

CABINET Agenda

Date Monday 10 February 2020

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 Sian Walter-Browne in advance of the meeting.

2. CONTACT OFFICER for this Agenda is Sian Walter-Browne Tel. 0161 770 4710 or email sian.walter-browne@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, 5 February 2020.

4. FILMING – This meeting will be recorded for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be recorded, except where there are confidential or exempt items and the footage will be on our website. This activity promotes democratic engagement in accordance with section 100A(9) of the Local Government Act 1972. The cameras will focus on the proceedings of the meeting. As far as possible, this will avoid areas specifically designated for members of the public who prefer not to be filmed. Disruptive and anti social behaviour will always be filmed.

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MEMBERSHIP OF THE CABINET IS AS FOLLOWS:

Councillors Chadderton, Chauhan, Fielding (Chair), Jabbar, Mushtaq, Roberts, Shah and Ur-Rehman

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 the Administration Budget Performance and Value for Money Select Committee held on 23rd January 2020 (Pages 1 - 18)
- 6 Minutes of the Opposition Budget Performance and Value for Money Select Committee held on 4th February 2020
Minutes to follow.
- 7 Revenue Monitor and Capital Investment Programme 2019/20 Month 8 – November 2019 (Pages 19 - 56)
- 8 Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2024/25 (Pages 57 - 316)
- 9 Housing Revenue Account Estimates for 2020/21 to 2024/25 and Proposed Outturn for 2019/20 (Pages 317 - 332)
- 10 Capital Strategy and Capital Programme 2020/21 to 2024/25 (Pages 333 - 408)
- 11 Treasury Management Strategy Statement 2020/21 (Pages 409 - 456)
- 12 Council Tax Reduction Scheme 2020/21 (Pages 457 - 482)
- 13 Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments (Pages 483 - 510)



Present: Councillor Ahmad (Chair)
Councillors Phythian, Stretton, Williamson and Hulme

Also in Attendance:

Abdul Jabbar MBE	Deputy Leader & Cabinet Member for Finance and Corporate Services
Anne Ryans	Director of Finance
Mark Stenson	Head of Corporate Governance
Emma Barton	Director of Economy
Mark Warren	Managing Director, Community Health & Adult Social Care
Sian Walter-Browne	Principal Constitutional Services Officer
Peter Wood	Head of Strategic Assets & Facilities Management
Helen Lockwood	Deputy Chief Executive
Samantha Smith	Senior Finance Manager
Sheena MacFarlane	Head of Heritage, Libraries & Arts
Bryn Cooke	Head of Strategic Housing and Property Partnerships
Glenn Dale	Head of Environmental Services

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Haque.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

5 **REVENUE MONITORING AND CAPITAL INVESTMENT PROGRAMME 2019/20 MONTH 8 - NOVEMBER 2019**

The Select Committee gave consideration to a report of the Director of Finance which provided them with an update on the Council's 2019/20 forecast revenue budget position and the financial position of the capital programme as at 30 November 2019 (Month 8), together with the revised capital programme 2019/24.

The Cabinet Member for Finance and Corporate Services and the Director of Finance presented the report and addressed the enquiries of the Select Committee.

In relation to the Revenue position, the Select Committee were informed that the current forecast outturn position for 2019/20 was a projected adverse variance of £1.367m after allowing for approved and pending transfers to and from reserves.

The most significant areas of concern were the People and Place, Children's Services and Community Services and Adult Social Care portfolios. Action was being taken and would continue for the remainder of the financial year to address variances and take mitigating action as detailed in the report.

The Select Committee noted the overall corporate position was, to a limited extent, being managed by offsetting favourable variances, most noticeably from Capital, Treasury and Corporate Accounting budgets. Management action had been initiated across all service areas to review and challenge planned expenditure and to maximise income. Progress was being made and this was demonstrated in the position being reported at month 8. Further work needed to be done, if as anticipated, the outturn was to move to a balanced position by the end of the financial year.

Information on the Month 8 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report. There were no significant issues of concern in relation to the HRA and Collection Fund, however the Collection Fund, whilst forecasting an in-year deficit of £0.127m, remained in a cumulative surplus position. The DSG, continued to be an area which was facing a financial challenge, with a projected deficit increase in 2019/20. Action was being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. A further update was provided on the funding that was announced earlier in the financial year.

With regard to the Capital position, the revised capital programme forecast spend for 2019/20 was £63.945m at the close of month 8, a net decrease of £20.387m from the original budget of £84.332m. Actual expenditure to 30 November 2019 was £33.013m (51.63% of the forecast outturn). The report also updated the forecast Capital Programme over the period 2019/20 to 2023/24.

Members noted it was probable that the forecast position would continue to change before the year end with additional re-profiling into future years.

Members sought and received clarification on how urgently overspending budgets were being addressed – they were informed that the persistent overspend was in areas of growth such as care for adults and children. Overspending was taken seriously, and management action was expected from those service areas.

Members were advised that the Council had had to make significant budget reductions and its workforce reduced by one third in the last ten years, and it was still delivering essentially the same services. There was oversight of all areas and confidence that a balanced outturn would be delivered.

The Select Committee **RESOLVED to accept the report and commend to Cabinet** the:

1. Forecast revenue outturn for 2019/20 at month 8 being a £1.367m overspend
2. Forecast positions for both the HRA and Collection Fund
3. Use of reserves as detailed in Appendix 1 to Annex 1
4. Revised capital programme for 2019/2024 as at month 8.

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REVENUE BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2024/25

Consideration was given to a report of the Director of Finance which provided the Select Committee with the forecast budget reduction requirement and the Administration's budget proposals for 2020/21 together with forecast budget reduction requirement estimates for the period 2021/22 to 2024/25, having regard to the Provisional Local Government Finance Settlement published on 20 December 2019.

The Deputy Leader and Cabinet Member for Finance and Corporate Services, the Director of Finance, the Director of Economy and the Managing Director Community Health and Adults Social Care (DASS) presented the report and addressed the enquiries of the Select Committee.

This report set out proposals for the Council's Revenue Budget for 2020/21 and Medium Term Financial Strategy for 2020/21 to 2024/25. It advised Members of the key financial challenges and issues which would be faced by the Council over the forecast period and set out the Administration's revenue budget proposals for 2020/21 together with updated budget reduction requirement estimates for the period 2021/22 to 2024/25.

Members noted the purpose and scope of the Medium Term Financial Strategy and how it had a vital role to play in enabling the translation of the Council's ambition and priorities into action. They were advised of the national policy landscape and economic context in which the Council was setting its revenue budget for 2020/21 and Medium Term Financial Strategy to 2024/25.

The report highlighted policy announcements and implications which arose from the Government's 2019 Spending Round presented on 4 September 2019, the Local Government Finance Settlement 2020/21 Technical Consultation and the Provisional Local Government Finance Settlement (LGFS) published on 20 December 2019. The report also detailed key budget adjustments and expenditure pressures which underpinned the forecasts that provided the backdrop for the Council's Medium-Term Financial Strategy.

The Select Committee was informed that, based on the latest estimates, the budget reduction requirement for 2020/21 had decreased from the previously reported figure of £22.871m to £19.740m. Section 10 of the report detailed the Administration's budget reduction proposals. There were a total of seven

proposals expected to deliver savings of £3.011m in 2020/21. If approved in full, these proposals further reduced the budget reduction requirement to £16.729m for 2020/21.

Sections 11 and 12 explained the approach to balancing the 2020/21 budget. In order to remove the requirement for further spending reductions, it was proposed to part-finance the 2020/21 budget by using the opportunities provided by the ability to use Capital Receipts to support spending on transformational projects up to a value of £3.750m and from an available Collection Fund Surplus of £1.400m. The following specific and corporate reserves would be used to address the balance:

- £1.413m from gains anticipated in 2019/20 from the Greater Manchester 100% Business Rates Retention Pilot Scheme;
- £1.300m of further benefit made available by the GMCA from the Greater Manchester 100% Business Rates Retention Pilot Scheme in 2019/20;
- £3.113m from reserves relating to a refund of the 2019/20 Waste Levy; and
- £5.753m from Corporate Reserves.

Approval of the proposals set out in the report in full by Budget Council would deliver a balanced revenue budget for 2020/21. The budget reduction requirement for subsequent years was forecast to be £23.366m for 2021/22, £13.103m for 2022/23, £13.656m for 2023/24 and £13.011m for 2024/25.

Members sought and received clarification on the following:

- How much would the proposed reduction to the Council Tax increase add to the savings requirement - £937,000
- By how much would Council Tax need to be raised to fill the deficit – it would need to be raised by 7% which could not be done without a referendum. The issue was caused by lack of government funding and as 42% of the revenue budget was spent on adult and children's social care. It would be an aim of the Council to seek to reduce Council Tax if possible.
- GM Mayor's precept – the mayor's timeline for budget setting is different from that of the Councils. It was understood that the Police Grant Funding Settlement had still not been received and the Mayor was unable to set a budget without this. The indicative precept would be known by the Budget Cabinet meeting on 10th February.
- Savings from the biggest-spending departments – the Managing Director Community Health and Adults Social Care (DASS) explained austerity had increased demand and the services were looking to find ways to be more effective and efficient. Demand had increased in both numbers and complexity. The cost of care packages had increased, along with the amount of time needed to assess a person. The approach would now be to focus care intensively when the person first presented and work on a therapeutic approach to improve the situation. Loneliness was a big issue and the starting point now

would be connecting people to local social resources rather than sending them to a day centre.

- Resources for those whose conditions deteriorate e.g. dementia – demand profiling showed a different approach was needed and this approach would need to be flexible to meet changing needs as the condition progressed. The key was working to support the person and their family from the outset and to establish their wishes and choices while they could still make decisions. It was also essential to support Oldham's 25,000 carers. Advances in technology meant people could now safely stay in their own homes and residential care would be a last option.

The Select Committee examined each of the budget reduction proposals as follows:

CSA-BR1-307 Direct Payment Review

A proposal to review the approach to the administration, management and audit of Direct Payments (DP's) for those people who had eligible adult social care needs.

The Cabinet Member for Finance and Corporate Services and the Managing Director, Community Health and Social Care Services (DASS) were in attendance to address the enquiries of the Select Committee.

Members asked for and received further information in relation to whether the system for funding care needs was broken. They were informed that current charging arrangements were unfair and discriminatory, and the Council could only make the best of what was there. Over 1,000 people had direct payments and there was a cost to providing these. This proposal would reduce that cost by £150,000.

PPL-BR1-306 Property Savings and Accommodation Review

A proposed fundamental review of the Council's approach to both its property assets and the management of those assets.

The Cabinet Member for Finance and Corporate Services, and the Director of Economy were in attendance to address the enquiries of the Select Committee.

Members asked for and received further information in relation to:

- The likelihood of the savings being achieved – this was short-term work to achieve greater savings in 3-5 years. The Council was looking at very different ways of using its assets as part of the Creating Better Place project.
- Capacity – staff capacity would be used in a different way and the ideas for this were coming from the staff themselves.

COM-BR1-301 Financial Services Redesign

A proposal to realign the structure (of the Accountancy Function) to reflect the revised directorate structure and operational management arrangements of the Council. This realignment would reflect efficiencies in operational practice and deliver continuous improvement.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance were in attendance to address the enquiries of the Select Committee.

Members asked for and received further information in relation to whether this was the right time to reduce capacity and were informed that the posts to be deleted had been vacant for some time and were not needed. The team may need to work differently, and the saving was achievable.

COM-BR1-302 Insurance Review

A proposal to reduce the insurance budget by an additional £0.300m from 2020/21. This could be achieved through a reduction in claims paid using embedded and robust fraud / defence strategies, alongside the benefits from reduced external premia.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance were in attendance to address the enquiries of the Select Committee.

COM-BR1-303 Treasury Management

Following a full review of Treasury Management income and expenditure budgets, it was anticipated that previously unbudgeted income of at least £1.000m could be generated in 2020/21.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance were in attendance to address the enquiries of the Select Committee.

COM-BR1-304 Housing Benefit - Reduction in provision for loss of subsidy

A proposal to amend the budgetary provision for the loss of Housing Benefit subsidy associated with the occurrence of overpayments, as the roll out of Universal Credit led to fewer claimants receiving Housing Benefit and fewer incidents and lower value of Housing Benefit overpayments.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance were in attendance to address the enquiries of the Select Committee.

COM-BR1-305 Pension Prepayment

A proposal to take advantage of potential arrangements to make lump sum payments into the Greater Manchester Pension Fund (GMPF) which should enable the Pension Authority to offer a discount against Employer Superannuation rates.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance were in attendance to address the enquiries of the Select Committee.



Fees and Charges

The Select Committee gave consideration to the proposed fees and charges set out in the report.

The Cabinet Member for Finance and Corporate Services, the Deputy Chief Executive, Director of Finance, the Head of Strategic Assets & Facilities Management, the Head of Heritage, Libraries & Arts, the Head of Environmental Services and the Senior Finance Manager were in attendance to address the enquiries of the Select Committee.

Members asked for and received further information in relation to:

- School meals price increase – the service was currently running at a loss and the proposed increase would bring Oldham's charges broadly in line with other GM councils.
- Would the increase in price reduce take-up – this was acknowledged as a risk; however, take-up had been very constant for the last few years. The charge had to be increased as the Council could not keep absorbing the cost of running at a loss.
- Dovestones car park – charges had been increased as the previous charge was very low, and the Council was responsible for maintaining the car park and toilets.
- Removal of library fines – membership had increased though it was too early to fully assess the impact. The services would be undertaking a full review and report back into a future meeting.
- Comparison of cemetery charges with the rest of GM – Oldham's fees were approximately mid-way.

The Director of Finance confirmed that these proposals constituted a valid budget that could be delivered.

RESOLVED that the Select Committee accepted and commended to Cabinet:

1. The policy landscape and economic context in which the Council was setting its revenue budget for 2020/21 and Medium Term Financial Strategy to 2024/25;
2. The impact of Oldham Council Policies and Strategies on the Council's budget setting process and the development of its Medium Term Financial Strategy;
3. The financial forecasts for 2020/21 to 2024/25 having regard to the Provisional Local Government Finance Settlement and associated funding announcements;
4. The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
5. The 2020/21 Budget Reduction Proposals at a value of £3.011m;

6. The proposed use of £5.826m of reserves for specific purposes and £5.753m of corporate reserves to balance the 2020/21 budget;
7. The fees and charges schedule included at Appendix 7;
8. The pay policy statement included at Appendix 10;
9. A proposed Council Tax increase of 2.99% for Oldham Council services resulting in the charges set out at paragraph 15.3 and Table 29 of the report;
10. The proposal to draw on the Collection Fund for major preceptors of £112.338m for Borough Wide services and £96.466m for Council services;
11. The proposed budget for 2020/21 for the Council set at £234.907m; and
12. Revised estimated budget reduction targets of £23.366m for 2021/22, £13.103m for 2022/23, £13.656m for 2023/24 and £13.011m for 2024/25.

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HOUSING REVENUE ACCOUNT ESTIMATES FOR 2020/21 TO 2024/25 AND PROPOSED OUTTURN FOR 2019/20

Consideration was given to a report of the Director of Finance which set out the latest Housing Revenue Account (HRA) outturn estimate for 2019/20, the detailed budget for 2020/21 and strategic estimates for the four years 2021/22 through to 2024/25. The report also set out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2020.

The Cabinet Member for Finance and Corporate Services, the Director of Finance and the Head of Strategic Housing and Property Partnerships presented the report.

The Select Committee noted that HRA activities were a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aimed to provide a diverse Oldham Housing offer that was attractive and met the needs of different sections of the population at different stages of their lives.

After taking all relevant issues into account, the projected financial position for 2019/20 was estimated to be a £2.273m positive variance when compared to the original budget forecast for 2019/20 approved at the Budget Council meeting, 27 February 2019. Most of this variance was attributable to the re-profiling of HRA funded capital schemes into later years due to revisions to planned spending profiles. The balance at the end of 2019/20 was projected at £21.750m.

The financial position for 2020/21 showed an estimated HRA closing balance of £18.230m which was sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2020/21 position had been presented after allowing for an increase in dwelling rents of 2.7%, the increase in non-dwelling rents in line with individual contracts, the freezing of all service

charges and the setting of Extra Care Housing and Holly Bank concierge charges to fully recover costs.



Members were reminded that the Government had previously advised that PFI properties were exempt from Central Government's 1% Social Rent Reduction policy. This policy was due to end on 31 March 2020. In preparation, Central Government had recently issued updated guidance for the period 2020-2025 for all properties, confirming a return to rents being set based on the Consumer Price Index (CPI) rate at September of the preceding year plus 1%. All Oldham's budget projections for the 2020/21 budget would follow the rent setting guidance of CPI plus 1%, resulting in an increase of 2.7% (CPI is taken as at September 2019).

The financial projections for the HRA over the period 2019/20 to 2024/25 showed an overall reduction in the level of balances from £21.750m at the end of 2019/20 to £7.713m at the end of 2024/25. This was because HRA resources were to be used to support several major approved housing capital projects including development at Princes Gate Site C, developing temporary accommodation to meet homelessness demands, developing purchase and repair / lease and repair pilot schemes in the private rented sector and financing the purchase of additional housing to add to the Council's HRA stock.

Members sought and received clarification on the following:

- Capacity and expertise to build new homes – this would be part of the Creating a Better Place project. Resources would be focussed on the priorities set by the Cabinet and there would be an awareness of what was required, which would feed into a capacity-building exercise.
- Effect of right to buy – some projects would be exempt from these provisions. With others, the risk had already been identified and would be factored in over the long-term.

RESOLVED that the following be accepted:

1. Forecast HRA outturn for 2019/20 (as per Appendix A)
2. Proposed HRA budget for 2020/21 (as per Appendix B)
3. Strategic estimates for 2020/21 to 2024/25 (as per Appendix D)
4. Proposed increase to dwelling rents for all properties of 2.7%.
5. Proposed increase to non-dwelling rents as per individual contracts.
6. Proposal that service charges are unchanged.
7. Proposal to set Extra Care Housing and Holly Bank concierge charges to fully
8. recover actual costs; and
9. The report be commended to Cabinet.

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2020/21 TO 2024/25

Consideration was given to a report of the Director of Finance which set out the Capital Strategy for 2020/21 to 2024/25 and thereby the proposed 2020/21 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2021/22 to 2024/25, having regard to the resources available over the life of the programme.

The Cabinet Member for Finance and Corporate Services, the Deputy Chief Executive and the Director of Finance presented the report.

The Council's Capital Strategy and Capital Programme were set over a five-year timeframe. The proposed Capital Strategy and Programme for 2020/21 to 2024/25 took the essential elements of the 2019/24 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2020/21.

The Strategy also included a longer-term vision, a forward look at those projects that were likely to run beyond the five-year strategy and programme period or be initiated subsequently. This covered a timeframe for the 10 years from 2025/26 to 2034/35.

The format of the Capital Strategy reflected the requirements of the latest Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Strategy therefore presented:

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

The Capital Strategy ensured that all Council Members were presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. The Strategy incorporated the refreshed and updated elements of the Medium-Term Property Strategy, the Creating a Better Place Strategy, Commercial Property Investment Strategy and Fund, Housing Strategy and Income Generation Strategy. The Strategy also advised that the Council was proposing to continue the use of the flexibility provided by the Ministry of Housing, Communities and Local Government (MHCLG) to use capital receipts to fund the revenue cost of transformation. The 2020/21 revenue budget would rely on up to £3.750m of such funding from capital receipts.

Members were informed that the projected outturn spending position for 2019/20 was £63.945m. The People and Place Directorate, which managed the major regeneration

projects, constituted the main area of expenditure (£33.406m). Ringfenced and Un-ringfenced grants (£29.888m) followed by Prudential Borrowing provided the main source of financing (£18.967m). Actual expenditure to 30 November 2019 was £33.031m (51.63% of forecast outturn). This spending profile was in line with previous years, the position would be kept under review and budgets would continue to be managed in accordance with forecasts.

The Council had set out its Capital Programme for the period 2020/21 to 2024/25 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy had been influenced by the level of resources considered available at the time of preparation. If additional resources became available, projects that met the Council's strategic capital objectives would be brought forward for approval.

The Capital Strategy 2020/21 to 2024/25 had seen a significant increase in the level of investment compared to that previously projected. This was due to the incorporation of the spending plans associated with the recently approved Creating a Better Place strategy which encompassed housing initiatives together with town centre and borough wide regeneration. It also includes the findings of the independent review of the Medium-Term Property Strategy.

The Capital Strategy reflected the refreshed Commercial Property Investment Strategy and the Income Generation Strategy as well as the approved Housing Strategy.

Members were informed that, as at the month 8 capital monitoring position, the anticipated expenditure over the five year life of the 2019/20 to 2023/24 strategy was £272.939m, taking 2019/20 aside (£63.945m) leaves £208.994m for the remainder of the approved 2020/21-2023/24 Capital Programme. Following the approval of the new and refreshed strategies including Creating a Better Place, and moving forward the planning period by one year, the Capital Strategy for 2020/21 to 2024/25 totalled £478.725m. A significant increase in investment to deliver change for Oldham was therefore evident.

A review of the Capital Programme had highlighted that there was already a full range of commitments for the period 2020/21 to 2024/25 but additional funding allocations totalling £269.730m had been added to support the ambitious regeneration programme.

The Capital Programme included proposed expenditure for 2020/21 of £146.776m, with the largest area of expenditure being on regeneration, transport and infrastructure projects within the People and Place Directorate. Total expenditure decreased to £131.467m in 2021/22, then to £102.510m and £40.999m in 2022/23 and 2023/24 respectively, and in the final year of the current programme 2024/25 spend increased to an estimated £56.973m.

The Government was continuing to provide significant levels of grant funding, after an initial reduction at the start of the austerity period. The main source of grant income remained education-related with Basic Need Capital grant funding allocations totalling £25.535m over the life of the programme. The 2020/21 capital programme relied on £22.031m of unringfenced and £10.826m of ringfenced grants.

As in previous years, a major source of financing remained prudential borrowing. The amount required in 2020/21 (£99.070m) included borrowing attributed to schemes that had slipped from prior years and the new borrowing associated with the regeneration programme. It was expected that £30m of this prudential borrowing would be financed by income provided from property acquisition and investment. In addition, the timing of the borrowing was linked to the cash position of the Council and may therefore not mirror the spending/financing profile as set out.

The Select Committee noted there would be a continued review of capital spending requirements as the Council had further regeneration ambitions, but affordability and deliverability would be key considerations in this regard. It was possible that the capital position may change prior to the start of 2020/21 and during the year. The overall Capital Programme position would be kept under review and any new information about funding allocations would be presented to Members in future reports.

Members asked for and received clarification on the following:

- Capacity to undertake huge projects – the Director of Economy had previously addressed this issue and the resource need will have been identified by the time projects were moving forward for approval.
- Market research around town centre housing – in recent years people had considered the positive aspects to town centre living. The projects were about delivering homes and would be evidence-based and based on engagement. There would be full consultation with residents and Councillors, and the detailed plans would be co-produced with the community and business sectors.
- District centres – the strategy was about the whole borough and homes across the borough. An element of this was the town centre and there were other district developments such as the 157 homes in Hollinwood. The strategy was also wide-reaching and included a lot more as well as homes.

RESOLVED that the following be accepted and recommended to Cabinet:

1. The Capital Strategy for 2020/21 to 2024/25 at Appendix 1 of the report and summarised at section 2.1.
2. The Capital Programme for 2020/21 and indicative programmes for 2021/22 to 2024/25 at Annex C of

Appendix 1 and summarised at sections 2.2 to 2.6 of the report.

3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1.

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TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

The Select Committee gave consideration to a report of the Director of Finance which presented the strategy for 2020/21 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance presented the report.

Members were informed that the Council was required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable. It was also required to produce an annual Treasury Strategy for borrowing and to prepare an Annual Investment Strategy setting out the Council's policies for managing its investments and for giving priority to security and liquidity of those investments.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2017 (the Code) required the receipt by full Council of a Treasury Management Strategy Statement.

The Strategy for 2020/21 covered two main areas.

Capital Issues

- The Capital expenditure plans and the associated Prudential Indicators
- The Minimum Revenue Provision (MRP) Policy Statement

Treasury Management Issues:

- The Current Treasury Position
- Treasury Indicators which limited the treasury risk and activities of the Council
- Prospects for Interest Rates
- The Borrowing Strategy
- The Policy on Borrowing in Advance of Need
- Debt Rescheduling
- The Investment Strategy
- The Creditworthiness Policy
- The Policy regarding the use of external service providers.

The report outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues

and made recommendations with regard to the Treasury Management Strategy for 2020/21.

The proposed Treasury Management Strategy was presented for scrutiny to the Overview and Scrutiny Performance and Value for Money Select Committee so that any comments could be incorporated into the report before it was considered by Cabinet.

Members sought and received clarification on the following:

- Page 393 of the report, Table 1 – this showed unallocated funds that could be used for new projects and could provide a Capital Programme contingency. The amount increased in proportion to the programme.
- Page 394 of the report, Table 2, HRA figures – these aligned with those in the HRA report. The figure for 2020/2021 had been increased by the re-profiling from 2019/2020.
- Ethical investment – the Council has an ethical investment policy and the fourth principle of investment was an ethical approach. It was difficult to always ensure, and tools were being developed to track investments so that there could be more informed decision making. The Council was risk-averse and would always make sure investment decisions followed appropriate procedures to ensure the security of the investment.

RESOLVED that the following be accepted and recommended to Cabinet:

1. Capital Expenditure Estimates as per paragraph 2.1.2;
2. MRP policy and method of calculation as per Appendix 1;
3. Capital Financing Requirement (CFR) Projections as per paragraph 2.2.4;
4. Projected treasury position as at 31 March 2020 as per paragraph 2.3.4;
5. Treasury Limits as per section 2.4;
6. Borrowing Strategy for 2020/21 as per section 2.6;
7. Annual Investment Strategy as per section 2.10 including risk management and the creditworthiness policy at section 2.11; and
8. Level of investment in specified and non-specified investments detailed at Appendix 5.

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COUNCIL TAX REDUCTION SCHEME 2020/21

Consideration was given to a report of the Director of Finance which set out the proposed Council Tax Reduction Scheme for 2020/21.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance presented the report.

Members were informed that there was a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualified for assistance in paying Council Tax. The Local Government Finance Act 2012 placed a requirement that each

year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2020/21 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2020. For Oldham, this required the Council to agree a revised 2020/21 scheme at the 26 February 2020 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors and the public.

The Council's current CTR scheme limited CTR to a maximum of 85% of Council Tax for a Band A property and removed second adult rebate for those of working age. Following a public consultation exercise in Autumn 2018, the scheme was amended from April 2019 to introduce a range of changes to the scheme largely aimed at supporting those CTR claimants who received Universal Credit (UC). These included the application of some earnings disregards and treatment of information received from the Department for Work and Pensions (DWP) about UC as a claim for CTR.

As more working age Housing Benefit (HB) cases moved to UC, Local Authority CTR schemes were in transition, as the number of cases aligned to the HB model of assessment reduced and the number of UC cases aligned to the UC structure increased. It was therefore considered pragmatic to wait until more cases had migrated to UC to introduce a fully revised CTR scheme which would appropriately link with the design of UC. This would avoid the administrative complexity of running two distinct working age CTR schemes concurrently and would mean that the CTR scheme would remain unchanged in 2020/21.

RESOLVED that the Council Tax Reduction scheme be unchanged in 2020/21 and the report be commended to Council

11

STATEMENT OF THE CHIEF FINANCIAL OFFICER ON RESERVES, ROBUSTNESS OF ESTIMATES AND AFFORDABILITY AND PRUDENCE OF CAPITAL INVESTMENTS

Consideration was given to a report of the Director of Finance which recommended that the Select Committee considered the level of balances necessary to support the 2020/21 budget underpinned by the agreed policy on Earmarked Reserves, setting a properly balanced revenue budget which included the financing of capital investments within the present investment proposals.

The Cabinet Member for Finance and Corporate Services, and the Director of Finance presented the report.

Members were informed that, in order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) was required to report on the robustness of the estimates made for the purposes of the revenue budget calculations and the adequacy of the proposed

reserves. This information enabled a longer-term view of the overall financial resilience of the Council to be taken. It also reported on the Director of Finance's consideration of the affordability and prudence of capital investment proposals. The level of general balances to support the budget and an appropriate level of Earmarked Reserves maintained by the Council in accordance with the agreed Council Policy on Earmarked Reserves, were an integral part of its continued financial resilience supporting the stability of the Council.

Whilst the Council had prepared a detailed revenue budget within a five year Medium Term Financial Strategy (MTFS), a five year capital programme and continued the closure of accounts within an appropriate timeframe allowing early focus on the upcoming challenges and a robust financial transformation programme, there continued to be a reliance on the use of reserves to balance the revenue budget.

