for these new pupils will have to be met from Oldham’s existing Dedicated Schools Grant.

6.2.4 The cost each year for 10 new primary aged pupils for September – March would be £17,497 + additional allocations for deprivation & SEN (if applicable).

(James Postle / Liz Caygill)

7 Legal Services Comments

7.1 None – Janice Thompson

8 Co-operative Agenda
8.1 The provision of primary places and building of schools to ensure there is adequate school places is essential to the achievement of the Council’s corporate outcomes in respect of a regenerated borough and a working borough. Investing in education will mean that Oldham’s young people have the best chance possible of securing skills and work in the future.-- Jenni Barker

9 Human Resources Comments

9.1 There are no direct HR implications however the increase in school places will create a number of employment opportunities for residents throughout the borough and wider areas. - Andy Collinge

10 Risk Assessments

10.1 The construction of a new school would be a high value capital scheme and would require robust project management to manage the future risks of the Council. (Mark Stenson)

11 IT Implications

11.1 N/a

12 Property Implications

12.1 The rebuild of Greenfield Primary School complies with the strategic property aims of providing sufficient basic need accommodation whilst also seeking to replace older inefficient, high maintenance properties. – Barney Harle

13 Procurement Implications

13.1 The Strategic Sourcing Team will manage all tendering activity for works and services contracts for these projects to identify the most commercially viable solution and will ensure all contracts are secured in accordance with EU Regulations and Oldham Contract Procedure Rules.

Gaynor Gamble, Procurement Manager

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15 Equality, community cohesion and crime implications

15.1 The proposed expansion of Greenfield primary will alleviate current place pressure in that area, reducing waiting lists and reducing the need for the LA to place children in schools that are already full, over and above their PAN. It will ensure that children in that area are placed within the LA’s reasonable walking distance.

Paula Green, Partnerships & Placements Manager, Schools Access Team
16 Equality Impact Assessment Completed?
16.1 No

17 Key Decision
17.1 Yes

18 Key Decision Reference
18.1 KDD EDS-11-15

19 Background Papers
19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

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20 Appendices
20.1 Appendix A – Scheme proposals for Greenfield Primary
Appendix A – Scheme proposals

Existing
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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