Since 2016/17, reserves of £22.937m had been used to underpin the Council's revenue budget. For 2020/21, there was a proposed use of reserves of £11.579m combined with a number of one-off measures totalling £5.150m. The continued use of reserves and one-off measures had the impact of deferring the changes that were required to balance the revenue budget by on-going sustainable means. The implementation of the next phase of the transformation programme in 2020/21 was expected to begin to address this challenge. The expected benefits of the transformation programme would be phased over several financial years and it was anticipated that there would continue to be a need to utilise reserves until the programme was complete.

As detailed within the Council's Audit Completion Report, presented alongside the Statement of Accounts, the External Auditors concluded that for 2018/19 the Council had made proper arrangements to deliver financial sustainability in the medium term. However, it was also pointed out that "the use of reserves to support revenue budgets in the longer term is not sustainable, and the Council will need to ensure that its longer term financial sustainability does not deplete its reserves to unsustainably low levels".

Members noted that financial resilience depended in part on the Council maintaining an adequate level of reserves. In order to scrutinise the level of reserves held by the Council, the policy on earmarked reserves was considered by the Audit Committee in June 2019 and it was proposed to action the same review again in 2020/21 after the closure of the accounts for 2019/20.

Whilst the Council was utilising a number of reserves to support the 2020/21 revenue budget, Members were assured that the Council currently remained financially resilient and was working hard to address the pressures that had arisen over a number of years and therefore still continued to be well placed to meet the difficult financial challenges that it faced.

Members asked for and received clarification on the following:

- The replenishment of reserves – up to now, reserves that had been used had been replenished. Efforts would be made to replenish reserves during the closure of the 2019/20 accounts.
- In relation to paragraph 2.6, were reserves at £70m now – they would be at £70m by the end of the year. Some had been used and had been replenished. There was funding from the GMCA in relation to benefits from the 100% business rates retention pilot scheme and there may be more money receive in grants from the government at the end of the financial year. This would be used to support reserves.

RESOLVED that the following be accepted and commended to Cabinet:

1. The proposed General Fund Balance currently calculated for 2020/21 at £14.991m.
2. The initial estimate of General Fund Balances to support the Medium Term Financial Strategy is as follows:
 - £15.187m for 2021/22 and
 - £15.241m for the years 2022/23, 2023/24 and 2024/25.
3. The intended report to be presented to the Audit Committee on Earmarked Reserves to ensure this area is subject to appropriate scrutiny.
4. The actions necessary to secure a properly balanced budget as presented in paragraph 3.6.
5. The actions necessary to ensure the prudence of the capital investments as noted in Section 4.

The Select Committee asked that their thanks be recorded to the Director of Finance and all her team for all of their hard work and achievements in the last year.

The meeting started at 6.00 pm and ended at 7.58 pm

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Report to Cabinet

Revenue Monitor and Capital Investment Programme 2019/20 Month 8 – November 2019

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance & Corporate Services

Officer Contact: Anne Ryans, Director of Finance

Report Author: Anne Ryans, Director of Finance
Ext. 4902

10 February 2020

Reason for Decision

The report provides Cabinet with an update on the Council's 2019/20 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 30 November 2019 (month 8) together with the revised capital programme 2019/24, as outlined in section two of the report at Annex 2.

Executive Summary

Revenue Position

The current forecast outturn position for 2019/20 is a projected deficit variance of £1.367m compared to £1.625m at quarter 2, this is after allowing for approved and pending transfers to and from reserves.

The most significant areas of concern are the People and Place, Children's Services and Community Services & Adult Social Care portfolios. Action is being taken and will continue for the remainder of the financial year to address variances and take mitigating action as detailed in the report.

The overall corporate position is, to a limited extent being managed by offsetting favourable variances, most noticeably from Capital, Treasury and Corporate Accounting budgets. An update on the major issues driving the projections are detailed within Annex 1, paragraphs 2.13.1 to 2.13.53.

Management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. Progress is being made and this is demonstrated in the position being reported at month 8. Clearly further work needs to be done, if as anticipated, the outturn is to move to a balanced position by the end of the financial year.

Information on the month 8 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund is also outlined in the report. There are currently no significant issues of concern in relation to the HRA, however the Collection Fund, whilst forecasting an in-year deficit of £0.127m, remains in a cumulative surplus position. The DSG, continues to be an area which is facing a financial challenge with a projected deficit increase in 2019/20. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. Section 2.13.63 gives a further update on the funding that was announced earlier in the financial year.

Capital Position

The report outlines the most up to date capital spending position for 2019/20 for approved schemes. The revised capital programme forecast spend for 2019/20 is £63.945m at the close of month 8, a net decrease of £20.387m from the original budget of £84.332m. Actual expenditure to 30 November 2019 was £33.013m (51.63% of the forecast outturn). The report also updates the forecast Capital Programme over the period 2019/20 to 2023/24.

It is probable that the forecast position will continue to change before the year end with additional re-profiling into future years.

The Month 8 Revenue Monitor and the Capital Investment Programme 2019/20 report was presented to the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020 to accompany the suite of 2020/21 budget reports. The Select Committee was content to note the report and commend it to Cabinet for approval.

Recommendations

That Cabinet approves the:

1. Forecast revenue outturn for 2019/20 at month 8 being a £1.367m overspend
2. Forecast positions for both the HRA and Collection Fund
3. Use of reserves as detailed in Appendix 1 to Annex 1
4. Revised capital programme for 2019/2024 as at month 8.

Revenue Monitor and Capital Investment Programme 2019/20 Month 8– November 2019**1 Background**

- 1.1 The Authority's 2019/20 revenue budget and capital programme was approved by Council on 27 February 2019. Under established budget procedures, all services are required to monitor and review their approved revenue and capital budgets during the financial year. This is reported to Cabinet on a quarterly basis with this additional report at month 8 which is used to inform the budget setting process for the following financial year.
- 1.2 As part of the budget monitoring process, the forecast year-end position for revenue and capital has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at 30 November 2019 together with commitments and known issues. As the year progresses the outturn projections reflect the evolving position of management actions put in place to mitigate in-year pressures, new developments and changes in the profile of planned expenditure.

2. Current position

- 2.1 The forecast revenue outturn for 2019/20 is an adverse variance of £1.367m (£1.625m at month 6). Further details of the current revenue budget position and a full description of this forecast can be found in Annex 1.
- 2.2 As a result of the management action that has been initiated across all service areas to review and challenge planned expenditure and to maximise income it is clearly evident that the financial position has improved as the year has progressed. That said, the fact that a projected adverse variance remains is of obvious concern and more still needs to be done throughout the organisation to move towards achieving a balanced outturn with the minimum use of reserves.
- 2.3 The effectiveness of this action will be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. A further reduction in the over spend is anticipated and should be evidenced in the month 9 report that will be presented to Cabinet in March. The current expectation is that there will, at the very least, be a balanced position by the end of the year. In addition, as outlined in the Budget Report for 2019/20, the Council has prudently set aside a number of specific reserves to support the pressures that might be experienced during the year. These can be applied if required later in the financial year.
- 2.4 The original approved capital programme for 2019/20 totalled £84.332m. The revised capital programme as at month 8 taking account of approved carry forwards, approved new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £63.945m. Actual expenditure at month 8 was £33.013m (51.63% of the forecast outturn). Further details of expenditure and schemes within the capital programme can be found in Annex 2.

3 Options/Alternatives

- 3.1 The options that Cabinet might consider in relation to this report are;
- a) to agree the forecast revenue and capital positions presented in the report including proposed changes
 - b) to agree some of the forecasts and changes included in the report
 - c) not to agree any of the forecasts and changes included in the report

4 Preferred Option

- 4.1 The preferred option is that Cabinet approves option 3.1 (a) above; being all of the forecast revenue and capital positions presented in the report and Annexes 1 and 2.

5 Consultation

- 5.1 Consultation has taken place with the services within the Council, the Director of Finance and the Overview and Scrutiny Performance and Value for Money Select Committee at its meeting on 23 January, where the Select Committee noted the report and commended it to Cabinet for approval.

6 Financial Implications

- 6.1 The full financial implications are detailed in the report.

7 Legal Services Comments

- 7.1 There are no legal issues at this time.

8 Co-operative Agenda

- 8.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the co-operative ethos of the Council.
- 8.2 The revenue budget and capital strategy/ programme have been prepared so that they embrace the Council's co-operative agenda with resources being directed towards projects that enhance the aims, objectives and co-operative ethos of the Council. Ongoing budget monitoring is key to ensuring this objective is met.

9 Human Resources Comments

- 9.1 There are no Human Resource implications.

10 Risk Assessments

- 10.1 The risk is that the proposed management actions are not achieved in full. Should this be the case then alternatives will be sought.

11 IT Implications

- 11.1 There are no IT implications.

12 Property Implications

12.1 There are no Property implications.

13 Procurement Implications

13.1 There are no Procurement implications.

14 Environmental and Health & Safety Implications

14.1 There are no Environmental and Health and Safety implications.

15 Equality, Community Cohesion and Crime Implications

15.1 There are no Equality, Community Cohesion and Crime implications.

16 Equality Impact Assessment Completed

16.1 Not Applicable.

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCS - 16 - 19

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: Revenue Background Papers are contained in Annex 1 including Appendices 1 and 2

Officer Name: Andy Cooper

Contact No: 0161 770 4925

File Ref: Capital Background Papers are contained in Annex 2 including Appendices A to G

Officer Name: Lee Walsh

Contact No: 0161 770 6608

20 Appendices

Annex 1 Revenue Budget Monitoring Report 2019/20 Month 8 - November 2019

Appendix 1 Month 8- Planned Transfers to/ from Reserves

Appendix 2 Financing of the 2019/20 Budget at Month 8

**Annex 2 Capital Investment Programme Report 2019/20 Month 8 -
November 2019**

- Appendix A - SUMMARY – Month 8 - Corporate Services
- Appendix B - SUMMARY – Month 8 - Children's Services
- Appendix C - SUMMARY – Month 8 - Community Services & Adult Social Care
- Appendix D - SUMMARY – Month 8 - Housing Revenue Account (HRA)
- Appendix E - SUMMARY – Month 8 - People and Place
- Appendix F - SUMMARY – Month 8 - Reform
- Appendix G - SUMMARY – Month 8 - Proposed Variations

REVENUE BUDGET MONITORING REPORT 2019/20

Month 8 - November 2019

1 Background

- 1.1 The Authority's 2019/20 revenue budget was approved by Council on 27 February 2019 at a sum of £224.112m incorporating;
- £7.829m of budget reductions
 - £8.818m use of corporate and specific reserves
 - £3.000m of capital receipts to support spending on transformational projects
 - £2.269m surplus from the Collection Fund
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year, as part of this process, a forecast of the year-end position has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at the end of month 8 together with known commitments, issues and planned management actions.

2 Current Position

- 2.1 The current budget of £228.412m represents a £4.300m increase in the originally approved budget and a £1.405m increase from the £227.007m reported at quarter 2, as a result of receiving a number of additional, un-ringfenced grants as shown in the table below. A full funding analysis of net revenue expenditure is shown at Appendix 2.

Table 1 – Changes to Funding

Additional Government Grants	M06 £000	M07/ M08 £000	Total £000
Extended Rights to Free Travel	36		36
Staying Put Grant	63		63
Extended Personal Advisor Duty Implementation Grant	21		21
Verify Pensions Earnings Service	39		39
Retail Discounts New Burdens	9		9
Brexit Preparation Funding Grant	105	105	210
School Improvement Monitoring & Brokerage Grant		150	150
GMCA Mayoral Grant adjustment		(571)	(571)
DCLG Future High Streets Fund		150	150
Opportunity Area Grant		1,000	1,000
Dept. of Health and Social Care Grants		211	211
Capital Grants	2,622	360	2,982
Total Additional Government Grants	2,895	1,405	4,300

- 2.2 The information in the report has been reconfigured to align to the new Corporate Structure that was implemented from 22 May 2019. This makes it difficult to make direct comparisons with 2018/19 at a Portfolio level. The budget and forecast outturn are presented in this new format in the table below.

Table 2 - Summary Forecast Revenue Outturn

Portfolio	Budget £000	Forecast £000	In Year Use of Reserves £000	Variance Month 8 £000	Variance Month 6 £000	Variance M08 to M06 £000
People and Place	62,758	66,295	(1,470)	2,067	2,212	(145)
Community Services and Adult Social Care	60,002	61,819	(781)	1,036	1,020	17
Children's Services	50,677	52,986	(1,122)	1,187	1,367	(180)
Reform	32,263	33,624	(1,434)	(73)	(81)	9
Commissioning	9,923	11,793	(1,719)	151	128	23
Chief Executive	7,645	7,408	(15)	(252)	(271)	18
Capital, Treasury and Corporate Accounting	5,143	2,394	-	(2,749)	(2,749)	0
NET EXPENDITURE	228,412	236,319	(6,540)	1,367	1,625	(258)
FINANCED BY:	(228,412)	(228,412)		-		
NET FORECAST VARIANCE	-	7,907	(6,540)	1,367	1,625	(258)

- 2.3 The forecast outturn to the end of the year, after a predicted in-year use of reserves totalling £6.540m (£5.820m at quarter 2), is an adverse variance of £1.367m (£1.625m at quarter 2). A detailed list of the approved and planned use of reserves at month 8 can be found at Appendix 1. There are significant variances contained within the projected net overspend as summarised below.
- 2.4 The People and Place Portfolio has a reported pressure of £2.067m. Economic Development is reporting an overspend of £1.765m (£1.728m at quarter 2) across Catering and Cleaning, Estates and Planning and Infrastructure. The small adverse variance in Enterprise and Skills remains unchanged at £0.097m. There is a further, unchanged, adverse variance of £0.525m in Commercial Services where the projected non achievement of the Traded Services budget option (£0.750m) is offset by savings within ICT and Customer Services (£0.225m). The pressures are offset by a forecast underspend of £0.320m (£0.138m underspend at quarter 2) in Environmental Services.
- 2.5 Community Services and Adult Social Care is reporting an adverse position of £1.036m (£1.020m at quarter 2), predominantly linked to the rising cost and demand for Community Care, offset by increases in both grant funding and income recovery from a variety of sources.
- 2.6 The pressure of £1.187m within Children's Services represents a decrease of £0.180m on the £1.367m forecast overspend reported at quarter 2. Education and Early Years is predicting a £1.455m overspend after the application of £0.543m of reserves (£1.246m at quarter 2), conversely Children's Social Care is now reporting a £0.268m underspend after the application of £0.469m of reserves, overturning the pressure of £0.120m reported at quarter 2.
- 2.7 The Commissioning portfolio is reporting an overall adverse variance of £0.151m (£0.128m reported at quarter 2). A projected pressure of £0.260m in Commissioning and Procurement is being offset by a favourable variance of £0.109m in Finance.
- 2.8 The adverse position is offset by favourable variances in Chief Executive of £0.252m (£0.271m at quarter 2), Reform £0.073m (£0.081m at quarter 2) and most significantly Capital Treasury and Corporate Accounting £2.749m (unchanged from quarter 2). A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.

- 2.9 All the 2019/20 budget options in the sum of £7.829m are currently forecast to be achieved with the exception of the £0.750m Traded Services option within People and Place, for which there are no other offsetting options.
- 2.10 The adverse variance of £1.625m reported at quarter 2 was a considerable improvement on the initial £3.805m reported at quarter 1, giving an indication that the Management Action requested was being initiated across all service areas to review and challenge planned expenditure and to maximise income, thus helping to bring expenditure back in to line. The position now being reported; a forecast pressure of £1.367m represents a further improvement of £0.258m with four months of the financial year remaining. Whilst it is evident that the position continues to improve, more still needs to be done throughout the organisation to move even closer towards achieving a balanced outturn with the minimum use of reserves.
- 2.11 Notwithstanding the progress made to date, the effectiveness of management actions will continue to be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders and the Senior Management Team. A further reduction in the overspend is anticipated and should be evidenced in the month 9 report that will be presented to Cabinet in March. The current expectation is that there will, at the very least, be a balanced position by the end of the year.
- 2.12 As outlined in the Budget Report for 2019/20, the Council has prudently set aside a number of specific reserves to support pressures that might be experienced, and which cannot be mitigated during the year. These can be applied, as a last resort, if required later in the financial year.

2.13 **Portfolio Summaries**

People and Place

- 2.13.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate.

Table 3 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development	4,507	7,174	(902)	1,765
Enterprise and Skills	640	737	-	97
Environmental Services	53,088	53,147	(378)	(320)
Commercial Services	4,522	5,237	(190)	525
Total Forecast Net Expenditure	62,758	66,295	(1,470)	2,067

Summary

- 2.13.2 Following the re-alignment of services to the new Corporate Structure, the forecast outturn at month 8 for the People and Place portfolio, after the planned use of £1.470m of reserves, is an adverse variance of £2.067m (£2.212m at quarter 2), a reduction in the overspend of £0.145m.

Economic Development

- 2.13.3 Economic Development is currently forecasting an overspend of £1.765m compared to £1.728m at quarter 2. Within this the Catering and Cleaning service is forecasting an adverse variance of £0.745m (£0.719m at quarter 2) as a result of pressures arising from the introduction of the Oldham Living Wage and current charging levels. The Corporate Landlord/ Investment Estate is projecting a net overspend of £0.923m (£0.913m at quarter 2) due to a combination of increased utility costs, additional cleaning charges and an expected underachievement of income targets in the investment estate. This is being offset by anticipated income from investment purchases and cost reductions due to asset disposals. The Planning and Infrastructure service is anticipated to overspend by £0.097m due to a reduction in the expected demand for planning applications.

Enterprise and Skills

- 2.13.4 The forecast overspend remains at £0.097m and relates to a shortfall of income within the Markets Service.

Environmental Services

- 2.13.5 The Environmental Services area is forecasting an overall favourable position of £0.320m compared to an underspend of £0.138m at quarter 2. The position is a combination of adverse and favourable variances within the service area as follows:

Adverse variances:

- Waste Management £0.189m
- Building Control £0.107m

Favourable variances:

- Fleet Management £0.173m
- Environmental Management £0.031m
- Public Protection £0.060m
- Street Lighting £0.050m
- Highways Operations £0.302m

The favourable variance of £0.302m within Highways relates to over achievement of income in relation to statutory inspection works within Highways.

Commercial Services

- 2.13.6 In total the service area is reporting an unchanged overspend of £0.525m compared to quarter 2. ICT and Customer Services are forecast to have an underspend of £0.225m due to vacant posts. This in part offsets the pressure of £0.750m within Strategic Relationship Management relating to the non-achievement of the Traded Services budget reduction.

Achievement of Budget Reductions

- 2.13.7 The 2019/20 budget reductions for the People and Place Portfolio of £2.582m are forecast to be fully achieved with the exception of the Traded Services option (£0.750m), as referred to above.

Community Services and Adult Social Care

- 2.13.8 The portfolio provides social care support to adults and carers across Oldham with the key aim of integrating and aligning work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient, in relation to both the commissioning and the provision of services.

Table 4 – Community Services and Adult Social Care - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning	20,971	20,897	-	(74)
Community Business Services	1,751	1,576	-	(175)
Community Health & Social Care	27,918	28,963	-	1,045
Director Adult Social Care	(8,768)	(8,741)	(781)	(754)
Learning Disability	10,225	11,194	-	970
Mental Health	7,216	7,192	-	(25)
Safeguarding	689	738	-	49
Total Forecast Net Expenditure	60,002	61,819	(781)	1,036

Summary

- 2.13.9 The forecast outturn at Month 8 is showing a projected overspend of £1.036m (£1.020m at quarter 2) after a forecast £0.781m use of reserves. Sufficient reserves to fully offset the overspend position are specifically ring fenced to the Portfolio, although they have yet to be utilised.

Commissioning

- 2.13.10 Commissioning is forecasting an underspend of £0.074m mainly through the prudent management of staff vacancies.

Community Business Services

- 2.13.11 Community Business Services is forecasting a £0.175m favourable position for the year. This is due to prudent vacancy management and delays in recruiting to additional care coordinator and broker posts to support the Care at Home project.

Community Health & Social Care

- 2.13.12 Community Health and Social Care is forecasting an overspend of £1.045m with care costs for people with a physical disability and sensory, memory and cognitive needs continuing to present financial pressures. There has been a net increase in client numbers of 14 in the first 8 months of the year, indicating that both demand and complexity of need combined with an uplift in fees are the main factors that are causing significant pressures within the budget.

Director of Adult Social Care

- 2.13.13 Director of Adult Social Care is forecasting an underspend of £0.754m (£0.543m at quarter 2), the improvement is as previously reported a result of confirmation of an uplift in the Better Care Fund (£0.627m), offsetting a pressure of £0.084m mainly for the Council contribution towards the Deputy Managing Director health-based post. The Department of Health and Social Care recently announced a grant allocation of £0.211m for the Local Reform and Community Voices, Social Care in Prisons and War Pensions Disregard, this will be held within this service and used to offset pressures within the Community Health and Social Care service. A planned use of reserves to the value of £0.781m will require a draw-down of £0.300m to the Oldham Clinical Commissioning Group (CCG) to fund joint services, £0.166m for Mosaic data management support and £0.315m for community provider estate costs.

Learning Disability

- 2.13.14 Learning Disability is reporting an overspend position of £0.970m which is being driven by the number of clients in complex care, particularly for the 4 clients who have returned to the Borough through the Transforming Care Programme. The cost to the Oldham health economy is £0.840m with only £0.110m of funding expected to be made available by the NHS leaving a budget shortfall of £0.730m across the Council and the Oldham Clinical Commissioning Group (CCG).

Mental Health

- 2.13.15 Mental Health is forecasting a small underspend of £0.025m. This is a result of an upturn in Continuing Health Care income contributions from the CCG for people with joint funded packages of care.

Safeguarding

- 2.13.16 Safeguarding remains forecasting an overspend of £0.049m due to additional short-term staffing arrangements put in place to cover vacancies, sickness and maternity leave.
- 2.13.17 Holly Bank is a new Learning Disability sheltered housing scheme. Construction has now been completed, with new residents moving in during the early months of 2020. The cost of operating the facility is expected to be offset by savings as a result of bringing people back into borough and either ceasing or reducing their current care packages and work is on-going to identify potential new residents. The current forecast assumes this requirement will be met. The position will however continue to be monitored, and if required, a pressure will be introduced when the position is made clearer.

Achievement of Budget Reductions

- 2.13.18 The Budget Reductions for the portfolio in 2019/20 are £0.438m and are forecast to be fully achieved.

Progress against Locality Plans

- 2.13.19 A key element of the Health and Social Care devolution agenda is the submission of a Locality Plan setting out the joint vision of the Council and the CCG for the greatest and fastest possible improvement in the health and wellbeing of the Borough's residents. This improvement will be achieved by supporting people to be more in control of their lives by having a health and social care system that is geared towards wellbeing and the prevention of ill health, access to health services at home and in the community, and social care that works with health and voluntary services to support people to look after themselves and each other.
- 2.13.20 The financial performance against the latest version of the 2019/20 Locality Plan, as reported to the GM Health and Social Care Partnership, is shown in the table below. However, a new version of the Locality Plan has been drafted that will take the integration work within Oldham through to 2023/24.

Table 5 – Locality Plan

	Revised Budget £000	Forecast £000	Variance £000
Community Health and Adult Social Care	57,134	58,170	1,036
Public Health	17,380	17,380	0
Children and Families	41,990	41,722	(268)
Total	116,504	117,272	768

- 2.13.21 Although the headings in the Locality Plan do not completely align with the Council's Directorate reporting arrangements, the reasons for the variances against budget are consistent with those reported within Community Health and Adult Social Care, Public Health and Children's Social Care.

Children's Services

- 2.13.22 The following table shows the forecast position after the approved and planned use of reserves for the Directorate.

Table 6 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Education, Skills & Early Years	13,194	15,192	(543)	1,455
Children's Social Care	35,657	35,858	(469)	(268)
Preventative Services	1,865	1,975	(110)	-
Schools	(39)	(39)	-	-
Total Forecast Net Expenditure	50,677	52,986	(1,122)	1,187

Summary

2.13.23 The Directorate has a projected overspend of £1.187m (£1.367m at quarter 2) after the planned application of £1.122m of reserves, as shown in the table above. The principal underlying reasons are detailed below.

Education, Skills and Early Years

2.13.24 The Directorate is estimating a £1.455m overspend, an increase of £0.209m compared to the £1.246m overspend at quarter 2. This is after the planned application of £0.543m of reserves for Learning and Attainment and Special Educational Needs initiatives, the main contributing factors being;

- £0.742m against the Home to School Transport budget due to ongoing increasing demand pressures, an increase of £0.181m compared to the position reported at quarter 2;
- £0.230m as a result of underachievement of traded income within the Educational Psychology and QEST services;
- £0.096m of unachievable income relating to school insurance recharges as a result of schools converting to Academy status;
- £0.100m relating to additional staffing and agency expenditure in the SEN Assessment Service;
- £0.136m relating to additional expenditure around SEND Reform;
- £0.119m relating to holiday pay and incremental drift within the Lifelong Learning Service; and
- £0.032m relating to Get Oldham Working.

Children's Social Care

2.13.25 This area is projecting a £0.268m underspend after the planned application of £0.469m of reserves to support transformational activity, a favourable movement of £0.388m on the £0.120m overspend reported at quarter 2. There is an underspend of £0.960m across the various types of residential placements (including Rivendell House) plus a further favourable movement of £0.042m for No Recourse to Public Funds and assistance to families' grant payments.

2.13.26 There is a projected overspend of £0.104m for the adoption service due to inter-agency fee placements. The two in-house semi-independence units remain a cause for concern with a projected overspend of £0.293m due to staffing over establishments. There is a projected over spend of £0.337m relating to services for children with disabilities due to the reduction in funding from Rochdale Council for Gemini House and the high number of direct payments. Work has been undertaken to try and address the continued increase in the number of direct payments.

2.13.27 A key issue contributing to the reduction in forecast expenditure between quarter 2 and month 8 is a slow-down in recruitment to the staffing structure, particularly in relation to the Senior Management Team; Assistant Directors, Heads of Service and Team Managers, pending a review by the newly appointed Managing Director of Children's Services and the Director of Children's Social Care. It is therefore anticipated that further structure changes will be required and that when posts have been fully recruited to (now likely to be 2020/21) the underspending will cease.

Preventative Services

2.13.28 Preventative Services includes Early Help, Targeted Youth, Tackling Troubled Families and the Multi Agency Safeguarding Hub (MASH) and is predicting an overall balanced position for the year.

Achievement of Budget Reductions

2.13.29 The Budget Reductions for Children's Services are solely in relation to the Portfolio's share of cross cutting efficiencies, £0.289m in total, all of which is currently forecast to be delivered.

Reform

2.13.30 The following table shows the forecast position for the Reform portfolio after the approved and planned use of reserves. Following the Design and Assurance review the following budget realignments have been implemented:

- The Project Management Office has been re-aligned within Transformation and Reform;
- Communications and Marketing has been re-named Communications and Research; and
- Business Intelligence and Thriving Communities are now included within Strategy and Performance

Table 7 – Reform – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
People	2,444	2,339	(6)	(110)
Public Health & HLA	22,590	23,002	(373)	39
Youth, Leisure & Communities	5,206	5,173	-	(33)
Transformation and Reform	105	617	(511)	1
Communications and Research	826	974	(52)	95
Policy	(0)	492	(492)	0
Strategy and Performance	1,092	1,026	-	(65)
				-
Total Forecast Net Expenditure	32,263	33,624	(1,434)	(73)

2.13.31 The forecast outturn at month 8, presented in the re-aligned format shows an underspend of £0.073m (£0.081m at quarter 2), this is after the planned use of £1.434m reserves. The paragraphs below outline the main movements within the portfolio.

2.13.32 People Services is showing a favourable variance of £0.110m which relates to underspends on staffing costs.

2.13.33 Public Health and Heritage, Libraries and Arts (HLA) services are together showing an overspend of £0.039m at month 8. An overspend within the Music service and a pressure within Libraries in relation to a commercial letting is partially offset by underspends on staffing within the Library and Gallery services and also the PFI Contract.

2.13.34 Youth, Leisure and Communities is showing an overall underspend of £0.033m. The Service area includes a range of community-based services and includes District

Partnerships and Community Safety which are forecasting an underspend of £0.072m primarily related to salary costs and vacant post. The remainder of the services are reporting a net balanced outturn, with no significant variances either way across the range of services. Specifically, within Leisure and Youth Services a forecast overspend of £0.083m on Sports Development is being offset by a range of smaller favourable variances totalling £0.044m.

- 2.13.35 Both Transformation and Reform and Policy are showing a broadly balanced position following a realignment of the budget to reflect new working arrangements following the previously mentioned service review.
- 2.13.36 Communications and Research is showing an overspend of £0.095m. This relates to additional agency staffing costs, unachievable income and additional spend on payments to contractors.
- 2.13.37 Strategy and Performance is showing a favourable variance of £0.065m. In the main this relates to vacant posts following the recent restructure, which are offsetting pressures on income and supplies and services.

Achievement of Budget Reductions

- 2.13.38 The approved Budget Reductions of £0.971m are expected to be achieved in the financial year, with the £0.250m associated with the Design and Assurance review at the final stages of being delivered.

Commissioning

- 2.13.39 The table below shows the forecast position after the approved and planned use of reserves.

Table 8 - Commissioning - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	273	533	-	260
Finance	9,651	11,260	(1,719)	(109)
Total Forecast Net Expenditure	9,923	11,793	(1,719)	151

Summary

- 2.13.40 The current forecast outturn position is an overspend of £0.151m (£0.128m at quarter 2).

Commissioning and Procurement

- 2.13.41 Commissioning and Procurement is reporting an adverse variance of £0.260m. The service is experiencing difficulties in recruiting to permanent posts, this is resulting in the necessity to retain interims to provide service continuity leading to an estimated £0.135m overspend. The service is also reporting a net estimated underachievement of income of £0.125m against the income budget set for the Early Payment scheme.

Finance

2.13.42 Finance is showing an underspend of £0.109m in the main due to vacant posts.

Achievement of Budget Reductions

2.13.43 The 2019/20 Budget Reductions for the Commissioning portfolio of £1.375m are forecast to be fully achieved.

Chief Executive

2.13.44 The table below shows the forecast position after the approved and planned use of reserves.

Table 9 – Chief Executive

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive	2,358	2,298	-	(60)
Chief Executive Management	1,579	1,579	-	0
Legal Services	3,146	3,024	(15)	(137)
Executive Office	562	506	-	(55)
Total Forecast Net Expenditure	7,645	7,408	(15)	(252)

Summary

2.13.45 The portfolio is showing an underspend of £0.252m at month 8 (£0.271m at quarter 2) after having applied £0.015m of reserves.

Chief Executive, Legal Services & Executive Office

2.13.46 Partnership Support within Chief Executive is reporting an underspend of £0.060m at quarter 2. This relates to a reduction in GM contributions in 2019/20.

2.13.47 Legal Services is reporting an underspend of £0.137m at month 8. This is predominantly due to vacancies within Civic and Political Support and Constitutional Services.

2.13.48 The Executive Office is reporting an underspend of £0.055m relating to staffing vacancies.

Achievement of Budget Reductions

2.13.49 The Budget Reductions for the Chief Executive Portfolio in 2019/20 are £0.135m and are forecast to be fully achieved.

Capital, Treasury and Corporate Accounting

2.13.50 The following table shows the forecast position, without requiring the use of any reserves.

Table 10 – Capital, Treasury and Corporate Accounting – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	5,143	2,394	-	(2,749)
Total Forecast Net Expenditure	5,143	2,394	-	(2,749)

Summary

2.13.51 The Portfolio includes the budgets associated with the Council's Treasury Management activities including interest payable on loans and interest receivable on investments. It also includes the revenue budgets associated with technical accounting entries. The projected year-end position shows a favourable variance of £2.749m unchanged from the position at quarter 2.

2.13.52 This favourable variance is mainly due to additional dividend income being received from external investments. This is partially offset by projected overspend of £0.474m with regard to the Annual Leave Purchase Scheme. This pressure is a continuation of that highlighted within 2018/19.

Achievement of Budget Reductions

2.13.53 The 2019/20 Budget Reductions for Capital, Treasury and Corporate Accounting total £2.038m and are forecast to be fully achieved.

Schools

2.13.54 The Council's expenditure on schools is funded primarily by grant provided by the Department for Education via the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School and Early Years Finance (England) (No.2) Regulations 2018. The Schools' Budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget which is divided into a budget share for each individual school.

2.13.55 Members will recall the DSG is made up of the following 4 blocks of funding;

- Schools
- High Needs
- Early Years
- Central Schools Services

2.13.56 Members will also recall that there is considerable pressure on the DSG, particularly the High Needs block. The pressure in the High Needs area is due to expenditure exceeding the High Needs budget available each year with key contributors being the:

- Increasing high needs population, such as special school places and resourced provision;

- Increasing number of Education Health Care plans requiring high needs top up funding within mainstream schools;
- Cost of providing local Pupil Referral Unit capacity to ensure that the Local Authority fulfils its statutory role;
- High cost of external placements.

As a consequence, the Schools Forum agreed a 1% movement, equating to £1.878m between the Schools Block and High Needs Blocks in 2018/19. A further £1.594m (0.84%) movement of funds between the Schools Block and High Needs Blocks was agreed and has been actioned for 2019/20.

2.13.57 Despite the continued support from the Schools Block, the High Needs Block in Oldham is still expected to have an in-year deficit of £3.095m, compared to £1.105m being reported at quarter 2. This contributes to a deficit forecast of £13.735m as at 31 March 2020. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £5.818m (as illustrated in the table below). This in turn is a significant element of the overall deficit on the DSG.

Table 11 – DSG - High Needs Block

	£000
Original Budget Allocation	32,839
Contribution from Schools Block (Schools Forum/ Sec. of State approval)	1,594
Imports and Exports	204
2019/20 Total Budget Available	34,637
Estimated Expenditure	(37,732)
Projected in Year Deficit	(3,095)
Deficit Brought Forward 01/04/2019	(10,640)
Cumulative Deficit	(13,735)
Offset by;	
Virement from Schools Block- 2016/17 to 2018/19	4,643
Savings in Schools and Early Years Block- Cumulative to 2018/19	3,274
Projected Deficit 31/03/2020	(5,818)

Overall DSG Position and Recovery Plan

2.13.58 There is a requirement that the DSG is brought back into balance and a DSG Financial Recovery Plan was submitted to the Department for Education in line with the deadline of 30 June 2019, the financial elements of which have now been updated for estimated additional pressures and additional funding as outlined below.

2.13.59 On 4 September 2019, the Chancellor of the Exchequer presented the 2019 Spending Round to Parliament, included in which was notification that Schools budgets will increase by £2.6bn in 2020/21, £4.8bn by 2021/22 and £7.1bn by 2022/23 within which 2020/21 High Needs Funding for Schools was set to increase by more than £700m.

2.13.60 Subsequently, on 11 October, The Department for Education, via the Education and Skills Funding Agency (ESFA), released provisional funding allocations for the Schools, High Needs and Central School Services for 2020 to 2021 (based on 2018 pupil numbers), the impact for Oldham is summarised in the table below. Despite a decrease in the Central Schools Block of £0.329m, there was a substantial, provisional increase in both the Schools (£8.160m) and High Needs (£5.207m) blocks.

Table 12 - Increased Funding for Schools (provisional)

Dedicated Schools Grant (DSG)	2019/20 £000	2020/21 £000	Difference £000
Schools Block*	189,123	197,283	8,160
High Needs Block	33,043	38,250	5,207
Central Schools Block	2,999	2,670	(329)
Total	225,165	238,203	13,038

* Figures in both years exclude funding through the growth Factor of £1.365m

2.13.61 As there is a requirement to agree the funding formula with schools, consultation with schools and the Schools Forum was required. A budget paper, based on 2019 pupil numbers and an estimated Schools Block allocation of £202.755m, was presented to Schools Forum on 27 November 2019 seeking and receiving approval to a funding allocation methodology for schools as follows:

A move to the 2020/21 National Funding Formula cash values in full except for the Area Cost Adjustment factor which is reduced to 1.00000, together with a reduced 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2020/21.

2.13.62 A report seeking approval to implement the recommended funding methodology was subsequently presented to Cabinet on 16 December 2019. The report outlined the latest DSG budget position and highlighted that the projected 2019/20 deficit had increased to £5.700m due to increased High Needs spending pressures. Further pressures in the next two years are offset by the increased funding to return the DSG to an estimated surplus of £0.890m by the end of 2021/22.

2.13.63 On 19 December 2019 the ESFA confirmed the DSG allocations for 2020/21 (including the Early Years Block), based on actual pupil data for 2019. The impact for Oldham, with a comparison to the indicative allocation is summarised in table 13 below. Whilst there are increases across the board the key point to note is that the confirmed Schools Block of £201.874m is £0.881m less than the £202.755m used in the consultation modelling. However, this does not have an adverse impact on the approved model as the changes in pupil characteristics mean that less funding is directly distributed to schools and the principle remains that 99.5% of the Schools Block allocation must be passported to schools.

Table 13 - 2020/21 Confirmed DSG

Dedicated Schools Grant (DSG)	2020/21		
	Indicative £000	Confirmed £000	Difference £000
Schools Block*	198,648	201,874	3,226
High Needs Block (provisional)	38,250	38,591	341
Central Schools Block	2,670	2,689	19
Early Years Block (provisional)	0	18,967	18,967
Total	239,568	262,121	22,553

* Indicative allocation updated to include funding through the Growth Factor of £1.365m

2.13.64 The impact of the revised funding allocation, together with a revised estimate of the pressures have been incorporated in a further revision to the recovery plan, as illustrated in table 14 below, showing an increased deficit of £6.033m at the end of 2019/20. This was presented to the Schools Forum on 15 January 2020. It should be noted that the recovery may be delayed due to any further revisions to provision or delays in implementing long term improvement strategies, notwithstanding which, work will continue during the remainder of 2019/20 and throughout 2020/21 to address the DSG deficit position building on the work already in train.

Table 14 - Updated DSG Recovery Plan

	2019/20 £000	2020/21 £000	2021/22 £000
Variance Brought Forward	(2,723)	(6,033)	(4,000)
Movements Per Original Plan	(987)	1,451	2,396
Revised Forecast Variance	(3,710)	(4,582)	(1,604)
Estimated additional pressures	(2,323)	(2,603)	(1,819)
Additional Funding	0	4,132	3,600
Reduce movement by 0.5%	0	(947)	0
REVISED NET FORECAST VARIANCE	(6,033)	(4,000)	177

Housing Revenue Account (HRA)

2.13.65 Table 15 compares the initially approved position to the current estimated outturn. The actual opening balance for 2019/20 at £21.304m was £0.062m less than the estimate of £21.366m. The original HRA forecast was for a planned in-year decrease in balances of £1.889m, mainly to support housing related expenditure in the capital programme. The revised forecast is for an increase in balances of £0.446m, a favourable movement of £2.335m. The variance is mostly attributable to the reprofiling of capital projects along with some additional income received from insurance refunds.

Table 15 - Housing Revenue Account Forecast Position

HRA Income & Expenditure Account	Original Budget £000	Latest Forecast £000	Variance to Budget £000
HRA Balances Brought forward	(21,366)	(21,304)	62
(Surplus) / Deficit on HRA Services	1,889	(446)	(2,335)
HRA Balances Carried Forward	(19,477)	(21,750)	(2,273)

Collection Fund

2.13.66 The tables below show the forecast outturn position for the Collection Fund and the forecast position in relation to the share of balances.

Table 16 - Collection Fund Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	(2,883)	(1,264)	(4,147)
Prior Year Surplus Released In Year	2,550	-	2,550
(Surplus)/Deficit for the Year	(77)	204	127
(Surplus) Balance Carried Forward	(410)	(1,060)	(1,470)

Table 17 - Collection Fund – Share of Balances; Forecast Position

	Council Tax £000	NDR £000	Total £000
Share- Oldham Council	(351)	(1,049)	(1,400)
Share- Greater Manchester Combined Authority (Police and Crime Commissioner)	(43)		(43)
Share- Greater Manchester Combined Authority (Fire and Rescue Services)	(16)	(11)	(27)
Total (Surplus) / Deficit	(410)	(1,060)	(1,470)

2.13.67 Council Tax and Business Rates are of fundamental importance with regards to funding Council services. However, these areas can be volatile and subject to a myriad of external influences. Consequently, the financial position of the Collection Fund is under constant review.

2.13.68 A forecast in-year deficit of £0.127m (excluding the in-year release of the prior year Council Tax surplus of £2.550m, of which the Council's share is £2.269m) means that the projected year-end Collection Fund position (incorporating both Council Tax and Business Rates) is a surplus of £1.470m of which the share for the Council is £1.400m, compared to £1.383m at quarter 2. It is proposed that the Council element of the Collection Fund surplus (£1.400m) is released as a contribution to support the 2020/21 revenue budget.

2.13.69 As expected, the Greater Manchester 100% Business Rates Retention Pilot has continued into 2019/20. The additional proceeds from the pilot are currently shared with GMCA who receive a maximum of 50% of the benefit in line with the original pilot agreement.

3 Use of Reserves

3.1 The total, in-year, planned use of reserves at month 8 is £6.540m (£5.820m at quarter 2), £5.861m being Earmarked Reserves and £0.679m being the use of Revenue Grant Reserves. This is in addition to the utilisation of £8.818m of reserves that were applied in setting the initial 2019/20 budget.

3.2 In line with the Council's reserves policy, the recommended use of reserves to fund spend during the year have been initially approved by the appropriate officers prior to consideration by Cabinet. In a change from previous years, the reserve will be drawn down against the approval at the end of the financial year after all the relevant expenditure

has been incurred. Members will be aware that the forecast use of reserves can change throughout the year as decisions are made and that the total reserve usage will continue to change up to the year end. In this regard, Members will also be aware that Cabinet, at its meeting of 16 December 2019, approved the use of £5.900m of Council reserves to support the Oldham healthcare economy.

4 Flexible Use of Capital Receipts

4.1 Members will recall that at the Council meeting of 27 February 2019, approval was given that up to £3.000m of capital receipts would be used to underpin the revenue budget in line with the flexibilities agreed by Secretary of State for Housing, Communities and Local Government in March 2016.

4.2 A number of schemes were identified which met the qualifying expenditure requirements as detailed within the statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG). To date, each scheme is forecast to achieve the required outcomes with costs anticipated to be slightly lower than projected however still within the approved £3.000m.

5 Conclusion

5.1 The current projected position, after adjustment for reserves, is an overall corporate overspend with the forecast over spending within People and Place, Community Services and Adult Social Care and the Children's Services portfolios all being a cause for concern. As outlined at paragraphs 2.10 to 2.12, management action is being taken to control expenditure in all areas, particularly those that are not subject to demand changes, in order to offset expenditure over which the Council has little control. The Month 8 financial position shows a further improved financial forecast for 2019/20, reflecting the continued positive outcome of such activities.

5.2 In relation to demand led pressures, work, in the form of mitigations and alternative delivery solutions is on-going. There will, however, be an inevitable lead in time for these benefits to be realised. The implications arising from the 2019/20 in year position have been factored into financial planning estimates for 2020/21 and future years as appropriate.

5.3 Notwithstanding the progress made to date, the effectiveness of management actions will continue to be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders and Senior Officers. A further reduction in the over spend is anticipated and should be evidenced in the month 9 report that will be presented to Cabinet in March. The current expectation is that there will, at the very least, be a balanced position by the end of the year.

APPENDIX 1

Planned Use of Reserves 2019/20 - Month 8

Reserve Name	Balance as at 01 April 2019 £000	Forecast use 2019/20 £000	Anticipated Closing Balance 31 March 2020 £000	Reason for Use of Reserve
Earmarked Reserves				
Integrated Working Reserve				
Strategic Planning and Information	(40)	16	(24)	Supports delivery of Local plan taking into account the Greater Manchester Spatial Framework, as agreed in January 2017
Better Care Fund - Scheme 3	(316)	316	0	To support pressures within the adults social care community care budgets
Public Health (Bridgewater)	(411)	241	(170)	To support the extension of the Right Start contract delivered by the Bridgewater Community Healthcare NHS Trust
Transformation Reserve				
Transformation	(2,971)	1,079	(1,892)	Helps to deliver various Transformation projects across the Council
Pay Review	(454)	6	(449)	To fund costs incurred with pay reviews
Resident First	(180)	180	0	To provide funding to facilitate the Digital by Design project 2019/20
Public Health	(436)	7	(429)	To offset pressures within the Public Health Service
Regeneration Reserve				
Town Centre Masterplan	(3,147)	500	(2,647)	Costs associated with progressing the Town Centre Vision
Alexandra Park Depot Site Project	(300)	300	0	Costs associated with the development of a new Depot at Alexandra Park
Council Initiatives Reserve				
Green Dividend Ambassador	(67)	24	(43)	To fund the Green Dividend Ambassador costs in 2019/20
Learning & Attainment Reserve	(737)	250	(487)	Oldham Education Skills Commission Expected Activity in year
Local Welfare Provision	(731)	100	(631)	To fund costs incurred for the Local Welfare Provision scheme 2019/20
Leadership Priorities	(300)	180	(120)	To fund revenue costs relating to the Street cleaning initiative in 2019/20
Chadderton Historical Society	(20)	20	0	Reserves to support Chadderton Historical Society
Warehouse to Wheels	(53)	53	0	To cover payments for LGV training, tests and medicals
Career Advancement Service	(81)	81	0	Career Advancement Service
Northern Roots	(555)	245	(310)	Supporting the initial costs for Northern roots
Emergency and External Events Reserve				
Emergency Incident, Threat or Hazard	(250)	70	(180)	Emergency repairs; Denshaw and St Paul's church
Fiscal Mitigation Reserve				
District Partnership Excess	0	(224)	(224)	As agreed at Annual Council on 22 May 2019, £0.224m of uncommitted funds from the District Partnership Reserve to be re-prioritised for priority Council initiatives
Business Rates	(1,753)	1,619	(134)	Payment to Greater Manchester Combined Authority with regard to their share of the 100% Business Rate Retention Pilot Scheme for 2018/19
Directorate Reserve				
Catering Services IT	(25)	25	0	To fund implementation of a new IT system within the catering service
Mercury Emissions	0	(78)	(78)	Resources to support works around mercury abatement equipment in future years
Highways System Replacement	(56)	16	(39)	To provide for revenue costs associated with the Tranman system
Ash die back and other related tree diseases	(50)	50	0	To fund additional costs incurred as a result of an increase in the number of trees across the borough with tree related diseases
Highways / Environmental Services	(283)	43	(240)	Annual payments to CAMEO to support the upgrade of cremators with mercury abatement equipment
Adult Social Care Reserve	(781)	465	(316)	To support pressures within the adults community care budgets and contractual obligations re pay awards within Mocaré
Registrars Reserve	(15)	15	0	To create a storage room for data sensitive registration records in the cellar at Chadderton Town Hall
Legal Fees re CWD Team	(8)	8	0	Complaints for independent investigations
Lifecycle Costs				
Fleet Replacement Programme	(1,110)	30	(1,080)	To support future years vehicle maintenance in line with the Fleet Replacement programme
District Partnership Reserve				
District Partnership carry forwards	(733)	224	(509)	Reserve to be re-prioritised for priority Council initiatives
Sub Total	(15,863)	5,861	(10,002)	
Balancing Budget Reserve				
Housing 21 Budget Reduction	(250)	250	0	
Corporate Reserve to balance budget	(3,890)	3,890	0	
Waste Smoothing	(157)	157	0	
Business Rates Return on Growth	(1,825)	1,825	0	
Business Rates Retention - National Levy Account 2018/19 Surplus	(978)	978	0	
Business Rates 2018/19 Pilot Scheme Gain	(1,218)	1,218	0	
Business Rates Retention Pilot	(500)	500	0	
Sub Total Balancing Budget Reserve	(8,818)	8,818	0	
Total Planned use of Earmarked Reserves 2019/20	(24,681)	14,679	(10,002)	
Revenue Grant Reserves				
High Needs Strategic Planning	(11)	11	0	To support various SEND Activities throughout 2019/20
SEND Reform / Implementation	(147)	147	0	To support various SEND Activities throughout 2019/20
Pocket Park Funding	(10)	10	0	To fund works at Lees Street in Shaw
High Street Clean Up Fund	(32)	32	0	To fund clean up activities within communities in Oldham
GMCA Targeted - Children's Review	(500)	138	(363)	To support implementation costs of the GM Stockport family model
Tackling Troubled Families	(1,407)	130	(1,277)	Early help support towards delivery; tackling troubled families
Children's Social Care - National Assessment and Accreditation System	(118)	25	(93)	Implementation of the national assessment and accreditation system
Well North Growing Oldham Feeding Ambition funding	(438)	185	(253)	Supporting various feeding projects around the community in Oldham
Total Planned use of Revenue Grant Reserves 2019/20	(2,664)	679	(1,985)	

Appendix 2

FINANCING OF THE 2019/20 BUDGET AT MONTH 8

	£'000	£'000
Net Expenditure Budget		(228,412)
Financed by:		
Business Rates Top-up Grant	(40,653)	
Grants in Lieu of Business Rates	(10,503)	
Improved Better Care Fund Grant - Tranche 1	(8,150)	
Improved Better Care Fund Grant – Tranche 2	(1,586)	
Independent Living Fund Grant	(2,580)	
Adult Social Care Support Grant	(1,917)	
Winter Resilience Grant	(1,122)	
Housing Benefit & Council Tax Administration Grant	(1,121)	
New Homes Bonus Grant	(961)	
School Improvement Monitoring & Brokerage Grant	(254)	
GMCA Mayoral Grant	(122)	
DWP - Implementation of Universal Credit Grant	(68)	
DWP - New Burdens Grant	(104)	
Homelessness Support Grant	(194)	
Homelessness New Burdens Grant	(62)	
Lead Local Flood Authority Grant	(12)	
Extended Rights to Free Travel Grant	(36)	
Staying Put Grant	(63)	
Extended Personal Advisor Duty Implementation Grant	(21)	
Verify Pensions Earnings Service	(39)	
Retail Discounts New Burdens Grant	(9)	
Brexit Preparation Funding Grant	(210)	
DCLG Future High Streets Fund	(150)	
Opportunity Area Grant	(1,000)	
LASSAL and War Pensions Disregard Grant	(211)	
Capital Grants	(2,983)	
Total Government Grant Funding		(74,131)
Council Tax Income - General	(85,677)	
Council Tax Income - Adult Social Care Precept	(6,691)	
Collection Fund Surplus	(2,269)	
Retained Business Rates	(50,826)	
Total Locally Generated Income		(145,463)
Total Grant and Income		(219,594)
Balance to be addressed by Use of Reserves		(8,818)
Total Financing		(228,412)

CAPITAL INVESTMENT PROGRAMME REPORT 2019/20

Month 8 - November 2019

1 Background

- 1.1 The original capital programme for 2019/20 reflects the priorities outlined in the 2019-2024 Capital Strategy and Capital Programme as approved at Cabinet on 11 February 2019 and confirmed at the Council meeting on the 27 February 2019.
- 1.2 The position as at 30 November 2019 is highlighted in this report but as the year progresses the outturn projections will reflect the evolving position.
- 1.3 For the remainder of the financial year, the programme will continue to be monitored and revised to take account of any new developments and changes in the profile of planned expenditure. This month 8 position has been used to inform the Capital Strategy and Capital Programme for 2020/21 to 2024/25 in accordance with the agreed budget setting arrangements.

2 Current Position

- 2.1 The approved capital programme summary position for the five years 2019/20 to 2023/24, approved by Council on 27 February 2019 is summarised in Table 1 and shows capital programme expenditure of £84.332m in 2019/20.

Table 1 – Original Budget - Capital Programme 2019/20 to 2023/24

2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
£000	£000	£000	£000	£000	£000
84,332	77,706	80,785	13,411	5,964	262,198

- 2.2 Table 2 shows the revised capital programme for 2019/20, with revised expenditure of £63.945m as at 30 November 2019. This is after taking account of approved new schemes and other approved and proposed variations. There is therefore a net decrease in anticipated expenditure for 2019/20 of £1.107m compared to £65.052m reported at Quarter 2.
- 2.3 Actual expenditure to 30 November 2019 was £33.013m (51.63% of forecast outturn). This spending profile is in line with previous years. The position will be kept under review and budgets will be managed in accordance with forecasts.

Table 2 – 2019/20 Capital Programme

Directorate	Revised Budget (M06) £000	Approved Amendments (to M08) £000	Proposed Virement/ Rephase £000	Revised Budget (M08) £000	Forecast £000
Corporate Services	7,836	-	-	7,836	7,836
Children's Services	18,886	(105)	-	18,781	18,781
Community Services & Adult Social Care	2,024	3	2	2,029	2,029
Housing Revenue Account	1,854	-	-	1,854	1,854
People and Place	34,413	789	(1,796)	33,406	33,406
Reform	39	-	-	39	39
Overall Total	65,052	687	(1,794)	63,945	63,945
(subject to rounding – tolerance +/- £1k)			(1,107)		

- 2.4 The approved virement to month 8 of £0.687m (net increase) represents changes following the approval of the '2019-2024 Capital Programme Update Re-Phasing Month 6 (Sept 2019)'. There is a £0.789m increase in the programme, mainly additional transport grants; £411k Incentive Fund, £124k Grant in Aid for flood defence schemes and £143k Pothole funding. There is also a virement of £105k between Children's Services and People and Place for the Kingsland School kitchen upgrade.
- 2.5 There are further proposed changes to the programme with a value of £1.794m, which if approved, when combined with the changes that have already been actioned, would reduce the forecast expenditure to £63.945m. The proposed areas of rephasing are mainly in relation to the IT capital programme £1.210m and the Transport capital programme £0.551m. A detailed breakdown of the proposed virements/ re-phasing is shown in appendix G.
- 2.6 There remains an element of uncertainty about the forecast position and it is inevitable that this will change in the remaining 4 months of the financial year; that said, the forecasts are based on the latest and most up to date information and give a better picture of the likely outturn. A further breakdown of Table 2 on a scheme by scheme basis is shown in appendices A to F.

Re-profiling of the Capital Programme

- 2.7 The revised capital programme for 2019/20 to 2023/24, taking into account all the above amendments in arriving at the revised forecast position, is shown in Table 3 together with the projected financing profile. Further work will be undertaken to revise the profile for 2020/21 and future years.

Table 3 – 2019/2024 Capital Programme

Directorate Budget	Revised Budget 2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Corporate Services	7,836	6,760	3,575	2,700	1,700
Children's Services	18,781	15,591	12,305	5,000	-
Community Services & Adult Social Care	2,029	1,400	703	400	400
Housing Revenue Account	1,854	2,865	922	800	-
People and Place	33,406	64,142	76,762	8,360	3,864
Reform	39	346	400	-	-
Grand Total	63,945	91,103	94,667	17,260	5,964

(subject to rounding – tolerance +/- £1k)

Funding	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Grant & Other Contributions	(29,975)	(31,112)	(20,590)	(3,202)	(1,973)
Prudential Borrowing	(18,967)	(45,801)	(56,390)	(6,706)	(42)
Revenue	(1,860)	(5,265)	(5,822)	(800)	-
Capital Receipts	(13,143)	(8,926)	(11,865)	(6,553)	(3,949)
Grand Total	(63,945)	(91,103)	(94,667)	(17,260)	(5,964)

(subject to rounding – tolerance +/- £1k)

- 2.8 It should be noted that the above tables are based on the 2019-2024 approved capital programme and do not reflect the proposals included within the 2020-2025 Capital Strategy and Capital Programme report elsewhere on the agenda.
- 2.9 The revised Provision for Emerging Priorities for 2019/20 to 2023/24, taking into account all the above amendments, contained within the Corporate Services budget is as follows:

Table 4 – Provision for Emerging Priorities

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Provision for Emerging Priorities	1,098	4,500	3,575	2,700	1,700

Capital Receipts

- 2.10 The capital receipts position as at 30 November 2019 is as follows:

Table 5 – Capital Receipts 2019/20

	£000	£000
Capital Receipts Financing Requirement		13,143
Usable Capital Receipt b/fwd.	-	
Actual received to date	(6,627)	(6,627)
Further Required/(Surplus) in 2019/20		6,516

- 2.11 The revised capital programme requires the availability of £13.143m of capital receipts in 2019/20 for financing purposes. The total net usable capital receipts currently received in year is £6.627m, leaving a requirement for an additional £6.516m of capital receipts in the current financial year against which there is an anticipated £2.536m worth of receipts expected to be realised, creating an in-year deficit of £3.980m (as demonstrated in Table 6 below). Given the significant amount of receipts needed to finance the capital programme in the current and future years it is imperative that the capital receipts/disposal schedule is adhered to. This is monitored at the monthly Capital Receipts meeting and will be subject to ongoing review throughout the year. The current projection is that this target will be met.
- 2.12 The Capital Strategy and Capital Programme 2019/24 introduced an expectation of the level of receipts that is anticipated in each of the respective years and therefore an estimate as to the resultant level of over or under programming in order to present a balanced budget. The position as at 30 November 2019 is illustrated in the table below:

Table 6 – Capital Receipts 2019/24

Capital Receipts	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Receipts Carried Forward	-	3,980	1,030	5,963	12,482
Estimated Capital Receipts	(2,536)	(11,876)	(6,933)	(33)	-
Received in year	(6,627)				
Total Receipts	(9,163)	(7,896)	(5,903)	5,930	12,482
Capital Receipts Financing Requirement	13,143	8,926	11,865	6,553	3,949
Over/(Under) programming cumulative	3,980	1,030	5,963	12,482	16,431

(subject to rounding – tolerance +/- £1k)

- 2.13 The most recent projections are for there to be a continued shortfall in whole of the 2019-2024 capital programme. However, until a thorough review of the asset disposal programme has taken place, which is planned under the Creating a Better Place Initiative, it is reasonable to retain the current programme to continue to deliver Council objectives. It is expected that the level of capital receipts available will be subject to frequent review and reprofiling as the Creating a Better Place Initiative gathers pace.

3 Conclusion

- 3.1 Whilst the current projected position is showing the outturn to match budget, early indications are that there is likely to be some rephasing across all years to reflect the current developments of individual projects/schemes.
- 3.2 The capital programme is being continually monitored and is/ has been reported to Members and Senior Council Officers on a regular basis (including the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020).

4 **Appendices**

- 4.1 Appendix A - SUMMARY – Month 8 - Corporate Services
- Appendix B - SUMMARY – Month 8 - Children’s Services
- Appendix C - SUMMARY – Month 8 - Community Services & Adult Social Care
- Appendix D - SUMMARY – Month 8 - Housing Revenue Account (HRA)
- Appendix E - SUMMARY – Month 8 - People and Place
- Appendix F - SUMMARY – Month 8 - Reform
- Appendix G - SUMMARY – Month 8 - Proposed Variations

SUMMARY – Month 8 – Corporate Services

Service area	Revised Budget (M06) £000	Approved Changes /Virements £000	Proposed Virement £000	Revised Budget (M08) £000	Forecast £000
Corporate	7,836	-	-	7,836	7,836
TOTAL	7,836	-	-	7,836	7,836

Major Variances Commentary

No additional variances to report

SUMMARY – Month 8 - Children’s Services

Service area	Revised Budget (M06) £000	Approved Changes /Virements £000	Proposed Virement £000	Revised Budget (M08) £000	Forecast £000
Children, Young People & Families	623	-	-	623	623
Schools – General Provision	3,227	(105)	-	3,122	3,122
Schools – Primary	2,756	-	-	2,756	2,756
Schools – Secondary	10,773	-	-	10,773	10,773
Schools – Special	1,507	-	-	1,507	1,507
TOTAL	18,886	(105)	-	18,781	18,781

(subject to rounding – tolerance +/- £1k)

Major Variances Commentary

No additional variances to report

SUMMARY – Month 8 - Community Services & Adult Social Care

Service area	Revised Budget (M06) £000	Approved Changes/ Virements £000	Proposed Virement £000	Revised Budget (M08) £000	Forecast £000
Adult Services	2,024	3	2	2,029	2,029
TOTAL	2,024	3	2	2,029	2,029

Major Variances Commentary

No additional variances to report

SUMMARY – Month 8 - Housing Revenue Account (HRA)

Service area	Revised Budget (M06) £000	Approved Changes/ Virements £000	Proposed Virement £000	Revised Budget (M08) £000	Forecast £000
Housing Revenue Account	1,854	-	-	1,854	1,854
TOTAL	1,854	-	-	1,854	1,854

Major Variances Commentary

No additional variances to report

SUMMARY – Month 8 - People and Place

Service area	Revised Budget (M06) £000	Approved Changes/ Virements £000	Proposed Virement £000	Revised Budget (M08) £000	Forecast £000
Asset Management	3,359	-	-	3,359	3,359
Asset Management - Education Premises	2,040	-	-	2,040	2,040
Boroughwide Developments	1,332	-	-	1,332	1,332
Development	448	-	-	448	448
District Partnership – Boroughwide	70	-	-	70	70
Environment - Countryside	222	-	-	222	222
Environment - Parks	26	-	-	26	26
IT	5,350	-	(1,245)	4,105	4,105
Parks & Playing Fields	8	-	-	8	8
Private Housing - HMRF	250	-	-	250	250
Private Housing	2,000	-	-	2,000	2,000
Public Realm	233	-	-	233	233
Schools - Special	-	105	0	105	105
Strategic Acquisitions	3,496	-	-	3,496	3,496
Town Centre Developments	853	-	-	853	853
Transport - Accident Reduction	333	-	-	333	333
Transport - Bridges & Structures	1,260	16	(248)	1,028	1,028
Transport - Fleet Management	3,231	111	-	3,342	3,342
Transport - Highway Major Works/ Drainage schemes	6,196	402	(233)	6,365	6,365
Transport - Metrolink	155	-	-	155	155
Transport - Minor Works	679	31	(20)	690	690
Transport - Miscellaneous	2,847	124	(50)	2,921	2,921
Transport - Street Lighting	25	-	-	25	25
TOTAL	34,413	789	(1,796)	33,406	33,406

(subject to rounding – tolerance +/- £1k)

SUMMARY – Month 8 - People and Place Cont'd

Major Variances Commentary

No additional variances to report

SUMMARY – Month 8 - Reform

Service area	Revised Budget (M06) £000	Approved Changes/ Virements £000	Proposed Virement £000	Revised Budget (M08) £000	Forecast £000
District Investment Fund	39	-	-	39	39
TOTAL	39	-	-	39	39

Major Variances Commentary

No additional variances to report

SUMMARY – Month 8 - Proposed Variations

Portfolio / Service / Cost Centre	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Proposed Action
Community Services & Adult Social Care					
Disabled Facilities Grant	2				Additional Private Contributions
Community Services & Adult Social Care Total	2				
People and Place					
Bridge Work - King Street Roundabout Footbridge	54	(54)			Rephase to future years
BR 224 Rhodes Hill Culvert, Rhodes Hill Lees	(100)	100			Rephase to future years
Cycling / Walking Improvement Schemes	(20)	20			Rephase to future years
Thurston Clough Culvert, Delph	(20)	20			Rephase to future years
IT Developments	(65)	65			Rephase to future years
Investments in IT	(400)	400			Rephase to future years
IT - Server Refresh	(100)	100			Rephase to future years
IT - Creating an Agile & Efficient Council	(50)	50			Rephase to future years
IT - Harnessing the Power of Data	(315)	315			Rephase to future years
IT - Strengthening Governance & Capability	(245)	245			Rephase to future years
IT - Business Systems	(70)	70			Rephase to future years
Unclassified Network - Thin Treatment Schemes	(18)	18			Rephase to future years
Burnley Street, Chadderton	(20)	20			Rephase to future years
Zebra Crossing Upgrade, Rochdale Road, Royton	(35)	35			Rephase to future years
Acorn Street, Lees	(70)	70			Rephase to future years
Partington Street, Failsworth – Traffic Calming	(45)	45			Rephase to future years
DfT Safer Roads Fund	(100)	100			Rephase to future years
Corridor Improvement Schemes	(50)	50			Realign within service
Challenge Fund- A62 Oldham Way- A669 Middleton Road Bridge Strengthening	(183)	-			Realign & Rephase to future years
HIP - Preventative Treatments	47	-			Realign within service
Incentive Fund	9	127			Realign & Rephase to future years
Foxdenton - Broadway Green Phase 2	-	(2,147)	2,147		Rephase to future years
Strategic Acquisitions- General Provision	-	(1,500)	750	750	Rephase to future years

Portfolio / Service / Cost Centre	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Proposed Action
Fleet Replacement Vehicles 7 years	-	(895)	895		Rephase to future years
Royton & Crompton School	-	(1,000)	1,000		Rephase to future years
North Chadderton School Expansion	-	(1,000)	1,000		Rephase to future years
Transport Investment	-	(3,868)	3,868		Rephase to future years
People and Place Total	(1,796)	(8,614)	9,660	750	
Grand Total	(1,794)	(8,614)	9,660	750	

Financing	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Grant & Other Contributions - Ringfenced	576	3,616	(4,147)	-
Prudential Borrowing	471	5,745	(5,513)	(750)
Revenue Contributions	-	-	-	-
Capital Receipts	747	(747)	-	-
Grand Total	1,794	8,614	(9,660)	(750)

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Report to Cabinet

Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2024/25

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

Officer Contact: Anne Ryans, Director of Finance

Report Author: Anne Ryans, Director of Finance
Ext. 4902

10 February 2020

Reason for Decision

To provide Cabinet with the forecast budget reduction requirement and the Administration's budget proposals for 2020/21 together with forecast budget reduction requirement estimates for the period 2021/22 to 2024/25 having regard to the Provisional Local Government Finance Settlement published on 20 December 2019.

Executive Summary

This report sets out proposals for the Council's Revenue Budget for 2020/21 and Medium Term Financial Strategy for 2020/21 to 2024/25. The report advises Members of the key financial challenges and issues which will be faced by the Council over the forecast period and sets out the Administration's revenue budget proposals for 2020/21 together with updated budget reduction requirement estimates for the period 2021/22 to 2024/25.

The report presents the purpose and scope of the Medium Term Financial Strategy and how it has a vital role to play in enabling the translation of the Council's ambition and priorities into action.

It also advises of the national policy landscape and economic context in which the Council is setting its revenue budget for 2020/21 and Medium Term Financial Strategy to 2024/25.

Section 4 highlights the local strategies and policies relevant to the Medium Term Financial Strategy including the Oldham Plan and Corporate Plan, Financial Policies and Strategies

as well as other major strategies which have an influence on the allocation of Council resources.

Developments in Local Government Finance are included at Section 5 incorporating the newly released Financial Management Code together with a commentary on the Council's financial resilience.

The report also highlights policy announcements and implications arising from the Government's 2019 Spending Round presented on 4 September 2019, the Local Government Finance Settlement 2020/21 Technical Consultation and the Provisional Local Government Finance Settlement (LGFS) published on 20 December 2019.

Key adjustments to funding confirmed in the 2020/21 Provisional LGFS were:

- An increase in expected Core Government Funding over previous estimates of £6.664m (estimates assumed the continuation of austerity);
- An additional £10.596m of Government Grants over and above the expected level - primarily the continuation of previously time limited Improved Better Care Fund and Winter Pressures Grants (totalling £2.708m) and the 2020/21 Social Care Support Grant (£6.954m).

The Provisional LGFS confirmed referendum limits for a general purpose Council Tax increase and the Government will permit rises of up to 2% per annum for 2020/21 without the need to hold a referendum.

The Government also confirmed the continued ability to charge an Adult Social Care Precept allowing up to a 2% increase in Council Tax for 2020/21 (ringfenced for use for Adult Social Care).

The Council Tax referendum limits for 2020/21 applicable to the Council therefore allow an overall increase of 4%.

Members will recall that the Council Tax policy approved within the 2019/20 budget was that for 2020/21, the previous policy would continue. The Council would therefore increase Council Tax by 2% for the Adult Social Care Precept (ASCP) and 1.99% for general purposes; an overall increase of 3.99%. The capping criteria for 2020/21 as advised at above would permit this approach however, mindful of the financial position of the Authority but also the impact of a further increase in Council Tax on the citizens of Oldham, a revision to Council Tax policy is therefore proposed. Whilst the 2% increase in relation to the ASCP will continue, Council Tax for general purposes will increase by 0.99% rather than 1.99%. In overall terms the Oldham Council Tax will increase by 2.99%. This is of course subject to confirmation at Budget Council on 26 February 2020.

The Government proposes not to set Council Tax referendum principles for Mayoral Combined Authorities in 2020/21 but has set referendum principles for Police and Crime Commissioners (including the GM Mayor). These were provided alongside the Police Funding Settlement on 22 January 2020 and the Government has given Police and Crime Commissioners the flexibility to increase funding by setting the Council Tax referendum limit to £10 for a Band D property.

An increase of £14 is being proposed by the Mayor for the Mayoral General Precept (which includes Fire and Rescue Services) and an increase of £10 is being proposed for the GM Police and Crime Commissioner precept. An increase of up to £24 is being consulted upon.

The starting point for preparing the 2020/21 revenue budget estimates is the Month 8 2019/20 revenue budget forecast outturn position presented elsewhere on the agenda and summarised in Section 8. It highlights a current adverse projected variance for 2019/20 of £1.367m but advises that it is expected that at the year end at least a balanced position will be achieved.

Section 9 of the report details key budget adjustments and expenditure pressures underpinning the forecasts that provide the backdrop for the Council's Medium Term Financial Strategy. Key expenditure adjustments include:

- £0.871m for 2020/21 increased expenditure items (Approved 27 February 2019);
- £4.695m for expenditure pressures identified through the 2019/20 Revenue Monitoring Process;
- £5.680m of new pressures for 2020/21 including Pay Inflation (£1.800m), Pension Costs (£1.000m) and Contractual & Service Inflation (£1.650m);
- £2.190m of new funding passported directly to the service (primarily the Adult Social Care Precept at a value of £1.987m); and
- £3.235m of invest to save initiatives consisting of the Early Intervention and Prevention Service (£1.555m), Implementation of the Transformation Agenda (£0.930m) and Creating a Better Place (£0.750m).

Based on the latest estimates, the budget reduction requirement for 2020/21 has decreased from the previously reported figure of £22.871m to £18.169m.

Section 10 of the report details the Administration's budget reduction proposals. There are a total of seven proposals expected to deliver savings of £3.011m in 2020/21. If approved in full, these proposals further reduce the budget reduction requirement to £15.158m for 2020/21.

Sections 11 and 12 explain the approach to balancing the 2020/21 budget. In order to remove the requirement for further spending reductions, it is proposed to part finance the 2020/21 budget by using the opportunities provided by the ability to use Capital Receipts to support spending on transformational projects up to a value of £3.750m and from an available Collection Fund Surplus of £1.400m. A number of specific and corporate reserves will be used to address the balance as follows:

- £1.413m from gains anticipated in 2019/20 from the Greater Manchester 100% Business Rates Retention Pilot Scheme;
- £1.300m of further benefit made available by the GMCA from the Greater Manchester 100% Business Rates Retention Pilot Scheme in 2019/20;
- £3.113m from reserves relating to a refund of the 2019/20 Waste Levy; and
- £4.182m from Corporate Reserves.

Approval of the proposals set out in this report in full by Budget Council would deliver a balanced revenue budget for 2020/21. The budget reduction requirement for subsequent years is forecast to be £23.243m for 2021/22, £13.016m for 2022/23, £13.568m for 2023/24 and £12.921m for 2024/25.

Other key sections in the report:

- summarise the forecast reserves and balances position supporting the Council's financial resilience;
- set out the Administration's proposals in relation to Fees and Charges; and
- detail the Council's Pay Policy Statement (as required by sections 38 to 43 of the Localism Act 2011).

It is important to note that as the Government has only provided grant funding notifications for 2020/21, the MTFFS estimates for 2021/22 to 2024/25 are based on a series of assumptions and therefore must be considered indicative at this stage. This has generated significant uncertainty and hinders effective planning by the Council both financially and operationally as future Government funding intentions are difficult to assess. This position, together with the transformational and organisational plans for change that the Council will implement to address the financial challenge are outlined in Section 17 of the report.

The MTFFS highlights the plan to deliver significant savings from 2021/22 onwards. Whilst it is anticipated that the Council will continue to rely on the use of reserves to support its budget setting processes until 2023/24 this will be gradually phased down as the change programmes gather momentum and sustainable budget reductions are identified.

The Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2024/25 was presented to the Overview and Scrutiny PVFM Select Committee for consultation and scrutiny on 23 January 2020. The Select Committee scrutinised the budget report and the other reports on the agenda that form a core part of the Council's strategic planning framework. The Select Committee was content to commend the report to Cabinet without additional comment.

It is important to note that the report and financial information within it will continue to be revised as estimates are confirmed and external funding or charging notifications are received. The Final Local Government Finance Settlement is still awaited and may result in a revision to Government funding allocations.

Recommendations

That Cabinet approves and commends to Council:

- 1 The policy landscape and economic context in which the Council is setting its revenue budget for 2020/21 and Medium Term Financial Strategy to 2024/25;
- 2 The impact of Oldham Council Policies and Strategies on the Council's budget setting process and the development of its Medium Term Financial Strategy;
- 3 The financial forecasts for 2020/21 to 2024/25 having regard to the Provisional Local Government Finance Settlement and associated funding announcements;
- 4 The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
- 5 The 2020/21 Budget Reduction Proposals at a value of £3.011m;
- 6 The proposed use of £5.826m of reserves for specific purposes and £4.182m of corporate reserves to balance the 2020/21 budget;
- 7 The fees and charges schedule included at Appendix 7;
- 8 A proposed Council Tax increase of 2.99% for Oldham Council services resulting in the charges set out at paragraph 15.3 and Table 29 of the report and in detail at Appendix 8;
- 9 The proposal to draw on the Collection Fund for major preceptors of £113.271m for Borough Wide services and £96.466m for Council services;
- 10 The proposed budget for 2020/21 for the Council set at £233.512m; and
- 11 Revised estimated budget reduction targets of £23.243m for 2021/22, £13.016m for 2022/23, £13.568m for 2023/24 and £12.921m for 2024/25.
- 12 The pay policy statement included at Appendix 12;

Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2024/25**1 Background**

- 1.1 Each year, the Council identifies what it needs to spend on Council services for the following year as part of the budget setting process. This process also involves the identification of provisional spending plans for future financial years. This ensures the Council's future spending plans are balanced against the funding forecasts for Government Grants, Council Tax and Business Rates revenues. These plans form part of the Council's Medium Term Financial Strategy (MTFS). This report advises Members of the latest financial position having regard to the current policy landscape and economic context. The MTFS also takes account of the Provisional Local Government Finance Settlement (LGFS) published on 20 December 2019 (the Final Settlement is still awaited), associated funding announcements and the Administration's proposals for balancing the 2020/21 budget, including Council Tax intentions.
- 1.2 The MTFS is designed to build on the work and achievements of previous years and to help meet the challenges of the future. It is one of the key strategic plans of the Council. This report sets out the Council's proposed revenue spending plans for 2020/21 together with the four years to 2024/25 and the key factors which will influence the financial forecasts.
- 1.3 At the same time as considering the financial challenges facing the Council, it is important to consider the Council's commitment to the co-operative way of working. Based on a set of values and the principle of enabling and motivating everyone to "do their bit", this influences the policy direction of the Council and its response to the financial challenges.
- 1.4 As an organisation, a co-operative approach provides the opportunity to find positive and sustainable solutions to the on-going financial challenges being faced. Oldham has a values driven approach which underpins the way it does business. The Council believes in the importance of fairness and responsibility. In practice, that means maximising the positive social, economic and environmental impact that can be achieved through everything we do as set out in the Council's values. From procurement practices to the pay policy, the Council is using its influence as a commissioner, service provider, facilitator and employer to deliver added social value.

The Oldham Plan

- 1.5 Since becoming a Co-operative Council in 2011, the Council has made fundamental changes in how it works with residents, businesses and partners. The Oldham Plan 2017-2022 is a collective action statement explaining how the Council and partners can all best serve Oldham by helping its people, districts and businesses to thrive.
- 1.6 The Oldham Plan includes a delivery model that is based around three fundamental shifts which work together to deliver the ambitions of the Oldham Plan. These are:

Inclusive Economy – Ensuring a fairer economic system where people have the chance to succeed.

Thriving Communities – Oldham is a place where social action and social and community infrastructure means something.

Co-operative Services – Developing integrated public services that work in an asset-based way to meet the needs of people and communities.

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- 1.7 Together these objectives and ambitions reflect the on-going commitment to ensuring the Council and its partners work with the residents of Oldham to bring about positive change and provide strong leadership for a co-operative borough.

The Corporate Plan

- 1.8 The current Corporate Plan was agreed in 2015 and covered the period up to 2020 but was refreshed in 2017 to reflect the Oldham Plan. The Council is in the process of preparing a new Corporate Plan to reflect Oldham Council's contribution to achieving the outcomes in the Oldham Plan, as well as its wider vision as an organisation.
- 1.9 To develop the new Corporate Plan, the Council is working with all Directorates and service areas to identify key priorities for the organisation, as well as how those priorities align to the wider Oldham model. The new Corporate Plan will be launched in May 2020 and will underpin the evolution of the MTFS beyond 2020/21.

Transformation Programme

- 1.10 Council services continue to evolve through innovation, collaboration with strategic partners and re-design. To accelerate this process, the Council and key partners have embarked on an ambitious Transformation Programme which aims to:
- identify, scope and agree the change initiatives required to ensure the Council and its partners can deliver the strategic ambitions they have for the borough and its residents as set out in a refreshed Corporate Plan;
 - drive the implementation of those changes to a successful conclusion;
 - make a substantial contribution to savings targets and medium-term financial plans.
- 1.11 This programme will help ensure that all such services, whether delivered in-house or with partners, strive for excellence and provide value for public money, getting the maximum impact for Oldham and its people for every pound spent. The Transformation Programme will also respond to the financial challenges being faced and will assist the Council and its partners in adapting to local demands, national, regional and local political priorities as well as technological developments.
- 1.12 The transformation programme will support the delivery of outcomes set out in the forthcoming Corporate Plan and represents a key feature of the MTFS beyond 2020/21.

2019/20 Highlights and Achievements

- 1.13 In taking forward the Corporate Plan and via the implementation of the financial strategy during 2019/20 the Council has delivered a full range of services but some key highlights and achievements for 2019/20 are as follows:
- In January 2019, the Council announced the ground-breaking Northern Roots project and a new environmental centre for Alexandra Park. The project is focussing on the 160-acre Snipe Clough site and will build on work the Council has done over the last six years around co-operative working, community growing, horticulture skills and training, renewable energy and building the local food economy;
 - In March 2019, Oldham Cares awarded a three-year contract to a local consortium of Voluntary and Community organisations to create a Social Prescribing Innovation Partnership arrangement – one of the first for the public sector in England. This pioneering work was shortlisted for the iNetwork Innovation Awards 2019 and the LGC Best Public Sector Partnership Award;

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- In July 2019, Oldham was one of 50 areas across the country to be invited through to the second phase of the £675 million Future High Streets Fund that aims to revitalise local town centres. The fund could see areas like the borough benefit from up to £25 million in addition to the investment already being made;
 - In July 2019, Oldham committed to become a Green New Deal Council, which will see the Council aim to become carbon neutral by 2025;
 - In October 2019, work to transform a former Oldham library building into a new arts and heritage centre – OMA – moved a step closer following the appointment of contractors to deliver the £13m project and restore the grade two-listed former library and art gallery;
 - In October 2019, Oldham's entry into North West in Bloom, won the Best City Award for the tenth year in a row. Oldham also won the Best Town/City Centre and Best Public Feature Awards;
 - In November 2019, Oldham successfully achieved Foundation Living Wage Accreditation. The accreditation commits Oldham Council to paying at least the Foundation Living Wage (currently £9.30 per hour) to all staff, and to work with suppliers to ensure that they do the same;
 - In November 2019, the schools catering service tasted success thanks to the high-quality meals being served across the borough. The service was awarded the Food for Life Served Here Excellence at Silver & Gold Award. The awards recognise organisations which serve nutritious healthy food that is locally sourced and better for the environment as it's made with sustainable practice in mind;
 - The Council launched Ageing Well Oldham – an initiative to help residents over the age of 50 further their career, get help with business funding and improve overall health and wellbeing.
 - Oldham Council agreed to fund prescription charges for all care leavers (up to age 25). This decision follows the Children in Care Council's first motion to Council earlier in the year. It also follows the introduction of an exemption from paying Council Tax for all care leavers up to the age of 25;
 - The number of care homes rated good has improved from 45% to 81% in the past two years. Within Greater Manchester, Oldham has the highest proportion of care homes rated good;
 - The Council agreed a deal with supermarket Lidl and major hotel operator Travelodge to deliver a mixed-use project on the Prince's Gate site;
 - The demolition of Hartford Mill has been agreed allowing the owner to redevelop the site and contribute to the regeneration of Werneth;
 - The Council announced the investment of £7m for road improvements and funding for more than 7,700 pot hole related repairs;
 - Oldham's growing profile as a regional logistics base has been significantly boosted by the opening of a new £1.000m Reverse Logistics Training Centre;
 - The Council pledged £0.100m to help businesses and create jobs as part of the Oldham Business Grants scheme. This funding supports the Council's aim to help local businesses to thrive in uncertain financial times and to ensure one of the town's biggest assets – our residents – have access to employment and jobs in their local communities;
 - Pupils and staff at Greenfield Primary School celebrated the official opening of their new £5.7m building and grounds. The new school, just yards away from the old building on Shaw Street, Greenfield, includes 14 classrooms, science block, sports hall, dance studio and playground area. Almost £33m is being invested in Oldham schools to improve the learning environments for young people and to raise the attainment for everybody in the borough;
 - Oldham Council Libraries Service is celebrating after it was revealed that more than one million visitors walked through their doors between 2018 and 2019. For visitor numbers within Greater Manchester, Oldham's Library service is second only to Manchester City Council Libraries;

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- Youth services across Oldham are to receive a £0.100m boost, creating new opportunities and support for young people in the borough. Following consultation with thousands of young residents, Oldham Council and the local Community Safety and Cohesion Partnership will focus funds on projects that build young people's confidence as part of our community, raising their aspirations and expectations, and reducing violence;
 - The Oldham Lifelong Learning Service (OLLS) service enrolls around 4,200 learners each year and has an overall qualification achievement rate of 95.5%, with 98% of learners saying they are likely to recommend it. OLLS was graded as Outstanding in its last Ofsted report.
 - The Get Oldham Working initiative has helped create more than 11,300 work-related opportunities - including nearly 8,000 jobs, 1,550 apprenticeships, 350 traineeships and more than 1,500 work experience placements, of which over 9,000 opportunities have been filled by Oldham Citizens.

2 Medium Term Financial Strategy (MTFS)

2.1 The purpose of the MTFS is:

”**“To identify how the Council wishes to structure and manage available resources over the medium term (five years) and to ensure that resource allocation is aligned with and supports Council priorities and objectives contained within the Corporate Plan.”**

2.2 The MTFS is an assessment of the Council's current financial position and a determination of the financial position the Council wishes to be in over the medium term. This report has been prepared over a five-year timeframe 2020/21 to 2024/25 to align with the Capital Programme and the Housing Revenue Account (HRA). However, given significant uncertainty around future funding streams as outlined later in the report, it concentrates in detail on the financial position for 2020/21.

2.3 This MTFS enables the Council to plan how it can secure the delivery of essential public services, but also ensures it is in a sustainable position to do so over the medium term and beyond.

2.4 The MTFS considers:

- Relevant political and economic influences on Oldham Council;
- Local factors which influence policy within the Council including the Administration's priorities set out in the Oldham Plan;
- The impact of Government policy and associated announcements;
- Key Council policy initiatives including the Council's Transformation Programme and forthcoming Corporate Plan.

2.5 This remains a challenging time for Local Government with significant uncertainty around funding for the sector beyond 2020/21. Although the Council is less likely to face funding reductions on the scale experienced in the previous decade, demographic changes, increased demand for Social Care and inflationary pressures means maintaining expenditure at or beyond current service levels is unlikely to be sustainable and will most likely exceed the resources available in the medium term. Councils such as Oldham with high relative needs and a small tax base (relative to expenditure) will continue to be heavily reliant on Central Government for a significant proportion of their funding.

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- 2.6 In addition to the determination of the overall level of resources available for the whole Local Government Sector, significant changes are currently planned which will impact on key funding streams for 2021/22 including:
- A review of Local Authorities' relative needs and resources (fair funding review) which is expected to realign the allocation of resources between Local Authorities;
 - The full or partial resetting of the Business Rates Retention system resulting in existing Business Rates gains and losses being redistributed across all Local Authorities;
 - The move to a 75% Business Rates Retention system nationally (currently 50%) which is expected to result in the end of the Greater Manchester 100% Business Rates Retention Pilot Scheme;
 - Business Rates revaluation affecting the amount of Business Rates paid by the occupiers of commercial premises.
- 2.7 This report is complemented by others elsewhere on the agenda which form a core part of the Council's strategic financial framework and MTFs. The MTFs has a vital role to play in enabling the translation of the Council's ambition and priorities into action. In addition to this report there is:
- The month 8 revenue and capital monitoring reports for 2019/20;
 - Strategic Housing Revenue Account (HRA) estimates detailing financial forecasts for the medium term as well as setting the 2020/21 HRA budget, rent levels and service charges for the year ahead;
 - The Capital Strategy and Capital Programme which presents the Council's Capital investment ambitions and priorities for the medium term to 2024/25;
 - The Treasury Management Strategy Statement for the year ahead, including a Minimum Revenue Provision Policy Statement, Annual Investment Strategy as well as a suite of prudential indicators;
 - The Council Tax Reduction Scheme for 2020/21 which proposes no change compared to the 2019/20 scheme;
 - The Statement of the Chief Finance Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments.
- 2.8 It is important to recognise cross cutting implications, where decisions relating to one element of the strategy have implications elsewhere. For example, capital investment decisions may carry revenue budget implications in terms of operating, maintenance or debt servicing costs. Similarly, capital investment financed by borrowing carries implications for Treasury Management as well as implications for the revenue budget.
- 2.9 This report revises the MTFs estimates for the period 2020/21 to 2024/25 based on local and national information including the Provisional LGFS published on 20 December 2019 (the Final Settlement has yet to be announced). The budget reduction requirement has consequently been revised to £18.169m as explained at Section 9 later in the report.
- 2.10 This report then sets out the Administration's proposals for the statutory balancing of the 2020/21 revenue budget as per the detail set out from Section 10 onwards together with revised budget reduction requirement estimates for the period 2021/22 to 2024/25.

3 Economic Context and Policy Landscape surrounding the MTFS and budget setting for 2020/21

3.1 A major influence when considering the MTFS is the economic context and policy landscape both nationally and locally. This section presents key factors which have framed the MTFS and the preparation of the 2020/21 budget.

Economic Background

3.2 In line with previous years, the Government originally planned to deliver an Autumn Budget Statement on 6 November 2019. However, the calling of the General Election and the associated dissolution of Parliament meant the statement was cancelled as was the requirement for the Office for Budget Responsibility (OBR) to prepare an updated Economic and Fiscal Outlook report. On 6 January 2020, the Chancellor of the Exchequer announced that a budget statement will be delivered on 11 March 2020. It is clear, therefore, that this announcement will take place after the Council has considered and determined its revenue budget for 2020/21. Any issues arising from the Chancellor's budget will be dealt with as appropriate.

3.3 The latest available OBR report was published in March 2019 to coincide with the Treasury's Spring Statement. Both reports referenced forecasts for economic growth and Government borrowing. Those forecasts indicated economic growth would stabilise at around 1.6% per annum by 2021 and Government borrowing would continue to decline reaching around £13.5bn per annum by 2022/23.

3.4 Clearly, much has happened in the political and economic arena since these forecasts were prepared meaning little reliance can be placed upon them. As well as a change of Prime Minister, the formation of a majority Conservative Government after the December 2019 General Election and the UK's exit from the EU on 31 January 2020 has significantly changed the Government's priorities which will inevitably have an impact on the associated economic and fiscal outlook. The following table summarises current figures for major UK economic indicators.

Table 1 – Economic Indicators

Indicator	%
Economic Growth (Quarter 3 2019 GDP)	0.4
Inflation (December 2019 Consumer Prices Index)	1.3
Unemployment Rate (Quarter 3 2019)	3.8

3.5 In addition to the above, the latest Government Borrowing figures (November 2019) show borrowing for the month was at its highest level for five years. Borrowing in the current financial year-to-date (April 2019 to November 2019) was £50.9 billion, £5.1 billion more than in the same period last year; this is the highest April-to-November borrowing for two years. Overall public sector debt is worth 80.6% of GDP; a decrease of 0.8% compared to November 2018.

3.6 A more detailed national and international economic commentary is provided within the Treasury Management Strategy report (elsewhere on the agenda).

Provisional LGFS

- 3.7 The Provisional LGFS was originally expected to be published during the first week of December 2019. However, the General Election process resulted in delay with the Provisional Settlement eventually being published on 20 December 2019. Full details of the Settlement and the implications for Oldham are included in Section 6 of the report. The Final Settlement is expected by mid February and there may be some revisions to Government Funding notifications as a consequence, which will be included in reports to Budget Council.

Major National Policy and Service Developments

Brexit

- 3.8 The issue of the UK's departure from the European Union (EU) has dominated the political agenda since the referendum of June 2016. The former Prime Minister Theresa May triggered the formal process to leave the EU (Article 50) which led to two years of negotiations and an original leaving date of 29 March 2019.
- 3.9 Parliament did not approve the deal negotiated by the UK Government with the EU which led to the leaving date being postponed twice under Theresa May's premiership to 31 October 2019. Theresa May resigned as Prime Minister and Leader of the Conservative Party on 7 June 2019 which triggered a leadership contest. Boris Johnson took up the position of Prime Minister and Leader of the Conservative Party on 24 July 2019 and subsequently re-negotiated the deal to leave the EU. The Government failed to secure parliamentary approval for the revised deal to leave the EU on 31 October 2019 which led to a further extension to the leave deadline (31 January 2020).
- 3.10 MPs did, however, vote in favour of holding a General Election on 12 December 2019. This resulted in the Conservative Party being returned to Government with a majority of 80 MPs. This decisive result means the new Government secured Parliamentary approval for its EU Withdrawal Agreement which enabled the UK to leave the EU on 31 January 2020.

Index of Multiple Deprivation

- 3.11 In September 2019, the latest English Indices of Deprivation were published; updating the previous set of indices published in 2015. Oldham's overall ranking has declined from 34th to 19th worst of 317 Local Authorities. This appears to be associated with a widening in the extent of deprivation relative to other areas. The index covers seven 'domains' of deprivation, each of which comprises multiple statistics. Three domains - Crime, Living Environment and Income Deprivation are the main contributors to the decrease in Oldham's ranking. Clearly, a worsening of deprivation places additional pressure on Council Services and the resources available to finance those services.

Living Wage

- 3.12 The Government's National Living Wage for workers aged 25 and over is currently £8.21. The rate effective from April 2020 is to rise by 6.2% to £8.72. The Council, Miocare and the Unity Partnership however pay their employees the higher Foundation Living Wage as championed by the Living Wage Foundation (£9.30 per hour from November 2019). This means the Government's increase in the National Living Wage has had no direct impact on employee costs.
- 3.13 In November 2019, Oldham Council successfully achieved Living Wage accreditation from the Living Wage Foundation (LWF). Accreditation recognises and celebrates the leadership

shown by Living Wage employers across the UK for paying their staff the Foundation Living Wage (FLW).

3.14 In order to secure Living Wage accreditation, the Council was required to:

- Ensure all staff are paid the FLW (£9.30 per hour) – Across the Council there is already an ongoing commitment to pay the FLW;
- Ensure that all trainees are either paid the FLW or are working towards a nationally recognised qualification – All new trainees now undertake an NVQ1 level qualification or above in a work-relevant topic;
- Develop a Milestone Plan, highlighting which contracts will need to be reviewed over the next three years to become FLW compliant – In total, there are around 180 contracts which the Council will be required to uplift to the FLW over the next three years. In the Milestone Plan, the Council has attempted to make this transition as smooth as possible, with all contracts being uplifted by the end of 2022. For 2020/21, the financial impact of delivering the milestone plan is negligible and will be contained within existing budgets. Longer term, pay and price estimates reflect provision for delivery against the milestone plan although the precise impact and cost profile remains uncertain.

3.15 Oldham is also home to ten other FLW Employers, including First Choice Homes Oldham and Action Together, one of the Council's voluntary sector partners. The Council is keen to increase this number, so will be working with employers across the borough, encouraging them to pay the FLW to their staff.

Opportunity Area (OA) Programme

3.16 Oldham is one of twelve Opportunity Areas that are receiving a share of specific Government funding to boost opportunities for young people in the community. The OA programme is a key part of the Government's priority to boost social mobility. To date, Oldham has received £4.620m in funding and the Government announced in November 2019 that the programme will be extended for a further year to August 2021 supported by an additional £18m nationally. Excluding the additional funding (for which specific allocations have yet to be announced), the estimated investment in Oldham is £8.981m over the life of the programme.

Priorities of the new Government

3.17 The Queen's Speech of 19 December 2019 outlined the new Government's top priority of securing Parliamentary approval for its EU Withdrawal Agreement which enabled the UK to leave the EU on 31 January 2020. Also included in the speech were commitments to:

- Guarantee additional funding for the NHS, ensure qualified doctors, nurses and health professionals have fast-track entry to the United Kingdom and remove hospital car parking charges for those in greatest need;
- Continue work to reform the Mental Health Act;
- Develop a plan for the long-term reform of social care;
- Reform the criminal justice system and ensure the most serious violent offenders; including terrorists, serve longer in custody;
- Introduce an Australian-style points-based immigration system from 1 January 2021;
- Accelerate the delivery of gigabit capable broadband;
- Take steps to meet net zero greenhouse gas emissions by 2050; and
- Repeal the Fixed-term Parliaments Act enabling the prime minister to call an election without the consent of MPs.

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- 3.18 The Government also announced plans for a 50% Business Rates discount for small firms, including independent cinemas and music venues. The Government has promised to increase the current retail discount on Business Rates from one-third to 50%, costing an estimated £320m nationally. On 27 January 2020 the Government issued a Ministerial Statement and published guidance regarding these revised discounts applicable from 1 April 2020. Full compensation will be received for the loss of Business Rates revenue via the payment of an additional Section 31 grant. The exact financial implication has yet to be finalised but there will be no net impact on the 2020/21 budget reduction requirement.
- 3.19 It is not yet clear how each of these policy commitments will impact on the medium-term financial position of the Council beyond 2020/21. The Government has, however, indicated the Chancellor will deliver a budget statement on 11 March 2020. In addition, at the recent LGA Local Government finance conference (7 January 2020), the Minister for Local Government, Luke Hall MP stated the following in addition to confirming announcements made as part of the 2019 Spending Round and 2020/21 Provisional LGFS:
- In addition to 'levelling up' schools funding, a cross-Whitehall SEND review that the Department for Education is leading will be looking carefully at what other aspects of the school funding system need to be improved or changed;
 - There will be an increase in Public Health Grant (details yet to be announced), to fund continued investment in prevention and essential frontline health services;
 - There will be a longer-term Spending Review, alongside reviews of the allocation and distribution of resources;
 - The Government will set out plans to fix the social care system once and for all working with political parties from all sides of the House of Commons to seek consensus around the very best solutions;
 - The Government will publish an 'English devolution white paper', aiming for full devolution, so that every part of the country has the power to shape its own future.

Developments within Local Government Finance

- 3.20 There have been several developments specifically within the Local Government finance arena which are covered separately in Section 5 of this report.

Devolution

- 3.21 Greater Manchester remains at the forefront of the city-region devolution agenda. Since its ground-breaking devolution deal of November 2014, a further six devolution deals have been agreed. These have given the regions additional powers and budgetary control across a range of services and policy areas including health and social care integration, transport, strategic planning, housing, work and skills and the justice system.
- 3.22 The ambition of the region is included in the Greater Manchester Strategy which sets out a collective ambition to make Greater Manchester one of the best places in the world to 'grow up, get on and grow old'. The Government has recently indicated it wishes to boost investment in the North and the Midlands and is reported to be considering changes to how the economic benefits of public spending are evaluated. Clearly, this development together with the proposed white paper on English devolution will shape the future devolution agenda.
- 3.23 Set out in the following paragraphs are the key issues that are shaping the devolution agenda that will affect the operational and financial environment of the Council as well as its approach to addressing financial challenges.

Greater Manchester Spatial Framework (GMSF)

- 3.24 This is Greater Manchester's plan for homes, jobs, and the environment. The plan aims to provide the right homes, in the right places, for people across the city region. The plan will set out how Greater Manchester should develop up until 2037 and identifies the amount of new development that will come forward across the ten Greater Manchester districts. Consultation on the latest draft plan closed in March 2019 and a summary of responses was published in October 2019. A revised timetable for developing and adopting the plan was approved by the Greater Manchester Combined Authority (GMCA) on 27 September 2019. The timetable indicates further consultation is planned to take place in summer 2020 with a view to adoption of the plan by December 2021. Clearly, the plan will have a significant influence on Oldham's own local plan, local revenue streams (Council Tax and Business Rates), capital investment and demand for services from local residents.

Local Industrial Strategy

- 3.25 In June 2019, the GMCA published a Local Industrial Strategy (LIS) for the city region. This represents the GMCA's response to the GM Independent Prosperity Review which sought to create a framework for decision-makers tasked with making the city region more prosperous.
- 3.26 The LIS aims to achieve the aspirations of the Government's National Industrial Strategy as well as contributing to Greater Manchester's own prosperity. The strategy sets out how the region will respond to economic and technological changes, as well as other global forces such as an ageing society and the need to transition to clean growth, while raising productivity and earnings. The LIS seeks to:
- Build on strengths in the life sciences sector, advanced materials, and digital, creative and media;
 - Make the most of economic opportunities arising from the ambition to become carbon neutral by 2038, 12 years ahead of the national target;
 - Invest in skills and infrastructure (particularly transport infrastructure) to ensure that all businesses and residents can contribute to and benefit from growth.
- 3.27 As with the GMSF, this strategy will have a significant long-term influence on Oldham and the future development of its economy.

Adult Education Funding

- 3.28 For the 2019/20 academic year, adult education funding was devolved to the GMCA when it became responsible for the delivery of quality adult education within the city-region. The devolved funding allocation for the city region is around £92m. This finances a number of core grant maintained providers (including the Oldham Lifelong Learning Service and The Oldham College), as well as a programme of contracted provision.

Transport Strategy

- 3.29 The strategy sets out Greater Manchester's '2040' vision for creating an integrated public transport system. Key elements of the strategy include:
- 'Our Network' – This envisages bus, tram, train, cycling and walking all working together to combat congestion, deliver clean air, and address inequality, with seamless, contactless connections with simple fares and ticketing, routes which are fully accessible, and giving passengers the information they need;

- 'Our Pass' - provides free bus travel and opportunities across the city region for young people aged 16-18;
- Tram - 120 trams to operate over 60 route miles, with no emissions and 100% of the electricity from renewable sources. Zonal fares and contactless payment with a daily cap have been introduced. The Trafford Park line opens in 2020, 27 new trams will be delivered, and there will be a 30 per cent increase in park & ride capacity;
- Buses - GMCA is considering a franchising scheme for the whole of GM. This would mean that bus services would be under Greater Manchester's control and would allow buses to work better with the rest of the public transport system. Further details are set out in paragraphs 3.30 to 3.31;
- Cycling & walking – The ambition is to halve all journeys by active travel and public transport by 2040. In 2017, Chris Boardman was appointed as Greater Manchester's first cycling and walking commissioner. Within 10 years there will be an 1,800-mile network - our Bee Network - connecting every neighbourhood. It will be the biggest walking and cycling network in the country;
- Rail - Services and infrastructure have failed to keep pace with growth. The GMCA wish to see the Government implement the recommendations of the National Infrastructure Commission for substantial, stable, long-term devolved funding to city regions such as GM; and
- Northern Powerhouse Rail / HS2 Phase 2 – These projects are needed to deliver a true transformation in connectivity.

Bus Reform

- 3.30 The GMCA has proposed a bus franchising scheme for the whole of Greater Manchester. The financial case for the 'bus reform' proposals includes a full assessment of how the GMCA could afford to make and operate the proposed scheme. The assessment set out a range of credible funding sources which exceed the net modelled costs to operate the scheme over the proposed transition period to 2024/25. The assessment also concluded the proposed franchising scheme was affordable and would represent value for money. Following the audit of the assessment, the GMCA agreed in October 2019 to commence consultation on the proposed franchising scheme which included a proposed funding package. The consultation closed on 8 January 2020.
- 3.31 The forecast net costs over the transition period up to 2024/25 set out in the business case are approximately £134.5 million. Potential sources of funding include £78.0m of mayoral 'earn back' funds (provided by Central Government as part of Greater Manchester's Devolution Agreement), £11.0m raised by the existing precept as part of the Mayor's 2019/20 budget for bus reform purposes and £22.7m from the mayoral precept in future years budgets, £5m of existing and forecast Business Rates receipts held by GMCA and £17.8 million of contributions by Local Authorities as a proposed one-off increase in their statutory contribution. Any differences between the profile of expenditure and funding requirement will be covered through prudential borrowing rather than being an additional funding request. Discussions are also ongoing with Government around their level of support to deliver bus reform which could potentially reduce the local funding required including from the mayoral precept. The full business case was included in the consultation documentation and includes the indicative profile of costs and the forecast funding requirement. Following the outcomes of the consultation on Bus Reform, should the GMCA proceed with its proposal, the Local Authority contribution may be required. On the basis of the above, the Oldham Council share would be £1.480m. Resources to finance this share will be held in the Fiscal Mitigation reserve and drawn down during 2020/21 if required.

Homelessness

- 3.32 In partnership with GM districts, the GMCA is providing support for initiatives designed to reduce homelessness. With the public's help, alongside donations from benefactors and businesses, 'A Bed Every Night' aims to ensure that there will be a bed every night for every single person sleeping rough in Greater Manchester. In addition, the Mayor's Homelessness Fund supports frontline projects which can demonstrate they are supporting the Mayor's objective to end rough sleeping and reduce homelessness. The Government provides Oldham with additional grant funding for Homelessness. Further details are included in Section 6 of the report.

Greater Manchester (GM) 100% Business Rates Retention Pilot Scheme

- 3.33 Alongside the 2019 Spending Round announcement, the Government confirmed that the reform of Business Rates Retention (including the adoption of a national 75% rates retention scheme) will be slipped by one year to 2021/22 along with the Fair Funding review of the Local Government Finance system. Both reforms were originally planned for implementation on 1 April 2020. Consequently, confirmation was received on 11 September 2019, that the Greater Manchester 100% Business Rates Retention pilot scheme will continue for a further year in 2020/21. Although continuation of the pilot scheme is revenue neutral for 2020/21, the presentation of the budget estimates later in this report have been amended to reflect the continuation of the 100% pilot scheme arrangement and the adoption of 75% rates retention from 2021/22. The pilot scheme has enabled additional Business Rates revenues to be retained within the city region. Oldham's share of these benefits supported the 2019/20 budget by £1.718m and is forecast to support the 2020/21 budget by a further £2.713m.

GM, Cheshire East & Cheshire West and Chester Councils Business Rates Pool 2019/20

- 3.34 Members will recall that Oldham has participated in Business Rates pooling since 2015/16. The aim of pooling is to retain the benefits of any Business Rates growth within Greater Manchester for the benefit of the region. For 2020/21, members of the pool for Business Rates includes all ten GM districts and Cheshire East and Cheshire West & Chester Councils.
- 3.35 On 16 December 2019, Cabinet delegated the final decision on the Council's membership of the proposed Greater Manchester, Cheshire East and Cheshire West & Chester Business Rates Pool for 2020/21 to the Deputy Leader and Cabinet Member for Finance and Corporate Services in consultation with the Director of Finance. A final decision must be made within 28 days of the receipt of the Provisional LGFS (17 January 2020) which did not accord with formal reporting cycles, hence the need for the delegation. The Deputy Leader and Cabinet Member for Finance and Corporate Services approved Oldham Council's membership of the Greater Manchester, Cheshire East and Cheshire West & Chester Business Rates Pool for 2020/21 on 16 January 2020.

GM Model of Unified Public Services

3.36 A reform White Paper was agreed by partners across Greater Manchester in July 2019 which sets out a vision for a radically new approach to public services in the region, building on ten years of public service reform pilots and place-based working. The White Paper:

- Aims to create public services fit for the 21st century; focused on people, prevention and place;
- Sets out six principles which will underpin this new model: Geographical Alignment; Leadership and Accountability; One Workforce; Shared Financial resource; Programmes Policy and Delivery; and Tackling Barriers and Delivering on Devolution;
- States this is about more flexible, integrated and prevention-focussed public services aligned around neighbourhoods rather than organisational or professional silos.

Other GM Strategies/Initiatives

3.37 The GMCA has developed a number of other strategies and initiatives which are focused on developing growth and prosperity by taking an inclusive approach which all communities can contribute to and benefit from:

- Good employment Charter – This is designed to encourage and support employers to become more productive and offer higher pay and secure work. Membership of the Charter will require employers to offer, for example secure and flexible work, a real living wage, workplace engagement and excellent recruitment and management practices;
- Working Well – This began in March 2014 and provides intensive personalised support to benefit claimants to improve work readiness and help people find stable employment;
- Co-operative Commission – Convened in February 2019 and preparing a report which seeks to create the right conditions for co-operative enterprises to thrive and support the co-operative business model;
- Social Enterprise Strategy – Work is underway to develop a clear strategy for supporting social enterprises across the city-region.

4 Oldham Council Policies and Strategies

4.1 Another key influence on the MTFS is the Council's own policies and strategies which are set out in the following section.

Co-operative Council in a Co-operative Borough

4.2 Oldham Council became a Co-operative Council in 2011. The Council is committed to developing a Co-operative future; one where citizens, partners and staff work together to improve the borough. The Council encourages all members of the community to play an active part in building a co-operative borough. This means everyone doing their bit.

4.3 To help realise this ambition, the Council has developed co-operative values and behaviours. All staff, citizens and partners are encouraged to adopt these values.

Co-operative Values and Behaviours



4.4 Oldham's values driven approach underpins the way the Council does business. In practice, this means maximising the positive social, economic and environmental impact that can be achieved. From maximising social value achieved through procurement practices, to paying all staff the Foundation Living Wage, the Council is using its influence as a commissioner, service provider, facilitator and employer to embed co-operative values across Oldham. However, the Council is not doing this alone. Oldham has a strong Strategic Partnership structure and plan that has driven the reform, integration and shared economic agenda both in Oldham and within Greater Manchester.

The Oldham Plan

- 4.5 The Oldham Plan 2017-2022 is a collective action statement explaining how the Council and partners can all best serve Oldham by helping its people, districts and businesses to thrive.
- 4.6 This involves recognising shared challenges and agreeing mutual ambitions and all partners working together to identify what each can contribute to obtaining better results. In this way it means that everyone does their bit and everyone benefits.
- 4.7 The Oldham delivery model is based around three fundamental shifts which work together to deliver the ambitions of the Oldham Plan. These are:

Inclusive Economy –Ensuring a fairer economic system where people have the chance to succeed.

Thriving Communities –Oldham is a place where social action and social and community infrastructure means something.

Co-operative Services – Developing integrated public services that work in an asset-based way to meet the needs to people and communities.



4.8 Set out below are examples to illustrate how the Oldham Model is delivering some significant positive outcomes in the borough.

Inclusive Economy: The Council wants Oldham to be a place where everyone has a fair and real chance to improve their own lives.

- Oldham is currently home to around 6,580 businesses spanning a range of key sectors including health, advanced manufacturing, construction, retail and financial and professional services.
- Oldham has improving educational attainment. More than 43 per cent of the population have a degree, diploma, A/AS level or apprenticeship.
- The borough offers a wide variety of school types from small rural settings to large urban schools. It has high-quality buildings with many new or recently-built facilities following a £137 million investment, with more to come.
- The Metrolink network supports transport connectivity within the borough. It has increased the appeal of Oldham to skilled and higher-earning commuters and has linked residents in many areas historically poorly-served by public transport with employment, retail and leisure destinations throughout the conurbation.
- The Get Oldham Working Initiative has helped create more than 11,300 work-related opportunities - including nearly 8,000 jobs, 1,550 apprenticeships, 350 traineeships and more than 1,500 work experience placements, of which over 9,000 opportunities have been filled by Oldham Citizens.

Thriving Communities: The Council wants local people and communities to be healthy, happy and able to make positive choices as well as offering and accessing support when needed.

- Oldham has a population of more than 235,000. The total population within a 30-minute drive time is 2.8 million.
- Around a quarter of the borough is within the Peak District National Park.
- Oldham's 32 parks include Alexandra Park, a 78-acre green space with Grade II status from English Heritage and – alongside Dunwood Park in Shaw – holds a prestigious Green Flag Award for international-standard facilities and conservation.
- For shopping, Spindles Town Square offers a range of High Street retailers and the Tommyfield Market (which is one of several across the borough) consists of an indoor and part-time outdoor market and adjacent units which have more than 98 businesses.

Co-operative Services: The Council aims to have the best public services in Greater Manchester that work together to improve ways of living for our residents.

- Oldham Council has a strong voice in Greater Manchester for Inclusive Growth and is developing key employment sites for new jobs and investment.
- The Council's aim is to ensure children are school ready, work ready and life ready and to raise attainment for all, and raising it fastest for disadvantaged pupils. Building an integrated health and care system with partners to support healthy choices and challenge inequalities – backed up by outstanding leisure centres and sporting opportunities for all.
- The Council is supporting new high-quality and aspirational housing to broaden choice alongside our affordable homes.
- The Council is committed to protecting the environment through schemes that are empowering communities to improve where they live and encouraging investment in clean power and jobs as the Council delivers new facilities across our borough.

The Corporate Plan

- 4.9 The current Corporate Plan was agreed in 2015 and covered the period up to 2020 but was refreshed in 2017 to reflect the Oldham Plan. The Council is in the process of preparing a new Corporate Plan to reflect Oldham Council's contribution to achieving the outcomes in the Oldham Plan, as well as its wider vision as an organisation. The plan is being refreshed to take account of:
- Progression of the Oldham model, including the creation of Oldham Cares;
 - Current organisational priorities and key changes resulting from Greater Manchester Devolution;
 - The need to inform business planning and provide continued direction to employees, to inform decision making as well as inform budget priorities, as the Council continues to navigate a period of transition and transformation;
 - The need to align the Corporate Plan to corporate messaging, reflecting the Council's place in the wider Team Oldham system.
- 4.10 To develop the new Corporate Plan the Council is working with all Directorates and service areas to identify key priorities for the organisation, as well as how those priorities align to the wider Oldham model. The new Corporate Plan will be launched in May 2020.

Constitution and Rules of Procedure

- 4.11 Oldham Council has an agreed Constitution which sets out how the Council operates, how decisions are made and the procedures that ensure these decisions are efficient, transparent and accountable to local people. Most of the procedures are required by law. Detailed procedures and codes of practice are provided in separate rules and protocols which accompany the Constitution and Articles contained therein. The following rules of procedure are particularly relevant in the context of determining the Council's Medium-Term Financial Strategy.

Budget and Policy Framework Procedure Rules

- 4.12 This sets out the process for the adoption and implementation of the Council's Budget and Policy Framework. It specifies the budget estimates that must be prepared as part of that framework, the process for developing the framework and the associated decision-making process. The Revenue Budget and MTFs report, if approved by Council, forms a key element of the Council's Budget and Policy Framework.

Financial Procedure Rules

- 4.13 These rules (which are aligned to the Budget and Policy Framework Procedure Rules) set out detailed procedures regarding financial administration covering, for example, the preparation and management of budgets, financial systems, internal audit, insurance, banking arrangements, payments, income and taxation. These rules underpin the Council's statutory duty to make arrangements for the proper administration of its financial affairs. These rules have been the subject of a detailed and thorough review and as a result, Council on 8 January 2020 approved an updated version.

Financial Policies and Strategies

Capital Strategy

- 4.14 The Capital Strategy (elsewhere on the agenda) is prepared in accordance with the latest Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential and Treasury Management Codes of Practice. The strategy provides a framework within which the Council's capital investment plans will be delivered. These plans are driven by the Council's Corporate Plan and the recently approved 'Creating a Better Place' strategy. The Capital Strategy has been prepared to take account of the ambition for the borough including major regeneration developments within the Town Centre and borough-wide, to ensure that new school buildings and extensions are delivered as well as ensuring that the highways network and the corporate estate are adequately maintained.
- 4.15 The proposed Capital Strategy and Programme for 2020/21 to 2024/25 also takes the essential elements of previous years' strategies and programmes and moves them forward in the context of the financial and political environment for the forthcoming financial year. Capital spending is a key determinant of future revenue commitments, so the capital programme and revenue budget are interlinked and have been developed simultaneously.

Treasury Management Strategy

- 4.16 As with the Capital Strategy, the Treasury Management Strategy (elsewhere on the agenda) is prepared in accordance with the latest CIPFA Prudential and Treasury Management Codes of Practice. The strategy sets out the Council's approach to managing investments, cash flows, money market and capital market transactions. The strategy provides a framework for the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with those risks.
- 4.17 The Treasury Management Strategy for 2020/21 reflects the Council's capital expenditure plans as set out in the Capital Strategy. Also highlighted is the position in relation to prudential indicators arising from the Council's capital expenditure plans. As well as borrowing and investment strategies, the Treasury Management Strategy also covers the current treasury position, economic outlook and interest rate forecasts, risk and creditworthiness. Finally, the strategy also includes the Council's policy on borrowing in advance of need and the Minimum Revenue Provision (MRP) Policy Statement.
- 4.18 In accordance with the latest Prudential and Treasury Management codes, the Capital and Treasury Management Strategies clarify the Council's approach to both treasury and non-treasury investments.

Income Strategy 2020/21 to 2024/25

- 4.19 On 16 December 2019 Cabinet approved an updated Income Strategy for the Council. The strategy details the approach that the Council will take with regard to income generation and covers all material sources of revenue that finance day to day service provision including:
- Government Grants;
 - Council Tax;
 - Business Rates; and
 - Fees, Charges and Other Contributions.

4.20 The strategy also considers:

- Investment Opportunities;
- Opportunities relating to traded services and other chargeable activities; and
- The process for setting charges and collection efficiency.

4.21 The approval of this policy formalised the approach to income activities and has been a key element in framing the budget setting process for 2020/21.

Commercial Property Investment Strategy

4.22 On 16 December 2019, Cabinet approved a refreshed Commercial Property Investment Strategy. The strategy sets out a framework to secure long-term investments and to generate a sustainable income stream for the Council by way of rental income from new property assets and from its existing non-operational property portfolio held specifically for income generation purposes. The strategy aims to improve the financial resilience of the Council by diversifying the range of revenue streams that can help finance the provision of services. As opportunities are considered, they are reported on a case by case basis to the Council's Corporate Property Board which has delegated authority to approve any acquisitions based on market analysis and thorough due diligence.

Housing Revenue Account

4.23 A report (elsewhere on the agenda) sets out the Housing Revenue Account Estimates for 2020/21 to 2024/25 and projected outturn for 2019/20. The report also sets out the recommended dwelling and non-dwelling rents and service charge increases to be applied from April 2020. The report is a key element of the Council's overall medium-term financial strategy.

Local Taxation and Benefits Discretionary Policies

4.24 Annually, the Council reviews and updates policies covering discretionary Council Tax discounts, discretionary Business Rate relief, Local Welfare Provision and Discretionary Housing Payments. These policies provide support to local businesses and some of the poorest and most vulnerable residents within the borough. These policies operate within a legislative framework determined by various Local Government Acts of Parliament. The financial impact of these policies is fully reflected in the budget estimates presented within this report.

Reserves Policy

4.25 The Council takes a strategic approach to the creation and maintenance of reserves via its Reserves Policy. The policy is updated annually and presented to Audit Committee for consideration alongside the statement of accounts for the previous year. The report to Audit Committee also serves to improve transparency and is especially relevant given heightened interest by the National Audit Office, CIPFA and the wider media in Local Authority Financial Resilience. The subject of financial resilience is covered in more detail in Section 5 of the report and an updated forecast of the Council reserves position is presented in Section 13 of the report.

Counter Fraud and Corruption

4.26 The Council has a series of refreshed policies and procedures to support the provision of an appropriate counter fraud service to minimise fraud risks and to investigate potential fraud and corruption. The Accounts and Audit Regulations 2015 state that the Council must

have measures in place “to enable the prevention and detection of inaccuracies and fraud.” In this context, fraud also refers to cases of bribery and corruption. The budget estimates included within this report rely on effective processes for mitigating the risk of financial loss from fraud, bribery and corruption.

Risk Management Strategy and Framework

- 4.27 The Council maintains a risk management strategy and framework to manage and mitigate the impact of corporate and service risks associated with Local Authority activity and service provision. The latest risk management strategy and framework was approved by Cabinet on 16 December 2019. As is the case for counter fraud and corruption policies, the budget estimates included within this report rely on effective processes for mitigating the risk of financial loss arising from adverse events.

Major Policies and Strategies

- 4.28 The following strategies are identified as having a major influence on the allocation of resources and the development of the Council’s Medium-Term Financial Strategy for 2020/21 to 2024/25.

Community Health and Adult Social Care

- 4.29 Health and social care teams are now more closely integrated. The creation of five cluster teams across the borough where staff are co-located has been embedded for over a year. The Locality Plan developed jointly between Oldham Council and the Oldham Clinical Commissioning Group (CCG) was refreshed during Autumn 2019 and now covers the period 2019 to 2024. The plan sets out:

- A new model for health and care, which is strength based;
- Place-based integration;
- A population health management approach, using data to pro-actively manage people’s health;
- A focus on outcomes, rather than outputs;
- The development of an Integrated Commissioning Function, which will bring together and align various commissioning activities;
- The development of an Integrated Care Partnership, which will integrate provision.

- 4.30 Oldham Council and Oldham CCG continue working together under a ‘Section 75’ agreement to pool funds. Initially instigated to jointly manage the Better Care Fund, it has expanded in recent years to include the commissioning of packages of adult care. The aim is that it will move towards incorporating most of the Community Health and Adult Social Care, Children’s Social Care, Public Health and CCG Primary and Secondary Care commissioning.

- 4.31 There are clearly significant implications for the financial planning and financial management arrangements of the Council as the budgets of the Council and the CCG are more closely aligned. Traditional budget preparation and monitoring arrangements will be replaced with revised processes. Detailed work is required to ensure that any financial risk to the Council is minimised and that new working arrangements continue to demonstrate value for money. This will be progressed over the forthcoming months. However, the close working relationship between the Council and the CCG is evidenced by the £5.900m of financial support provided to the CCG by the Council (approved by Cabinet on 16 December 2019) via the Section 75 agreement which aims to enhance joint working and the integration of health and social care.

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- 4.32 During 2020/21 it is expected that the work to take forward the integration agenda will progress further. The realisation of efficiencies over future financial years arising from health and social care integration is a key strand of the MTFS.

Transformation Fund

- 4.33 The Transformation Fund allocation of £21.300m awarded to Oldham but managed by Oldham CCG has continued to support the work of transforming health and social care. The two main workstreams that have been led from the Council are Thriving Communities and Community Enablement.
- 4.34 The Thriving Communities workstream has established a social prescribing network, established around the clusters that reflects the different needs of each area. There has also been a large commission to address social isolation in the Community, using voluntary and charitable organisations to connect people to their community.
- 4.35 The Community Enablement workstream has been able to trial several schemes designed to help people in the Community, who would otherwise be taken to hospital, or help them leave more quickly. The co-location of the health and care elements of the team has led to more efficient working. It is planned to extend the schemes into 2020/21 to embed these new ways of working and demonstrate the benefits that are being achieved.
- 4.36 Another scheme that has made significant in-roads in the year is the Start Well children's service that has developed multi-disciplinary teams to teach families how they can avoid crisis and the escalation of existing conditions and thus avoid needing to be hospitalised.

Creating a Better Place

- 4.37 On 16 December 2019, Cabinet approved proposals to reprofile existing property service priorities and place corporate land and property at the centre of an ambitious plan for building new homes, creating job opportunities, and re-engaging communities and partners through property / estate co-location and collaboration. As well as these objectives, the strategy aims to significantly reduce the net cost of managing and maintaining corporate land and property assets; the savings from which are expected to make a major contribution towards closing the Council's budget reduction requirement over the medium-term. To deliver this programme, the Capital Strategy and Capital programme include an increased level of planned expenditure and investment (see report elsewhere on the agenda) to drive forward change and regeneration. The 'Creating a Better Place' initiative is part of a wider programme of transformation which is currently under development. Further details are included at paragraph 9.52 of the report.

Housing Strategy

- 4.38 On 10 July 2019, the Council approved an updated Housing Strategy. The strategy aims to provide a diverse Oldham Housing Offer that is attractive and meets the needs of different sections of the population at different stages of their lives. The strategy extends beyond simply building more homes by focussing on the dynamics between people, homes and the wider economy.
- 4.39 The strategy provides a framework to support other housing themed delivery plans relating to issues such as homelessness, residential development, private sector housing and affordable warmth. It also links in to other key Council initiatives such as regeneration through 'Creating a Better Place' and employment through 'Get Oldham Working'. The financial implications of the updated strategy are reflected in this report as well as the latest capital and Housing Revenue Account (HRA) estimates (see reports elsewhere on the agenda).

People Strategy

- 4.40 Recognising that staff are the Council's greatest asset, the overarching People Strategy is regularly reviewed and developed around four themes that focus on organisational design, building organisational capability, working towards being an employer of choice and effective people infrastructure (people, policies and processes) all of which are aligned to the Corporate Plan and underpinned by the Council's ambition, values and behaviours.

Education Provision Strategy

- 4.41 On 21 October 2019, Cabinet approved an Education Provision Strategy which seeks to ensure there are enough school places available to local children and young people. No other local or national body shares this statutory duty to secure sufficient primary and secondary schools, although to provide this the Council collaborates with schools and other partners to deliver the places needed. When seeking to manage the demand and supply of school places, Oldham Council takes into account the diverse range of provision and educational organisation arrangements that are working well and those that are not working as well. When new or changed provision is considered, the Council will seek to influence any proposals to secure high quality educational provision for its citizens.

SEND Strategy and Development Plan

- 4.42 On 18 November 2019, Cabinet approved an updated strategy for supporting children with special educational needs and disability (SEND). This strategy sets out the vision for children and young people with SEND to have a range of support and opportunities available to enable them to become confident individuals, effective communicators, successful learners and responsible citizens, to remain healthy and to achieve the life outcomes to which they and their families aspire.

Green New Deal Strategy

- 4.43 For 2020/21, the Council's existing Climate Change Strategy will be replaced by a new five-year Oldham Green New Deal Strategy. The new strategy will set two targets for carbon neutrality – for the Council as an organisation by 2025 and for the borough as a whole by 2030.
- 4.44 The Oldham Green New Deal Strategy will focus on meeting these targets through a programme of investment in the green economy in Oldham, which will include physical assets such as solar power and low carbon heat infrastructure; innovative approaches to energy generation and consumption for the Council and strategic partners through the creation of a Local Energy Market; building the Green Technology and Services business sector in the borough to 'green' the wider economy; and the Northern Roots project which will create a tourist and business attraction of national significance in the shape of a 165-acre eco-park at Snipe Clough, adjacent to Alexandra Park. The new strategy is still being developed and will be considered by Cabinet in March 2020.

ICT Strategy

4.45 The Council's ICT strategy has been refreshed to ensure it supports the delivery of a customer focused service and is aligned with the Council's Transformation Programme; particularly assets, workforce development and digital by design themes. The ICT Strategy has four identifiable elements:

- Delivering Resident Focussed Services;
- Creating an Agile and Efficient Council;
- Harnessing the Power of Data; and
- Strengthening Governance and Capability.

Information Management

4.46 There are several Information Management policies in place covering Data Protection, Freedom of Information, Environmental Information, Information Risk and Security, Records Management and Transparency. All policies and protocols are designed to ensure the Council and its partner organisations comply with legislative requirements and are protected from reputational risk, enforcement action and monetary penalties by the Information Commissioner's Office.

Other Policies and Strategies

4.47 A summary of other major Council policies and strategies all of which link to and influence the financial planning arrangements of the Council is provided in **Appendix 1**.

5 Local Government Finance Developments and Financial Resilience

5.1 This section of the report highlights recent developments specifically within the Local Government finance arena. Also included is a commentary on the issue of financial resilience which remains topical as Local Authorities continue to deal with the consequences of rising service demand and a decade-long period of funding reductions.

Local Government Finance and the 2019 Spending Review - Housing, Communities and Local Government Parliamentary Select Committee Inquiry

5.2 On 21 August 2019, the Select Committee published the findings of its inquiry into Local Government Finance and the 2019 Spending Review. Its detailed report considered evidence from across the Local Authority sector including a response submitted by Oldham Council in April 2019.

5.3 Whilst the Government has outlined funding levels for 2020/21 in its one-year spending round, it remains challenging to plan effectively for the medium-term in the absence of any individual Local Authority funding estimates for 2021/22 onwards.

5.4 Other findings from the report are as follows:

- Local Government spending is much lower in real terms than it was in 2010. The sector has had little choice but to cut back on the non-statutory services it provides. Net expenditure on planning & development and housing services has more than halved and net spending on highways & transport and cultural & leisure services is down more than 40%. Increasing demand for adult social care means that this trend is set to continue in the absence of additional funding;

- The move to business rate retention has made the Local Government finance system more complex, less transparent and has increased risks for some Councils. MHCLG needs to reform and make substantial changes to the business rate retention system;
- Central Government policy has been inconsistent. NHS funding was protected but funding for adult social care was not;
- Councils were initially incentivised to freeze Council Tax but there is now a Government assumption that they will increase it above inflation. The lack of any Council Tax revaluation since the early 1990s also means that Council Tax is becoming disconnected from property values;
- The rising demands of social care (both for adults and children) are placing Local Government under increasing financial pressure. These services help some of the most vulnerable in society so must be properly funded;
- There is a lack of clarity about what is expected of Local Government. This ambiguity makes it difficult to clearly determine how much additional funding the sector needs. In the short-term local government needs increased support from Central Government, but over the medium to longer term other solutions are needed to ensure that Local Government is financially sustainable;
- Devolution of more responsibilities and revenue raising powers to Local Government has the potential to improve the financial sustainability of the sector and allow better and more integrated services for the public.

5.5 Many of the issues outlined above resonate with the Council as they can be specifically identified as a key determinant of the current financial challenge being faced.

Consultation regarding the financial transparency of Local Authority maintained schools and academy trusts

5.6 This consultation provided an opportunity to comment on proposals that aim to improve transparency of the financial health of Local Authority maintained schools. The Government expressed the view that transparency measures used in academies are generally stronger than those in the maintained school sector. The consultation therefore focussed on using or adapting existing academy measures to help change and improve maintained schools' financial transparency and financial health. The Council provided a response to the consultation in September 2019.

5.7 In line with its own policies on transparency, the Council is supportive of action which will provide more detailed information about the funding and related expenditure within schools and will make available any assistance required to meet new disclosure requirements.

Review into the arrangements in place to support the transparency and quality of Local Authority financial reporting and external audit (The 'Redmond' Review)

5.8 In September 2019, the Secretary of State for Housing Communities and Local Government commissioned an independent review of the effectiveness of audit in Local Authorities together with an assessment of the transparency of financial reporting delivered to users of annual reports and accounts. A call for evidence was a key part of the review in determining whether the requirements of the Local Audit and Accountability Act 2014 are being fulfilled. The review also seeks to test the assurance processes in place regarding value for money arrangements together with financial resilience in local authorities. The Council provided a response to the review in December 2019.

5.9 Whilst the consultation has only recently closed, the Council envisages an outcome that would lead to a change in the focus of Local Government audits resulting in less emphasis on technical accounting issues and more emphasis on financial resilience.

CIPFA Financial Management Code

- 5.10 On 15 March 2019, CIPFA published a consultation on its proposed Financial Management Code that would support its Financial Resilience Index. This consultation concluded on 30 April 2019 with the formal Financial Management Code being published in October 2019. The objectives of this code are “to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability”.
- 5.11 The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to:
- Financially manage the short, medium and long-term finances of a Local Authority
 - Manage financial resilience to meet foreseen demands on services
 - Financially manage unexpected shocks in their financial circumstances
- 5.12 The Financial Management code builds on the success of the CIPFA Prudential Code which requires Local Authorities to demonstrate the long-term financial sustainability of their capital expenditure. The Code is also consistent in that it is based upon principles rather than prescriptions and each Local Authority must demonstrate that they meet the requirements of this Code.
- 5.13 Local Authorities are expected to apply the requirements of the Financial Management Code by 1 April 2020. The Code will therefore provide Local Authorities with a platform for good financial management throughout 2020/21. It is however, noted by CIPFA that Authorities will need to ensure that their governance and management styles fit the requirements of this Code and as such, have indicated that the implementation date of 1 April 2020 is for the commencement of a shadow year. It is therefore expected that by 1 April 2021, Local Authorities are fully compliant with this Code.
- 5.14 The Finance Service is undertaking work to ensure its compliance with this Code and can already evidence it meets many of the requirements. The detailed guidance notes to inform the headline requirements have yet to be issued and once received then a full assessment of any changes can be made. The Finance Service expects to be fully compliant by 2021/22. Any changes required by the wider organisation will also be subject to review.

Fair Funding Review

- 5.15 The Fair Funding review of the Local Government finance system has been underway for several years. The purpose of the review is to examine and update the system for allocating resources among Local Authorities; taking account of relative need and the ability to generate resources locally through taxation. The original timetable set for the review indicated that a new system would be in place for 1 April 2020. However, shortly after the 2019 Spending Round announcement, the Government stated that the implementation of the review findings would be delayed by a year to 1 April 2021. At the LGA Local Government Finance Conference on 7 January 2020, the Minister for Local Government, Luke Hall MP stated good progress was being made with the review and that the Government will continue to try to build consensus – or at least the recognition and confidence that everything has been thoroughly tested – as decisions are made to narrow the range of options for the future of local authority funding.

Business Rates Reform and Revaluation

- 5.16 The Business Rates retention system is likely to change significantly in the medium term. As with the Fair Funding review, the Government has postponed a reset of the system by one year until April 2021. The reset may be full or partial but will result in Business Rates gains and losses being redistributed across all Local Authorities. The reset may also be accompanied by reform of the system to make it simpler to administer and reduce financial risk associated with Business Rates appeals. At the LGA Local Government Finance Conference, the Minister recognised there are questions about some aspects of the way the system operates – like the volatility caused by Business Rates appeals; like whether all Councils benefit from the same opportunity for reward; and whether there could be stronger incentives for Councils to work together across their areas. The Government has also committed to carrying out a fundamental review of the Business Rates tax itself and is seeking views from Councils administering the system.
- 5.17 Also delayed to the same date is the plan to move to 75% rates retention nationally (currently 50%) which is expected to result in the end of the Greater Manchester 100% Business Rates Retention Pilot Scheme.
- 5.18 In addition, Business Rates revaluation is also planned for implementation in April 2021 which will affect the amount of Business Rates paid by the occupiers of commercial premises.
- 5.19 The impact of resetting the system accompanied by a move to 75% rates retention is reflected in the medium-term forecasts presented later in this report.

NHS Foundation Trusts Business Rates Claim

- 5.20 For several years, a number of NHS Foundation Trusts claimed they were entitled to a discount on their Business Rates, and rebates worth up to £1.5bn, on the basis they should have been classified as charities. The claim resulted in a lengthy legal dispute between several Foundation Trusts and 47 Local Authorities. On 12 December 2019, the High Court ruled against the Foundation Trusts, ordered them to pay the Councils' full costs and refused leave to appeal. Although Oldham Council was not a party to the legal case, the result is welcome as it removes a significant element of uncertainty in relation to Business Rates revenue forecasts which, had the case found in favour of the Foundation Trusts, resulted in a significant loss of revenue for the Council. Foundation Trusts still have the opportunity to appeal directly to the Court of Appeal, but it is not yet clear whether they will do so.

Financial Resilience

- 5.21 In order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) is required to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial resilience of the Council to be taken. It also reports on the consideration by the Director of Finance of the affordability and prudence of capital investment proposals. The level of general balances to support the budget and an appropriate level of Earmarked Reserves maintained by the Council in accordance with the agreed Council Policy on Earmarked Reserves, are an integral part of its continued financial resilience supporting the fiscal stability of the Council.

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- 5.22 There have been several reports issued on the subject of financial resilience within Local Authorities alongside the publication by the Chartered Institute of Public Finance & Accountancy (CIPFA) of a Local Authority Financial Resilience Index and the implementation of a Financial Management Code. These have been largely prompted by the financial failure at Northamptonshire County Council during 2018, concerns about the financial resilience of other Local Authorities and warnings issued to Councils such as Birmingham City Council and Redditch Borough Council.
- 5.23 Whilst the Council has prepared a detailed revenue budget within a five year Medium-Term Financial Strategy (MTFS), a five year capital programme and continues the closure of accounts within an appropriate timeframe allowing early focus on the coming challenges and a robust financial transformation programme, there continues to be a reliance on the use of reserves to balance the revenue budget.
- 5.24 Between 2016/17 and 2019/20, reserves of £22.937m have been used to underpin the Council's revenue budget. For 2020/21, there is another proposed use of reserves of £10.008m combined with one-off measures totalling £5.150m (as detailed later in the report). The continued use of reserves and one-off measures has had the impact of deferring the changes that are required to balance the revenue budget by on-going sustainable means. The implementation of the next phase of the transformation programme in 2020/21 is expected to begin to address this challenge. However, the expected benefits of the transformation programme will be phased over several financial years. It is anticipated that there will continue to be a need to call on reserves until the programme is complete and this could impact further on the financial resilience of the Council.
- 5.25 As detailed within the Council's Audit Completion Report, presented alongside the Statement of Accounts, the External Auditors concluded that for 2018/19 the Council had made proper arrangements to deliver financial sustainability in the medium term. However, it was also pointed out that "the use of reserves to support revenue budgets in the longer term is not sustainable, and the Council will need to ensure that its longer term financial sustainability does not deplete its reserves to unsustainably low levels". The External Auditor will be reviewing the financial sustainability of the Council as part of the Final Accounts audit programme for 2019/20.
- 5.26 Financial resilience does depend in part on the Council maintaining an adequate level of reserves and balances. The reserves position is set out in Section 13 whilst the overall position with regard to reserves and balances is presented in a report on Reserves, Robustness of Estimates, Affordability and Prudence of Capital Investments. In order to scrutinise the level of reserves held by the Council, the policy on earmarked reserves was considered by the Audit Committee in June 2019 and it is proposed to action the same review again in 2020/21 after the closure of the accounts for 2019/20.
- 5.27 It is important to note that whilst the Council is utilising reserves to support the 2020/21 revenue budget, Members can be assured that Oldham Council remains financially resilient for 2020/21 and is working hard to address the pressures that have arisen over a number of years and therefore continues to be well placed to meet the difficult financial challenges that it faces.

6 2019 Spending Round, Local Government Finance Settlement Technical Consultation, Provisional Local Government Finance Settlement and Ringfenced Grants.

6.1 A key element when determining revisions to the MTFS and the 2020/21 budget reduction requirement is the impact of Government funding announcements. Due to the issue of Brexit dominating the political agenda during 2019/20 the planned Comprehensive Spending Review was instead replaced by a one-year spending round, supplemented by a technical consultation. The Provisional Local Government Finance Settlement was delayed and finally issued on 20 December 2019. The impact of these announcements is set out below.

2019 Spending Round

6.2 On 4 September 2019, the Government presented a one-year 'fast tracked' Spending Round for 2020/21 budgets so that Government departments could prioritise the issue of Brexit. A full multi-year spending review, originally expected in 2019, is now anticipated to be undertaken in 2020. Key funding announcements from September affecting Local Government included:

- No reductions in departmental day to day budgets meaning general grant funding for Local Authorities will be 'rolled over' from 2019/20 to 2020/21;
- The continuation of £2.5bn of existing 2019/20 Social Care Grants into 2020/21 (this meant for Oldham the continuation of £10.858m of improved Better Care Funding and Winter Pressures Grant as well as £1.917m of Social Care Support Grant);
- An additional £1bn grant for Adult and Children's Social Care (an additional £5.037m for Oldham);
- Consultation on the continuation of the 2% Adult Social Care Precept enabling Councils to access a further £0.5bn;
- £422m for homelessness and rough sleeping including an additional £54m in 2020/21 (£0.164m and £0.037m for Oldham);
- The promise of a real terms increase in the Public Health Grant;
- The NHS contribution to Adult Social Care, through the Better Care Fund increasing by 3.4% in real terms in line with the overall NHS long term settlement;
- Increases in the Schools budget by £2.6bn in 2020/21, £4.8bn by 2021/22 and £7.1bn by 2022/23. The minimum per pupil amount for 2020/21 has increased to £3,750 (from £3,500) for primary schools and £5,000 (from £4,800) for secondary schools, with the primary school's minimum per pupil amount then rising to £4,000 in 2021/22 as reflected in **Appendix 2** – Dedicated Schools Grant Extract;
- An increase in High Needs Funding for Schools by more than £700m in 2020/21 to support Children and Young People with Special Educational Needs.

Local Government Finance Settlement 2020/21 - Technical Consultation

6.3 After publication of the 2019 one-year spending round, the Government issued a technical consultation on the 2020/21 Local Government Finance Settlement. In addition to a series of questions concerning the distribution of resources, Council Tax referendum principles and the future of New Homes Bonus, the Government published indicative allocations for 2020/21 Social Care Grant, which for Oldham meant additional grant of £5.037m. The Council provided a response to the consultation in October 2019 to request changes to the methodology for distributing social care funding to take full account of the ability to raise Adult Social Care Precept revenues locally.

Provisional Local Government Finance Settlement (LGFS)

- 6.4 The 2020/21 Provisional LGFS was released on 20 December 2019. It was announced by the Secretary of State for Housing, Communities and Local Government the Rt. Hon Robert Jenrick MP, and set out the Government's formal proposals for the funding of English Local Authorities in 2020/21. The Provisional LGFS covered the 2020/21 financial year only. It provided no information in relation to the Fair Funding review which will lead to the implementation of a new Local Authority funding system from 2021/22.
- 6.5 Included in the Provisional Settlement was key funding information for Local Authorities in relation to:
- The Settlement Funding Assessment;
 - Confirmation of baseline funding levels for 2020/21;
 - Council Tax referendum limits;
 - New Homes Bonus Grant allocations for 2020/21; and
 - Confirmation of previously notified 2020/21 grants.
- 6.6 As this was the Provisional Settlement, Councils had the opportunity to submit consultation comments. The Government issued specific consultation questions in relation to the Settlement for which the Council provided a response by the deadline of 17 January 2020.
- 6.7 The Final Local Government Finance Settlement has yet to be notified and the timing is yet unclear. In previous years this has been early to mid-February. This will give confirmation of grant notifications already received although there may be some variation in levels of funding. Any revisions to grant will be incorporated into the financial forecasts as appropriate.

Settlement Funding Assessment

- 6.8 The Settlement Funding Assessment (SFA) is a Government calculated figure which includes the Revenue Support Grant (RSG) and the Baseline Funding Level (BFL). The BFL comprises Business Rates Top Up Grant (the main unringfenced grant) plus the Government's assessment of Business Rates that can be collected locally (known as Business Rates Baseline). GM Districts do not currently receive any RSG as it is included within the funding arrangements for the Greater Manchester 100% Business Rates retention pilot scheme.
- 6.9 The figures now presented in the Provisional LGFS and the following table show a national increase in SFA from £15.958bn in 2019/20 to £16.198bn in 2020/21. This represents a 1.50% increase in national funding. This is in the main due to the revision of the Small Business Rates Multiplier from 49.1p in 2019/20 to 49.9p in 2020/21, an increase of 1.63%.

Table 2 – National Position

2019/20 £m	SFA for England	2020/21 £m
15,958	Settlement Funding Assessment	16,198
	of which:	
653	Revenue Support Grant	1,613
15,305	Baseline Funding Level	14,585

Note: Government figures present Revenue Support Grant amounts differently for each year due to some business rates retention pilot schemes ceasing at the end of 2019/20 so any comparison needs to be made on the total SFA figure

Oldham Council

- 6.10 The Oldham SFA presented in the table below shows an increase of £1.311m from £96.899m in 2019/20 to £98.210m in 2020/21. This represents a 1.35% increase, lower than the increase in overall national funding. This is due to the Public Health Grant, included within Oldham's SFA figures not yet having been revised to reflect a real terms increase for 2020/21.

Table 3 – SFA for Oldham

2019/20 £000	SFA for Oldham	2020/21 £000
96,899	Settlement Funding Assessment of which:	98,210
0	Revenue Support Grant	0
96.899	Baseline Funding Level	98,210

- 6.11 The table below shows the contingent elements included in the Government's Settlement Funding Analysis figures with only the Baseline Funding Level and Revenue Support Grant being uplifted in line with the Business Rates multiplier increase.

Table 4 – SFA Detail for Oldham

Funding Stream	2019/20 £000	2020/21 £000	Change £000
Baseline Funding Level	63,753	64,792	1,039
Revenue Support Grant	16,701	16,973	272
Public Health Grant	16,445	16,445	0
Total Settlement Funding Assessment	96,899	98,210	1,311

- 6.12 Whilst the SFA figures for Oldham show an increase of £1.311m it is important to note that the change in SFA is not supported by a corresponding increase in grant funding and the actual financial implications of the settlement are included in the following paragraphs.

Core Spending Power

- 6.13 Published alongside the Provisional LGFS is the Government's estimate of Core Spending Power (CSP). This is the Government's assessment of the expected revenue resources available to Local Authorities in 2020/21 based on Office of Budget Responsibility estimates.
- 6.14 The Provisional LGFS includes detail by individual Authority and the amounts for Oldham are shown in the table below.

Table 5 – Core Spending Power for Oldham

2019/20 £000	Core Spending Power for Oldham	2020/21 £000
188,358	Core Spending Power	199,990

- 6.15 Whilst the settlement Core Spending Power implies the Council has £11.632m more resources than in 2019/20, the Government's CSP figures include assumptions as to the growth of the Council Tax Tax Base and annual tax increases (2% for general Council Tax and 2% for the Adult Social Care Precept) that are not in line with the Council's own budget assumptions and estimates.

Unringfenced Main Government Grants

Business Rates Top Up

- 6.16 Business Rates top up grant for 2020/21 is £41.048m as notified in the Provisional LGFS. This differs from the original estimate for 2020/21 which had assumed the implementation of 75% Business Rates Retention nationally which, as detailed at paragraph 3.33 has now been deferred until 2021/22. However, when calculated on a like for like basis, there is an increase in grant compared with 2019/20 allocations.

Grants in Lieu of Business Rates

- 6.17 Grants in lieu of Business Rates are now forecast to be £11.230m for 2020/21. This represents compensation for historic Government policy announcements and events that have the impact of reducing the amount of collectable Business Rates revenue. These grants are effectively a substitute for Retained Business Rates income. Grant compensation has arisen from policy announcements that have included:

- Caps on increases in the Business Rates multiplier for 2014/15, 2015/16 and post 2018/19;
- The doubling of Small Business Rates Relief (SBRR) and threshold changes for 2020/21;
- The additional SBRR compensation for loss of supplementary multiplier income;
- The continuing cost of providing the retail discount; and
- Other small reliefs for discretionary schemes and supporting small businesses.

- 6.18 The compound effect of these changes coupled with the impact of appeals means the calculation of these amounts has become incredibly complex and burdensome. Final figures are derived from the Council's Central Government return (NNDR 1) which was submitted by the due date of 31 January 2020. However, the variation in the grants from the original estimate has resulted in an equal and opposite adjustment to Retained Business Rates income. The impact of further small business rate relief discounts will be calculated separately but will also result in no net variation to the overall budget.

Revenue Support Grant and Public Health Grant

- 6.19 As part of the arrangements for participating in the GM 100% Business Rates Retention Pilot Scheme, the Council no longer receives separate funding allocations for Revenue Support Grant and Public Health Grant. Furthermore, the ringfence that normally applies to Public Health Grant funding has been removed. This funding has been replaced by a higher level of Retained Business Rates and Top Up Grant. The equivalent level of funding rolled into the 100% Business Rates Retention Pilot Scheme is Revenue Support Grant of £16.973m and Public Health Grant of £16.445m. The Provisional LGFS provided indicative Public Health Grant allocations at 2019/20 levels pending confirmation of 2020/21 amounts by the Department of Health. Should the Public Health Grant increase upon formal notification then this will be passported in full to the service.

Other Unringfenced Government Grants

Improved Better Care Fund

6.20 The Provisional LGFS confirmed the Improved Better Care Fund for 2020/21 in line with that of which the Council has already been notified at a value of £10.858m. This figure has now been presented as a single allocation replacing the grants formerly identified as:

- Improved Better Care Fund – Settlement 2015 £8.150m
- Improved Better Care Fund – Spring Budget 2017 £1.586m
- Winter Pressures Grant £1.122m

6.21 Of this funding, the £8.150m Improved Better Care Fund announced in the 2015 settlement had previously been assumed to continue but the additional Improved Better Care Fund at a value of £1.586m per annum and the Winter Pressures Grant at a value of £1.122m were originally only guaranteed up to 31 March 2020 and were assumed to cease from 2020/21. Hence this announcement increases the total grant to be received in 2020/21 by a combined £2.708m. In line with previous years, this funding will be passported directly to Community Services and Adult Social Care.

Social Care Support Grant

6.22 The Provisional LGFS also confirmed 2020/21 Social Care Support Grant. This grant has been provided in response to Local Authority concerns with regard to pressure on Adult and Children's Social Care services. Whilst the Council received £1.917m Social Care Support Grant in 2019/20 it was not expected to continue. This is therefore a new grant for 2020/21 and is £5.037m more than was received in 2019/20. It provides resources of £6.954m higher than previously anticipated. The grant is not ringfenced and conditions or reporting requirements were not attached to the use of the funding. Consequently, this grant will support Council investment in Children's Social Care and Adult Social Care in 2020/21 as well as compensate the Council for its previous investment in these service areas.

Independent Living Fund Grant

6.23 The Council took over responsibility from Government for the functions associated with the former Independent Living Fund during 2015. The Provisional LGFS has confirmed that this grant will continue however individual Authority allocations have not been provided. The Government has however confirmed that the national amount remains the same as in 2019/20 and the estimates for Oldham have been updated to reflect this continuation, thus increasing the assumed grant by £0.080m to a value of £2.580m. This funding has been passported in full to the service as previously approved as part of the 2016/17 budget process.

New Homes Bonus Grant

6.24 The 2020/21 LGFS Technical Consultation document proposed amendments to the New Homes Bonus Grant through an adjustment to the variable baseline growth element of the grant.

6.25 The Secretary of State, following consultation feedback, has decided not to make any changes to the payments baseline resulting in no change to the calculation methodology. For 2020/21 Oldham Council will receive a New Homes Bonus Grant allocation of £0.598m which is £0.240m more than previously forecast due to higher than expected house building in 2019/20.

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- 6.26 The Secretary of State has announced that the Government will consult in Spring 2020 on the future of the New Homes Bonus as a housing incentive. The Government consultation will consider the movement to a more targeted approach which rewards Local Authorities where they are ambitious in delivering new homes and which is aligned with other measures around planning performance.

Homelessness Funding

- 6.27 In line with the Chancellor's confirmation that there will be £422m of specific funding to address homelessness and rough sleeping, grant matching at least the level received in 2019/20 will continue in 2020/21. Originally, the £0.194m Flexible Homelessness Support Grant received in 2019/20 was expected to be provided on a one-off basis. However, this has now been confirmed to continue in 2020/21. In addition, the Government announced a further £0.164m of Homelessness Reduction Grant. These grants totalling £0.358m for 2020/21 will be passported directly to the Strategic Housing service.

Rough Sleeping Initiative Grant

- 6.28 On 28 January 2020 the Government provided the Council with a new allocation in regard to 2020/21 Rough Sleeping Initiative funding. The Council will receive £0.037m to provide support and further reduce rough sleeping. As with funding for Homelessness, this grant will be passported to services.

Housing Benefit Administration Grant

- 6.29 The Government will continue the payment of this unringfenced grant which compensates Local Authorities for the administration of the Housing Benefit system. The Department for Work and Pensions has notified that the grant will be £0.778m for 2020/21 (£0.077m higher than originally anticipated).

Council Tax Administration Grant

- 6.30 The Government provides an unringfenced grant which compensates Local Authorities for the administration of the Council Tax system. The original February 2019 budget estimates for 2020/21 assumed this funding would continue to reduce in line with previous years. However, the Government, on 29 January 2020, provided provisional 2020/21 allocations (to be confirmed April 2020) which have not dropped as steeply as previous years providing an additional £0.020m of funding. This is being deployed to reduce the Council's budget reduction requirement.

Department for Work and Pensions (DWP) New Burdens Grant

- 6.31 The Department for Work and Pensions (DWP) provides funding allocations to support the implementation of new incentives in relation to the administration of benefits. The DWP has given notification that the grant for 2020/21 will be at a value of £0.122m.

Lead Local Flood Authority Grant

- 6.32 The Council, as a Lead Local Flood Authority also receives a grant from the MHCLG and on 13 June 2017 received confirmation of 2017/18 allocations and provisional funding allocations up to the 2019/20 financial year. The estimates in the MTFs assume funding continues into 2020/21 as per previous allocations at a value of £0.012m in 2020/21.

Summary of Other Unringfenced Government Grants

- 6.33 A summary of all other notified / anticipated unringfenced grants is shown in Table 6 below. Total funding equals £22.657m which is £10.596m higher than the forecasts presented to Council on 27 February 2019.

Table 6 – Other Unringfenced Government Grants

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Improved Better Care Fund Grant	8,150	2,708	10,858
2020/21 Social Care Support Grant	0	6,954	6,954
Independent Living Fund (ILF) Grant	2,500	80	2,580
New Homes Bonus Grant	358	240	598
Flexible Homelessness Support Grant	0	194	194
Homeless Reduction Grant	0	164	164
Rough Sleeping Initiative Grant	0	37	37
Housing Benefit Administration Grant	701	77	778
Council Tax Administration Grant	340	20	360
Department for Work and Pensions (DWP) New Burdens Grant	0	122	122
Lead Local Flood Authority Grant	12	0	12
Total Other Unringfenced Government Grants	12,061	10,596	22,657

Council Tax & Referendum Limits

- 6.34 Also included within the Provisional LGFS was information regarding Referendum Limits for Council Tax increases.

Council Tax Increases

- 6.35 Within the 2020/21 Provisional LGFS, the Government confirmed the referendum limit for general Council Tax at a maximum increase of 2% for 2020/21. This is 1% lower than for 2019/20. As in previous years, Parish Councils remain excluded from the referendum limits.

Adult Social Care Precept

- 6.36 The threshold for Adult Social Care (ASC) Precept increases is at a maximum of 2% for 2020/21. There remains a requirement to evidence that the funds generated from this precept are used to finance Adult Social Care expenditure.

Mayoral Combined Authorities

- 6.37 Following the consideration of previous consultation responses, the Government proposes not to set Council Tax referendum principles for Mayoral Combined Authorities in 2020/21. The Greater Manchester Combined Authority considered its initial budget position on 31 January and has agreed in principle a precept increase of £14. This will be confirmed at a meeting on 14 February.

Police and Crime Commissioners

- 6.38 The Government has set Council Tax referendum principles for Police and Crime Commissioners (including the GM Mayoral Police and Crime Commissioner Precept). This information was provided alongside the Police Funding Settlement on 22 January 2020. The Government has given Police and Crime Commissioners the flexibility to increase funding by setting the Council Tax referendum limit to £10 for a Band D property. At a meeting on 31 January the GMCA Police and Crime Panel agreed in principle to increase the precept by £10. The position will be confirmed at a meeting on 14 February 2020.

Ringfenced Grants

- 6.39 The estimates underpinning the Council's MTFS are based on ringfenced grants being allocated to fulfil their intended purpose. Such grants include the Dedicated Schools Grant, the Troubled Families Grant, Housing Benefit Subsidy Grant and Discretionary Housing Payments. Ringfenced grant assumptions are based on the allocations that have been notified by the funding body. It is important to note that any spending above the ringfenced grant level can impact on the Council's financial position. It is essential that services funded by ringfenced resources are managed with the same level of challenge and scrutiny as those funded by general resources.

Dedicated Schools Grant

- 6.40 The Dedicated Schools Grant (DSG) is a ringfenced grant payable to Local Authorities by Government for the funding of schools. For several years, the Government has been changing the way it distributes schools funding via the DSG from locally agreed arrangements towards a standard means of allocating resources. This is known as the National Funding Formula.
- 6.41 On 16 December 2019, Cabinet considered a report regarding the Schools National Funding Formula which explored how funding for Schools and Academies should be distributed in 2020/21. The overall DSG allocation has now been confirmed at £262.121m. Further details regarding that report and the DSG is included in **Appendix 2**.

Troubled Families Programme

- 6.42 The Troubled Families Programme aims to support families with deep rooted problems. It provides much-needed support to get people's lives back on track. The current Troubled Families Programme was rolled out in England in April 2015 and replaced the first programme which had been in place since 2012. The current programme was due to end in March 2020. On 5 January 2020, the Secretary of State for Housing, Communities and Local Government announced £165m of funding to enable the programme to continue in 2020/21. Funding is provided via devolved arrangements through the GMCA although specific District allocations have yet to be determined and it will be incorporated into the budget upon notification.

Housing Benefit Subsidy Grant

- 6.43 The Council receives Housing Benefit Subsidy Grant funding from the Department for Work and Pensions (DWP). Allocations are determined on the submission of a Local Authority's initial estimate for its anticipated levels of rent allowances and rent rebates within a financial year. A revised estimate takes place mid-year. In addition to these estimates the DWP also allocates an amount for the administration of the scheme which is based on the number of new housing benefit claims and overall caseload.
- 6.44 In 2019/20 the Council is currently forecasting £50.433m of funding for Housing Benefit from the DWP. This allocation is likely to be reduced during 2020/21 as Housing Benefit caseloads fall as a direct result of the transition to Universal Credit (UC). The estimated 2020/21 position will be captured following the Council's submission of updated information in accordance with the statutory deadline of 1 March 2020.

Discretionary Housing Payments (DHP)

- 6.45 The Council is awaiting notification of DHP grant allocations for 2020/21. For the 2019/20 financial year, the amount received by the Council was £0.638m and it is expected that the allocation for 2020/21 will be at a similar level. When received, this will be treated as a ringfenced grant as Authorities are required to provide a statement of grant usage and to return any unspent DHP allocation to the Government at the end of each financial year.

7 Locally Generated Income

7.1 As Government grant funding has reduced up until 2020/21, locally generated income from Council Tax and Business Rates has provided an increasing proportion of funding for Council services.

Retained Business Rates

7.2 Included within Section 3 of the report is an explanation of the operation of both the GM 100% Business Rates Retention Pilot Scheme and Business Rates Pooling arrangements for 2020/21.

7.3 The 100% Business Rates retention pilot scheme so far is proving to be a success and is generating additional gains for both Oldham, other participating Districts and the GMCA. The forecasts included in this report show a benefit to Oldham of participating in the pilot scheme of some £1.413m which will be carried forward as a reserve from 2019/20 to support the 2020/21 budget. Although Business Rates revenue growth remains uncertain, it is hoped similar gains will be available in the final year of the pilot scheme and these will be assessed as and when they occur.

7.4 The original budget estimates for 2020/21 Retained Business Rates (approved by Council on 27 February 2019) at a value of £40.040m assumed that the Government would have introduced 75% Business Rates Retention arrangements with effect from 2020/21. On 16 December 2019, Cabinet approved revised estimates including a one year continuation of the operation of the GM 100% Business Rates Retention Pilot Scheme. The Council's share of Business Rate revenues at that time were projected to be £50.547m.

7.5 Under the current Local Government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the MHCLG a locally determined and approved Business Rates forecast through the National Non-Domestic Rates (NNDR 1) return by 31 January each year. On 16 December 2019 Cabinet delegated the decision to vary the final Business Rates forecast and hence the Business Rates Tax base, if required, to the Deputy Leader and Cabinet Member for Finance and Corporate Services in consultation with the Director of Finance.

7.6 As a result of confirmation of Business Rates multipliers provided as part of the Provisional LGFS and the submission of the NNDR1 return including the calculation of grants in lieu of Business Rates (which offset adjustments to Business Rates income), a delegated decision was taken on 27 January 2020 to confirm the Business Rates Tax Base for 2020/21 at £50.424m.

Council Tax

7.7 Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. Council Tax and Adult Social Care Precept income changes each year due to changes in the tax base (increase/decrease in chargeable Band D equivalent properties), fluctuations in collection rates and the Council's annual decisions on the level of the tax.

Council Tax Tax Base

7.8 Each year the Council is required to review its Tax Base by considering the:

- numbers of properties within the boundary of the borough which determines the number of Band D equivalent properties upon which the Council Tax calculations are based; and
- anticipated level of Council Tax that will be collected known as the Collection Rate.

7.9 On 16 December 2019 Cabinet considered and approved the calculation of the Council Tax Tax Base for 2020/21. The approved tax base has increased by 970 from 56,693 to 57,663. This supports an increase in the overall level of Council Tax that the Council can use for 2020/21. The tax base calculations are summarised in **Appendix 3**.

7.10 The tax base beyond 2020/21 is estimated to increase by 500 Band D equivalent properties per annum to 2024/25 resulting from the building of new properties, fewer households claiming Council Tax Reduction support and empty properties being brought back into use.

Council Tax Policy

7.11 Members will recall that the Council Tax policy approved within the 2019/20 budget was that for 2020/21, the previous policy would continue. The Council would therefore increase Council Tax by 2% for the Adult Social Care Precept (ASCP) and 1.99% for general purposes; an overall increase of 3.99%. The capping criteria for 2020/21 as advised at paragraph 6.34 would permit this approach however, mindful of the financial position of the Authority but also the impact of a further increase in Council Tax on the citizens of Oldham, a revision to Council Tax policy is therefore proposed. Whilst the 2% increase in relation to the ASCP will continue, Council Tax for general purposes will increase by 0.99% rather than 1.99%. In overall terms the Oldham Council Tax will increase by 2.99%. This is of course subject to confirmation at Budget Council on 26 February 2020.

General Increase in Council Tax

7.12 Having regard to the revised Council Tax policy with a general Council Tax increase of 0.99%, the total 2020/21 Council Tax generated will be at a value of £87.787m.

Adult Social Care Precept

7.13 The revenue raised from the ASCP must be ringfenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care. The Government's calculation of Core Spending Power assumes this precept is levied by Oldham and by all Councils. It is proposed that the precept, which has to be highlighted separately on the face of the Council Tax bill, will be levied by the Council at a 2% increase. This will generate an additional £1.873m Council Tax income for 2020/21 (inclusive of an additional £0.015m generated from the increase to the tax base).

7.14 In addition, the increase to the tax base for 2020/21 also impacts on previous years ASCP figures and generates an additional £0.057m on top of historic amounts which will, alongside all other precept income, be passported to Adult Social Care services.

7.15 To ensure that Councils are using income from the precept for Adult Social Care, Councils are required to publish a description of their plans, including changing levels of expenditure on Adult Social Care and related services which requires sign off from the Council's Chief Finance Officer (the Director of Finance).

Increased level of Council Tax income

7.16 Taking the General Council Tax increase and the ASCP together represents an overall increase in Council Tax of 2.99% for Oldham Council services as detailed in Section 15.

7.17 Members are reminded that the Council is required to calculate its Relevant Basic Amount (RBA) of Council Tax to determine whether there is a requirement to hold a referendum about a Council Tax increase above a level that the Government considers excessive.

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- 7.18 This “excessiveness” is determined annually and for 2020/21 was detailed in ‘The Referendums Relating to Council Tax Increases (Principles) (England) Report 2020/21 (draft)’ which was published as part of the Provisional LGFS. For 2020/21, the RBA consists of an increase in the RBA of Council Tax comprising a maximum of 2% for general Council Tax plus 2% for the Adult Social Care Precept.
- 7.19 This means that locally for Oldham, the 2020/21 maximum Council Tax increase available is 4%. Any increase below 4% would not therefore be classed as excessive and as such a proposed increase of 2.99% would not trigger a referendum.

Council Tax Reduction (CTR) Scheme

- 7.20 The CTR Scheme (see report elsewhere on the agenda), sets out how the Council supports residents who qualify for assistance in paying Council Tax. Councils are required by statute to put in place a Local CTR scheme. Any changes to the scheme for the year ahead must be considered and approved annually by Council by no later than 10 March of the preceding financial year. The proposed scheme for 2020/21 is unchanged from the 2019/20 scheme. The financial impact of the Council’s proposed scheme is reflected in the Council Tax Tax Base estimates approved by Cabinet on 16 December 2019 which, in turn, underpins the budget estimates included within this report.

Council Tax Empty Property Premium

- 7.21 Following a legislative change in 2018 to the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Council currently applies a Council Tax Empty Property Premium of 100% for properties empty and unfurnished for over two years. This policy was introduced from 1 April 2019 to encourage owners of empty properties to bring properties back into use and to help mitigate the impact of reduced Central Government funding.
- 7.22 As part of the revised legislation, Councils were also given the power from 1 April 2020 to introduce additional premiums for properties that have been empty and unfurnished for between five and ten years (200%) and over ten years (300%). However, the Council has chosen not to adopt this additional increase.

Parish Precepts

- 7.23 Parish Precept income is collected by the Council on behalf of the Saddleworth and Shaw and Crompton Parish Councils. These precepts are included on the Council Tax bills of properties falling within these parish areas. The revenue collected is for the benefit of each parish and thus has no impact on the financial projections presented in this report. The revised 2020/21 Parish Precepts and the 2020/21 growth in the tax base for both parishes produces an increase of £0.002m which increases the total parish precepts to a value of £0.280m.

8 2019/20 Revised Budget and Year End Forecasts

8.1 The starting point for the consideration of the 2020/21 budget is the current 2019/20 budget position. Since the 2019/20 budget report was approved by Council on 27 February 2019, there have been a number of further one off funding allocations and amendments. These are detailed in the table below. The budget for 2019/20 has therefore increased to £228.412m as reported in the Month 8 financial monitoring report elsewhere on the agenda. The revised 2019/20 budget therefore becomes the revised base budget for 2020/21.

Table 7 – 2019/20 Revised Revenue Budget

	£000	£000
Net Revenue Budget as at 1 April 2019		215,294
Adjusted for use of reserves		8,818
Adjusted Net Revenue Budget		224,112
New One-Off Grant Funding Adjustments		
Capital Grants	2,983	
Opportunity Area Grant	1,000	
School Improvement Monitoring & Brokerage Grant	254	
Department of Health and Social Care Grants	211	
DCLG Future High Streets Fund	150	
Brexit Preparation Funding Grant	105	
Staying Put Grant	63	
Verify Pensions Earnings Service Grant	39	
Extended Rights to Free Travel Grant	36	
Extended Personal Advisor Duty Implementation Grant	21	
Retail Discounts New Burdens Grant	9	
Mayoral Grant Reduction	(571)	
Total Budget Adjustments		4,300
Total Revised Net Revenue Budget		228,412

8.2 The table below details the 2019/20 Month 8 year-end forecast position against budget for each Portfolio after the planned transfers to and from reserves:

Table 8 – 2019/20 Month 8 Year-End Forecast Position against Budget

Portfolio	Budget £000	Forecast £000	Variance £000
People and Place	62,759	64,826	2,067
Community Services and Adult Social Care	60,002	61,038	1,036
Children's Services	50,677	51,864	1,187
Reform	32,263	32,190	(73)
Commissioning	9,923	10,074	151
Chief Executive	7,645	7,393	(252)
Capital, Treasury and Corporate Accounting	5,143	2,394	(2,749)
NET EXPENDITURE	228,412	229,779	1,367

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- 8.3 The forecast outturn is an adverse variance of £1.367m and there are a range of services that are contributing to this current forecast as follows:
- 8.4 The People and Place Portfolio has a reported pressure of £2.067m within which Economic Development is reporting an overspend of £1.765m across Catering and Cleaning, Estates and Planning and Infrastructure. There is a small adverse variance in Enterprise and Skills of £0.097m and an adverse variance of £0.525m in Commercial Services where the projected non achievement of the Traded Services budget option (£0.750m) is offset by savings within ICT and Customer Services (£0.225m). The pressures are offset by a forecast underspend of £0.320m in Environmental Services.
- 8.5 Community Services and Adult Social Care is reporting an overspend of £1.036m, predominantly linked to the rising cost and demand for Community Care, offset by increases in both grant funding and income recovery from a variety of sources.
- 8.6 The pressure of £1.187m within Children's Services represents a decrease of £0.180m on the £1.367m forecast overspend reported at quarter 2. Education and Early Years is predicting a £1.455m overspend after the planned application of £0.543m of reserves, conversely Children's Social Care is now reporting a £0.268m underspend after the application of £0.469m of reserves, overturning the pressure of £0.120m reported at quarter 2.
- 8.7 Smaller variances prevail in the Commissioning Portfolio (an overall adverse variance of £0.151m), Chief Executive (a favourable variance of £0.252m) and Reform (a favourable variance of £0.073m). However, the major underspending area is Capital Treasury and Corporate Accounting at £2.749m largely due to the reprofiling of the capital programme leading to reduced spending on capital financing.
- 8.8 Management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income, thus helping to bring expenditure back in to line. Whilst it is evident that the position continues to improve, the effectiveness of management actions will continue to be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders and Senior Officers. A further reduction in the over spending is anticipated and should be evidenced in the month 9 report that will be presented to Cabinet in March. The current expectation is that there will, at the very least, be a balanced position by the end of the year.
- 8.9 However, it is evident that underspending on Capital and Treasury Management is underpinning the financial position and there are a range of underlying pressures that will need addressing for future years. Section 9 of the report deals with these matters in the context of 2020/21.

9 Base Budget Adjustments and Revisions to 2020/21 Budget Estimates

- 9.1 The Council regularly reviews the assumptions and methodologies used to calculate the budget reduction requirement as part of its Medium Term Financial Strategy. This is informed by new or updated funding notifications from Central Government, trends in inflation, other Government policy announcements and changes in issues directly under the influence of the Council. The estimates underpinning the calculation of the budget reduction requirement are based on current (2019/20) performance and service delivery levels adjusted for the financial impact of previously approved budget reductions, policy decisions, expenditure pressures, and additional burdens arising from new legislation or Central Government policy initiatives.
- 9.2 Members will recall that the initial budget reduction requirement for 2020/21 that was included in the Budget Report for 2019/20 and approved by Council on 27 February 2019 was £22.871m. This estimate was based on a series of assumptions as 2019/20 was the last year of the four year (2016/17 to 2019/20) Comprehensive Spending Review (CSR) period.
- 9.3 The overarching challenge in preparing a MTFs covering the period from 2020/21 was that Central Government has only advised of guaranteed funding allocations on major funding streams until the end of 2019/20, in line with the submission by the Council of an Efficiency Plan in September 2016. This made it extremely difficult to confidently predict the budget reduction requirement for financial years beyond 2019/20.
- 9.4 It had also been expected that a new Comprehensive Spending Review (CSR) would have taken place during 2019/20 and this would have provided the opportunity to improve forecasting over the next CSR period. As advised earlier in the report, the political uncertainty caused by the Brexit process has delayed the CSR and Government funding estimates beyond 2020/21 remain subject to revision.
- 9.5 However, during 2019/20 work has taken place to update and revise the budget reduction requirement based on a review of base budget adjustments, revised cost pressures (adverse and favourable) influenced by local and national factors and Government funding changes. The initial announcement of Government grant funding was received as part of the one-year Spending Round which was announced on 4 September 2019 with a further funding notification received on 3 October 2019 as part of the Technical Consultation on the 2020/21 LGFS. These notifications were confirmed in the Provisional LGFS on 20 December 2019 as detailed in Section 6 of this report.
- 9.6 Taking into account all of the above, this section of the report explains the revised budget estimates underpinning the calculation of the updated 2020/21 budget reduction requirement. The starting point for the calculation is the latest approved net revenue budget for 2019/20 of £228.412m. It is then necessary to exclude one-off funding adjustments of £4.300m, in line with the Month 8 monitoring position. As shown in the table below, the starting point for the 2020/21 estimates is £224.112m as approved by Council on 27 February 2019.

Table 9 – Base Budget Adjustment

Estimated revenue budget position 2020/21	2020/21 £000
2020/21 Net Revenue Budget at Month 8	228,412
Adjustment for new one off funding in 2019/20	(4,300)
Prior Year Adjusted Net Revenue Budget	224,112

Revisions to Expenditure Estimates

- 9.7 The following paragraphs present the initial revenue budget estimates for 2020/21 as calculated at February 2019, any revisions to the estimates and the updated position for 2020/21. This section of the report explains in detail how the original budget reduction requirement estimate for 2020/21 of £22.871m has been updated to a revised figure of £18.169m.

One-Off Funding Adjustments

- 9.8 There have been no changes to one-off funding adjustments that were included in the estimates approved in February 2019. The three issues highlighted as producing a net increase to the budget in 2020/21 of £2.145m are unchanged as follows.

Flexible use of Capital Receipts 2019/20

- 9.9 In 2019/20, the Council utilised £3.000m of capital receipts to finance elements of Oldham's transformational agenda. The initiatives being financed could only be supported by the use of capital receipts for one year although the associated expenditure continues into future years. Therefore, as the one-off adjustment reverses in 2020/21 it reduces resources available to the Council and increases the budget reduction requirement. There is the opportunity to again utilise capital receipts in 2020/21 which is explained in Section 11 of this report.

Adjustment for one-off funding for Early Help

- 9.10 Members will recall that in 2019/20 the Early Help service was partially financed from a one-off £0.750m revenue budget contribution to allow a review of the whole Early Help delivery model to be undertaken. This adjustment reflects the removal of that expenditure funded by one-off resources. Additional investment in the Early Help Service is covered later in this section of the report.

Adjustment for one-off 2019/20 Brexit Preparation Grant

- 9.11 The base budget figures also require adjusting for grants that were notified for 2019/20 only and therefore the associated cost is expected to discontinue. For 2019/20 the only one year grant allocation received was the Brexit Preparation Grant (£0.105m) which has not been notified as continuing for 2020/21.

Summary of One-Off Funding Adjustments

- 9.12 Table 10 therefore shows that the one-off funding adjustments initially anticipated for 2020/21 of £2.145m remain unchanged.

Table 10 – One-Off Funding Adjustments

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Flexible use of Capital Receipts 2019/20	3,000	0	3,000
Adjustment for one off funding for Early Help	(750)	0	(750)
Adjustment for one off funding in 2019/20 Brexit Preparation Grant	(105)	0	(105)
Total other base adjustments	2,145	0	2,145

2020/21 Increased Expenditure (Approved 27 February 2019)

- 9.13 A number of increases in 2020/21 expenditure were approved by Council on 27 February 2019. The reasons for these planned spending increases and revisions to the estimates are presented in paragraphs 9.14 to 9.19.

Children's Social Care Operating Model

- 9.14 There has been a dramatic increase in the cost base of Children's Social Care over the last three financial years, requiring both a reliance on reserves and additional resources to be included within the base budget. In line with both regional and national trends, demand for services has continued to grow. Recognising the need for a fundamental change in service delivery to address both operational and financial pressures, a revised Children's Services Operating Model and Structural Resources Plan was developed. This is a three-year strategic recovery plan that is designed to fundamentally address the challenges faced within Children's Social Care.
- 9.15 In addition to an increase of £4.611m in the 2019/20 revenue budget for Children's Social Care, the strategic recovery plan required a further £0.671m of resources in 2020/21 to complete the planned investment programme approved in 2019/20.
- 9.16 The recovery plan anticipates the delivery of £1.660m of operating efficiencies in 2020/21 which is reflected alongside previously approved budget reduction proposals later in this report. It is still considered that the £1.660m is deliverable. However, reserves will be set aside to support any shortfall in efficiencies in 2020/21.

Street Cleaning

- 9.17 On 20 August 2018, Cabinet approved a report allocating additional resources to support a Council initiative to promote street cleaning and enforcement. The 2020/21 impact of this decision is the requirement to include a further £0.180m within the budget.

Coroners Service

- 9.18 Members will recall that Coroners services for Oldham are provided as part of a single service for Bury, Rochdale and Oldham. The service is led by Rochdale and the Council has been informed that an additional £0.020m is required in 2020/21 (in addition to the £0.180m provided in 2019/20). The Coroner is an independent judicial office holder and not directly employed by the lead Local Authority. Consequently, the Council's influence over Coroner expenditure is limited.

Development Fund

- 9.19 The original estimates for 2020/21 included a general provision of £1.000m for budget growth items. As the budget estimates have been fundamentally reviewed and fully updated to reflect all specific adjustments, this general provision is no longer required.

Summary of 2020/21 Increased Expenditure Items (Approved 27 February 2019)

- 9.20 The changes to the estimates described above are summarised in Table 11 and show the anticipated increase in expenditure of £1.871m has reduced by £1.000m to £0.871m.

Table 11 - 2020/21 Increased Expenditure Items (Approved 27 February 2019)

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Children's Social Care Operating Model	671	0	671
Street Cleaning	180	0	180
Coroners Service	20	0	20
Development Fund	1,000	(1,000)	0
Total 2020/21 Increased Expenditure Approved 27 February 2019	1,871	(1,000)	871

2019/20 Expenditure Pressures

- 9.21 The following expenditure pressures have been identified as part of 2019/20 revenue budget monitoring process. Whilst management action is in place to mitigate these pressures and bring expenditure levels closer to the resources available, increases to the 2020/21 budget will be required in a number of service areas as set out below.

Adult's Social Care Demand Pressures

- 9.22 Revenue budget monitoring in 2019/20 has identified significant expenditure pressures within Community Health and Adult Social Care, specifically within the Learning Disability Service, with an adverse variance of £1.036m being reported at month 8. The additional pressure is the result of a general increase in client numbers coupled with an increase in clients with high cost complex care needs. Although the service benefits from the passporting of additional grant funding and Adult Social Care Precept revenues, it is anticipated that this funding will not be sufficient to cover inflationary costs (including the impact of the National Minimum Wage), underlying operational service pressures plus emerging service specific pressures including the impact on the Council of having to absorb the costs of Transforming Care. For this reason, £1.600m of extra resource in 2020/21 is therefore considered necessary.

- 9.23 The service will make every effort to manage the resources allocated efficiently and effectively, however Adult Social Care is subject to unforeseeable demand pressures. Should these arise in year, the service has earmarked reserves set aside for such instances and therefore these will be used to address any further financial challenges.

Children's Social Care Demand Pressures

- 9.24 Members will recall that significant budgetary increases have been approved in previous financial years to support the delivery of the Children's Social Care. The extra resources required to support this expenditure have largely been financed by the Council in the absence of Government grant resources.
- 9.25 There is a continuing demand for expenditure on Children's Social Care as experienced across the country. Whilst the financial position in 2019/20 estimates a year-end favourable variance, this is in relation to temporary staffing vacancies. These posts are expected to be

filled around the commencement of the 2020/21 financial year with potential further structural changes arising from new management arrangements. It is therefore deemed appropriate to support the revenue budget with additional resources of £0.220m for 2020/21.

Home to School Transport

- 9.26 The Special Educational Needs and Disabilities (SEND) Transport Service (Home to School Transport) has been experiencing significant demand increases in recent years which has been addressed with revenue budget increases of £0.782m over the last three financial years. Members will recall that Budget Monitoring reports for month 3 and month 6 considered by Cabinet have advised of further spending pressures relating to Home to School transport. Despite the introduction of new policies and procedures, spending pressures continues to increase. The month 8 financial monitoring report advises that there remains an expenditure pressure of up to £0.750m which will need to be reflected in the 2020/21 estimates.

SEND Service Pressures

- 9.27 The 2019/20 Month 8 revenue monitoring report highlights a range of pressures across numerous service areas arising from the underachievement of income coupled with specific cost pressures related to the assessment service and SEND reform activities. At present it is expected that management action will address a number of these pressures although it is anticipated £0.300m will be required to supplement the SEND budget in 2020/21.

Traded Services Budget Reduction Shortfall

- 9.28 Revenue budget monitoring reports presented to Cabinet at months 3 and 6 of 2019/20, advised Members that the approved 2019/20 Traded Services Budget Reduction proposal (CCS-BR1-228) cannot be delivered. As a result, it is necessary to reinstate £0.750m into the base budget in 2020/21.

Corporate Landlord / Investment Estate

- 9.29 For 2019/20, this service area is forecasting an overspend of £0.913m due to a combination of increased utility costs, additional cleaning charges and underachievement of income targets within the investment estate. The service is also in the process of delivering a £0.500m property and accommodation review saving approved as part of the 2019/20 revenue budget setting process (PPL-BR1-202). The saving is expected to be delivered in full albeit there are delivery challenges and work is still ongoing in this area. Management action has so far not eliminated the 2019/20 spending pressure. It is therefore anticipated that a significant element of this pressure will continue into future years hence the inclusion of £0.600m within the 2020/21 estimates.

Annual Leave Purchase Scheme

- 9.30 As part of the 2018/19 budget process, the Council removed the requirement for staff to take three days unpaid mandatory leave per annum and replaced this for 2018/19 onwards by a voluntary scheme of unpaid leave - subject to individual application and manager consideration and approval. To date the 'buy back' for the voluntary scheme has been far lower than expected. In 2018/19 this underachieved against its target and is expected to do so again in 2019/20 by £0.475m. At this stage, take up is anticipated to remain the same for 2020/21 although there is the possibility of improvement. However, it is prudent to address a pressure of £0.475m within the 2020/21 budget.

Summary of Expenditure Pressures Arising from 2019/20 Activity

- 9.31 The changes to the estimates totalling £4.695m described in paragraphs 9.22 to 9.30 are summarised in Table 12.

Table 12 – Summary of Expenditure Pressures Arising from 2019/20 Activity

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Adult's Social Care Demand Pressures	0	1,600	1,600
Children's Social Care Demand Pressures	0	220	220
Home to School Transport	0	750	750
SEND Service Pressures	0	300	300
Traded Services Budget Reduction Shortfall	0	750	750
Corporate Landlord / Investment Estate	0	600	600
Annual Leave Purchase Scheme	0	475	475
Underachievement	0	475	475
Total 2019/20 Expenditure Pressures	0	4,695	4,695

2020/21 Expenditure Pressures

- 9.32 The following expenditure pressures have been identified as part of a review of the 2020/21 budget estimates.

Pay Inflation

- 9.33 The NJC Pay Award for 'Green Book' members of staff, effective from 1 April 2020, will be determined through negotiations held nationally between the Local Government Association (LGA) and Single Status Trades Unions; Unison, Unite & GMB. The Trades Unions have submitted their pay claims for 2020. Due to present uncertainty over national minimum wage policy and related Local Government funding, The National Employers for Local Government services have informed the unions that they will not be in a position to respond to their pay claim until the Government has set out clearer expectations surrounding public sector pay awards.
- 9.34 For 2019/20, there was a full review of NJC pay spines and in addition revised grade bandings for Oldham. The original estimates included in the MTFs were in line with these revisions and assumed a 2020/21 increase of 2% (£1.347m) across the pay spine. However, due to subsequent approved pay increases for other public sector bodies at a higher rate and mindful of the Chancellor's commitment to increase the National Living Wage to £10.50 by 2024 for everyone over 21, it is prudent to revise the increase assumptions and related budgetary provision to a value of 2.5%, an increase of £0.453m. This results in a total pay award commitment of £1.800m for 2020/21.
- 9.35 As advised, the national negotiations have not concluded and should the pay award be agreed at a higher rate, then the difference will be financed from a specific reserve created for this purpose.

Local Government Pension Scheme Employer Contributions

- 9.36 Following the latest triennial review of forecast employer pension contribution levels, it has been confirmed that the Oldham employer's contribution rates to the Greater Manchester Local Government Pension Scheme will remain unchanged compared to 2019/20. Contribution rates for 2020/21 will remain at 20.6% but were originally forecast to increase to 22%. Leaving the rate at 20.6% for 2020/21 reduces the budget requirement from £1.681m by £0.681m. The estimates still provide for a £1.000m increase in pension contribution costs resulting from the expiry of savings arising from the advance payment of contributions which was approved as a reduction for the 2017/18 revenue budget (CCS-COM-044).
- 9.37 Section 10 of the budget report (Budget Reduction Proposals) includes a proposal to agree advance employer pension fund contributions for the triennial period covering 2020/21 to 2022/23. This mirrors the budget reduction proposal approved in 2017/18 although the saving is not as large (£0.700m per annum from 2020/21 to 2022/23).

DSG Inherited Liabilities

- 9.38 On Friday 11 October 2019, the Department for Education notified Councils that there would be a 20% reduction in allowable costs for historic commitments chargeable to the Central Schools Services Block of the DSG. This equates to a sum of £0.310m and relates to historic commitments including on-going pension liabilities. These costs will not cease and therefore as they cannot be charged to the DSG these must be met from the Council's revenue budget.

Investment Fund

- 9.39 A review of the Capital Programme and its financing requirement has taken place. This has had regard to recent developments including the Creating a Better Place initiative. Although the review has resulted in a £3.497m reduction in the 2020/21 estimates for capital financing costs, from £4.417m to £0.920m, it should be noted that any additional unfinanced capital investment will have the effect of reversing this and will instead add to the revenue budget requirement.

Contractual and Service Inflation

- 9.40 A review of the budget estimates for contractual price and service cost inflation has resulted in an increase of £0.754m in the original estimate from £0.896m to £1.650m. Additional budgetary provision is needed to cover inflationary increases in PFI Unitary Charges and material increases in utility costs. Further provision is also required to cover cost increases passed through to the Council from key suppliers and partners primarily as a result of pay pressures in those sectors. Given the expenditure pressures experienced in several services during 2019/20, services cannot absorb price inflation increases within existing budgets.

Summary of 2020/21 Expenditure Pressures

9.41 The changes to the estimates described in paragraphs 9.33 to 9.40 are summarised in Table 13 below and show a reduction of £1.181m, from an overall expected pressure of £8.341m to £5.680m.

Table 13 - 2020/21 Expenditure Pressures

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Pay Inflation	1,347	453	1,800
Pensions	1,681	(681)	1,000
DSG Inherited Liabilities	0	310	310
Investment Fund	4,417	(3,497)	920
Contractual and Service Inflation	896	754	1,650
Total 2020/21 Expenditure Pressures	8,341	(2,661)	5,680

Funding Passported Directly to Services

2020/21 Grant Allocations

- 9.42 The 2019/20 revenue budget included a number of grants that had only been confirmed for that financial year. The original estimates assumed that these grants would cease in 2020/21 and service expenditure would reduce in line with the grant cessation. The specific grants included:
- Continued Improved Better Care Fund (£1.586m);
 - Winter Pressures Funding (£1.122m); and
 - Homelessness Funding (£0.194m).
- 9.43 As stated in Section 6, the Government has now announced the continuation of these grants maintaining, or in the case of homelessness, increasing the 2019/20 allocations. These grants were originally passported to services and will remain so for 2020/21. It had been expected that the Homelessness Reduction Grant of £0.194m would no longer be received. The Government is to continue this grant and indeed increased it by £0.164m to a total of £0.358m. This will also be passported to services in 2020/21.
- 9.44 As detailed in Section 6, on 28 January 2020 the Government announced allocations for 2020/21 Rough Sleeping Initiative funding. Oldham Council will receive £0.037m which will also be passported to services.

Adult Social Care Precept (ASCP)

- 9.45 As previously advised, the Government permits Councils to raise additional Council Tax via an Adult Social Care Precept (ASCP). A condition of raising the precept is that the additional funding generated must be ringfenced to finance increases in costs associated with Adult Social Care. The funding is therefore passported directly to Community Services and Adult Social Care. A 2% increase to the Adult Social Care Precept (to reflect 2020/21 Council Tax Policy) will generate an additional £1.873m. The ASCP also benefits from growth in the Council Tax Tax Base. The increase in the tax base for 2020/21 results in an increase of £0.015m compared to the original February 2019 estimate of £1.858m.

ASCP Council Tax Tax Base Growth

- 9.46 Revisions to the Council Tax Tax Base also increase the funding available to the Council for decisions made to apply the ASCP in previous years since its inception in 2016/17. As with funding raised from the application of the ASCP in 2020/21, all additional funding from ASCP tax base growth will be passported directly to Adult Social Care for 2020/21. Tax base growth will generate an additional £0.114m which is £0.057m higher than the previous estimate which was at a value of £0.057m.

Parish Precepts

- 9.47 The increased Parish Precept expenditure reflects the increases in the Council Tax Tax Bases for Saddleworth and Shaw and Crompton Parish Councils. This is offset by an opposite and equal adjustment in the Council Tax generated in those areas. The tax base growth applicable to the Parish Precepts in 2020/21 generates additional resources at a value of £0.002m.

Summary of Funding Passported Directly to the Service

- 9.48 The changes to the estimates as described in paragraphs 9.42 to 9.47 are summarised in Table 14 below and show an overall movement of £3.177m from an anticipated reduction in resources of £0.987m to a net increase of £2.190m.

Table 14 - Funding Passported Directly to the Service

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Impact to Forecasts £000
Continued Improved Better Care Fund - Spring Budget 2017	(1,586)	1,586	0
Continued Winter Pressures Grant	(1,122)	1,122	0
Homelessness	(194)	358	164
Rough Sleeping Initiative	0	37	37
Passporting of Adult Social Care Precept (ASCP)	1,858	15	1,873
ASCP Taxbase Growth	57	57	114
Parish Precepts	0	2	2
Total Passported Expenditure	(987)	3,177	2,190

Invest to Save Initiatives

- 9.49 The 2020/21 budget estimates include additional budgetary provision to finance additional activity in a number of service areas which are expected to deliver savings and cost reductions in the medium to long term as part of the Council's overall Medium Term Financial Strategy. As well as supporting the overall delivery of the Council's transformation programme, additional resources are included to support two further programmes of activity which form part of the Council's overall transformation plans.

Early Intervention and Prevention Service

- 9.50 Members will recall that the 2019/20 revenue budget provided temporary funding of £0.750m pending the outcome of a review of the Early Help delivery model. This review has now concluded, and Cabinet considered a report at its meeting of 18 November 2019 centred on the procurement of Early Intervention Services as well as Health Improvement & Weight Management Services. Following approval of this report, additional revenue budget of up to £1.555m is required in 2020/21. Investment in early help and particularly preventive services is expected to mitigate future increased spending pressures in the long term.

Implementation of the transformation agenda

- 9.51 Following a review of the Council's approach to transformational change there is a requirement to increase service capacity. This will require confirmed resources of £0.930m per annum over a two-year timeframe. Previously such expenditure has been approved on a project by project basis and financed from reserves. As there is clarity of cost and timescale, it is appropriate to reflect this in the revenue budget estimates. As the activities undertaken will deliver transformational change, it is proposed that the additional costs are financed from capital receipts taking advantage of the flexibility introduced in March 2016 by the Government, allowing capital receipts to be used to finance transformation and change activities.

Creating a Better Place

- 9.52 As stated at paragraph 4.37, Cabinet approved proposals to reprofile existing property service priorities and place corporate land and property at the centre of an ambitious plan for the regeneration of the borough including the town centre, building new homes, creating job opportunities, and re-engaging communities and partners through property / estate co-location and collaboration. As well as delivering major transformation of the borough from a place perspective, the strategy is expected to deliver indicative medium to long term savings of almost £11m including an approved £0.500m property and accommodation review saving (PPL-BR1-202) for 2019/20 and a further £0.261m for 2020/21 included as a specific proposal in Section 10 of this report.
- 9.53 To put in place sufficient capacity to deliver the programme, £0.750m of resources are required in 2020/21 to provide dedicated technical and professional support. There is a further requirement for up to £0.750m of funding over the period 2021/22 to 2023/24 which is to be financed from the anticipated revenue savings generated from capital investment projects.
- 9.54 To achieve the level of revenue savings anticipated, significant up-front capital investment is required which is reflected in the Capital Strategy and Treasury Management Strategy (elsewhere on the agenda) as well as in the medium to long term estimates for capital financing costs included in the financial forecasts for 2021/22 onwards.

Summary of Invest to Save Initiatives

- 9.55 The changes to the estimates relating to invest to save initiatives outlined in paragraphs 9.49 to 9.54 are summarised in Table 15 and show an increase in expenditure of £3.235m compared to initial estimates for 2020/21.

Table 15 - Invest to Save Initiatives

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Early Intervention and Prevention Service	0	1,555	1,555
Implementation of the transformation agenda	0	930	930
Creating a Better Place	0	750	750
Total Invest to save initiatives	0	3,235	3,235

Levies

GMCA – Waste Disposal Levy

- 9.56 It is anticipated that the Council will be formally notified of the GMCA Waste Disposal levy for 2020/21 in early February 2020. There is an initial indication that the levy will reduce by a value of £0.654m. The Council had previously assumed an inflationary increase on this levy which produces an overall reduction in the estimates for 2020/21 at a value of £0.965m.

GMCA – Transport Levy

- 9.57 The GMCA will also approve its 2020/21 Transport Levy payable by the Greater Manchester Districts in February 2020. Oldham's Transport Levy is expected to initially increase by a value of £0.048m based on revised population estimates. It will then reduce by £7.263m due to a change in legislation in regard to GM Mayoral functions as detailed in paragraph 9.58 below. This results in an overall change to the estimates of £7.215m. In addition, the levy in 2019/20 was reduced by a one-off amount of £0.418m and its restoration to the base budget was anticipated in the original forecasts which cumulatively produce a net reduction of £6.797m to the 2020/21 Transport Levy.

GMCA – Transport Statutory Charge

- 9.58 Following the GMCA (Functions and Amendment) order being laid in April 2019, the GM Mayor was given further powers for transport functions. The order gave the GM Mayor the ability to make a statutory charge to District Councils in relation to transport functions (with a corresponding reduction in the Transport Levy). For 2020/21, this statutory charge is at a value of £7.263m with an equal and opposite adjustment to the Transport Levy.

Adjustment for one off funding in 2019/20 Mayoral Bus Reform Grant

- 9.59 The 2019/20 GM Mayoral General Budget and Precept included the payment of grants to the Greater Manchester districts to offset additional one-off Transport Levy costs. For the 2019/20 financial year Oldham received a grant of £0.693m to support an equivalent increase in the Transport Levy. This, as expected, is reversed in 2020/21.

Contributions to GM-Wide Activities

- 9.60 The GMCA will finalise its 2020/21 budget in February 2020 and contributions to GM wide activities are expected to be unchanged at a total value of £0.823m.

Environment Agency Local Levy

- 9.61 On 1 February 2020 the Environment Agency will provide Councils with provisional levy amounts for the 2020/21 financial year and then from 8 February 2020 onwards will advise of any amendments made as a result of changes to provisional data.
- 9.62 For planning purposes, it has been assumed that the amount will increase in line with previous years and whilst not of a significant value, £0.002m has been added to the estimates for 2020/21. This was anticipated in the original forecasts and as such does not represent a change to the estimates.

Summary of Levies/Contributions

9.63 The changes to the estimates relating to Levies described in paragraphs 9.56 to 9.62 are summarised in Table 16 and show a change of £0.917m from an initial increase in spending from £0.038m to a reduction of £0.879m.

Table 16 – Impact of Levies

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Impact £000
GMCA - Waste Disposal Levy	311	(965)	(654)
GMCA - Transport Levy	418	(7,215)	(6,797)
GMCA - Transport Statutory Charge	0	7,263	7,263
Adjustment for one off funding in 2019/20 Mayoral Bus Reform Grant	(693)	0	(693)
Contributions to GM-Wide Activities	0	0	0
Environment Agency Levy	2	0	2
Total Levies	38	(917)	(879)

9.64 The table below presents the overall expected position for GMCA levies and the Environment Agency Levy. It shows an overall reduction of £0.879m from £35.382m included in the initial estimates for 2020/21 to a revised estimate of £34.503m.

Table 17 – Levies/Contributions for 2020/21

Levy/Contribution	2019/20 Budget £000	2020/21 Budget £000	Difference £000
GMCA - Waste Disposal Levy	18,102	17,448	(654)
GMCA - Transport Levy	16,351	8,861	(7,490)
GMCA - Transport Statutory Charge	0	7,263	7,263
Contributions to GM-Wide Activities	823	823	0
Environment Agency	106	108	2
Levies/Contributions for 2020/21 and change from anticipated levels	35,382	34,503	(879)

Previously Approved and Indicative Budget Reduction Proposals

- 9.65 Members will recall that the Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2023/24 approved by Council on 27 February 2019 included a number of Budget Reduction Proposals for 2019/20 which were anticipated to generate further savings in 2020/21. Two proposals covering day care services and bus lane enforcement will generate £0.116m of savings in 2020/21 in addition to 2019/20 savings of £0.169m. The approved MTFS also included a further £4.500m of Indicative Budget Reduction Proposals for 2020/21 and a further £2.000m for 2021/22 as follows:
- Property savings/accommodation review - £2.000m in 2020/21 and a further £2.000m in 2021/22
 - Digital by Design - £1.500m in 2020/21
 - Review of Design and Assurance - £0.250m in 2020/21
 - Council Traded Services/Unity Commercial Services Review - £0.750m in 2020/21
- 9.66 Plans for the delivery of these savings have been reviewed within the context of the Council's broader programme of transformation. As a result, an element of rescoping and rephasing has been necessary which will result in savings being delivered later in the MTFS period. An overview of the Council's programme of transformation and its impact on the MTFS is presented in Section 17 of the report.
- 9.67 As stated at paragraph 9.15, the Council has invested significantly in Children's Social Care. The investment in 2019/20 was linked to the delivery of efficiencies arising from new ways of working once a new staffing structure was implemented. Whilst the staffing arrangements have yet to be fully embedded it is still expected that the delivery of £1.660m of operating efficiencies will be achieved in 2020/21. However, specific reserves will be held should there be any shortfall in delivery.
- 9.68 Previously approved and indicative budget reduction proposals are summarised in Table 18. This shows that compared to an original forecast reduction in expenditure of £6.726m, £4.500m will not be achieved in 2020/21, leaving a revised reduction in expenditure of £1.776m.

Table 18 - Previously Approved and Indicative Budget Reduction Proposals

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
2020/21 Budget Reduction Proposals approved 27 February 2019	(116)	0	(116)
2020/21 Indicative Budget Reduction Proposals approved 27 February 2019	(4,500)	4,500	0
2020/21 Children's Social Care Planned Efficiencies approved 27 February 2019	(1,660)	0	(1,660)
Updated Impact of Previously Approved & Indicative Budget Reduction Proposals	(6,276)	4,500	(1,776)

Impact of 2019 Spending Round and Provisional LGFS

9.69 The 2019 Spending Round announcement and the Provisional LGFS covered previously in Section 6 of the report means it has been necessary to fundamentally review the original funding estimates for 2020/21 considered by Council on 27 February 2019. When the original estimates were prepared, very little detail was available from Central Government to assist the Council in preparing the 2020/21 estimates. In essence the original 2020/21 estimates assumed:

- Austerity would continue resulting in the Council's spending power reducing in line with the 2016 to 2019 spending review period;
- The Fair Funding review of the Local Government Finance system would conclude and be implemented for the 2020/21 financial year;
- By 1 April 2020, the Business Rates Retention system would be reset, the Greater Manchester 100% Business Rates Retention Pilot Scheme would cease and nationally, the Government would adopt a Business Rates system based on 75% retention.

9.70 At the time the original estimates were prepared, it was not clear whether the Government would achieve spending power reductions by reducing funding or by transferring additional statutory duties or service provision to the Local Authority sector. The Provisional LGFS has now confirmed that the 2020/21 funding position will largely be based on a roll forward of the 2019/20 position. In addition, the major reform of the Local Government finance system and Business Rates retention has been delayed by one year to 2021/22 and the Greater Manchester 100% Business Rates Retention Pilot Scheme will be extended for a further year. As a result, the estimates have been revised resulting in an additional £6.664m of resource to support the 2020/21 revenue budget, which reflects the roll forward and inflationary uplift of general grant allocations. Specific changes to the estimates are summarised as follows:

- A reduction in the Budget Reduction Requirement of £23.782m for New Burdens and Service Transfers. The original forecast assumed that spending power would continue to reduce in line with the 2016 to 2019 spending review period and that this would be achieved by both the elimination of Revenue Support Grant and by the transfer of additional duties and responsibilities to Local Authorities without the provision of adequate funding
- A reduction in total funding related to Business Rates (including Public Health grant) of £17.118m as a result of the realignment of all revenues associated with Business Rates driven by the one-year delay to the reset of the Business Rates retention system and the continuation of the GM 100% Business Rates Retention pilot scheme until at least 31 March 2021.

9.71 These funding adjustments explained at paragraphs 9.69 and 9.70 are summarised in Table 19 below and show that the impact of the continuation of the Business Rates Retention arrangements but more specifically the impact of the roll forward of general Government grant funding. In overall terms there is an increase of £6.664m in funding from £96.038m to £102.702m.

Table 19 – Government Funding and Impact of 100% Business Rates Retention Continuation

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Expenditure			
New Burdens and Service Transfers	23,782	(23,782)	0
Total Expenditure	23,782	(23,782)	0
Funding			
Business Rates Top Up	55,324	(14,276)	41,048
Grants in Lieu of Business Rates	8,007	3,223	11,230
Public Health Grant	15,999	(15,999)	0
Retained Business Rates	40,490	9,934	50,424
Total Funding	119,820	(17,118)	102,702
Total 100% Business Rates Impact	96,038	6,664	102,702

Other Unringfenced Government Grants

9.72 Section 6 of the report details Government announcements included within the Provisional LGFS relating to the continuation of specific funding streams associated with the improved Better Care Fund, Social Care Support Grant, Independent Living Fund Grant, New Homes Bonus Grant, Homelessness Funding, Housing and Council Tax Benefit Administration Grants and the Lead Local Flood Authority grant. This funding now totals £22.657m, an increase of £10.596m compared to the original February 2019 estimates as detailed at paragraph 6.33.

9.73 These funding adjustments are summarised in Table 20 below.

Table 20 – Other Unringfenced Government Grants

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Total Other Unringfenced Government Grants	12,061	10,596	22,657

Council Tax Income

Council Tax

- 9.74 Section 7 of the report details the Council's policy in regard to Council Tax and the Adult Social Care Precept.

Council Tax for General Purposes

- 9.75 The approved tax base has increased by 970 from 56,693 to 57,663 which is greater than originally anticipated. However, the original planning assumption, in line with the previous Council Tax policy, was for a 1.99% general increase to Council Tax. The revised policy of a 0.99% general increase lowers the anticipated Council Tax income. The net effect of the increased tax base and the changes to the general increase to Council Tax is a reduction of £0.190m from £87.977m to £87.787m.

Adult Social Care Precept

- 9.76 Council Tax policy is to increase by 2% the Adult Social Care Precept. This precept has to be highlighted separately on the face of the Council Tax bill. This increase will generate an additional £1.873m Council Tax income for 2020/21 (inclusive of an additional £0.015m generated from the increase to the tax base)
- 9.77 In addition, the increase to the tax base for 2020/21 also impacts on previous years ASCP figures and generates an additional £0.057m on top of historic amounts which will, alongside all other precept income, be passported to Adult Social Care services.

Parish Precepts

- 9.78 The increased Parish Precept expenditure referenced at paragraph 9.47 reflects the increase to the respective Parish tax bases, prior to any changes to the actual precept for 2020/21. The tax base growth applicable to the Parish Precepts in 2020/21 generates additional resources at a value of £0.002m resulting in total Parish Precepts of £0.280m.

Summary of Council Tax Income

- 9.79 Full Council Tax rates and calculations are presented in Section 15 of this report and show, due to the change in Council Tax policy, an overall reduction in anticipated Council Tax income of £0.116m from £96.861m to £96.745m.

Table 21 – Council Tax Income

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Council Tax Income	87,977	(190)	87,787
Adult Social Care Precept 2020/21	1,858	15	1,873
Adult Social Care Precept 2016/17 to 2019/20	6,748	57	6,805
Parish Precepts	278	2	280
Total Locally Generated Income	96,861	(116)	96,745

Previously Agreed Use of Reserves

9.80 Members will recall that the original estimates for 2020/21 included the indicative use of reserves based on the 2019/20 GM 100% Business Rates Retention Pilot Scheme Gain. The revised forecasts initially remove this assumption however this is reintroduced as a means to address the budget reduction requirement and is included in Section 12 of this report.

Table 22 – Previously Agreed Use of Reserves

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Use of Reserves			
2019/20 Business Rates Pilot Scheme Gain	(1,413)	1,413	0
Total Previously Agreed Use of Reserves	(1,413)	1,413	0

Revised Budget Reduction Requirement after Adjustments to Estimates

9.81 The result of these revisions to estimates is that the comparative budget reduction requirement has reduced from £22.871m to £18.169m (a reduction of £4.702m) as illustrated at a summary level in the table below and explained in the commentary from paragraph 9.8 to 9.80.

Table 23 – Revised Budget Reduction Requirement

	2020/21 Forecasts at 27/02/19 £000	Change £000	2020/21 Revised Forecasts £000
Expenditure			
Prior Year Net Revenue Budget	224,112	0	224,112
One-Off Funding Adjustments	2,145	0	2,145
2020/21 Increased Expenditure Approved 27 February 2019	1,871	(1,000)	871
2019/20 Expenditure Pressures	0	4,695	4,695
2020/21 Expenditure Pressures	8,341	(2,661)	5,680
Passported Expenditure	(987)	3,177	2,190
Invest to save initiatives	0	3,235	3,235
Levies	38	(917)	(879)
Previously Agreed Budget Reductions	(6,276)	4,500	(1,776)
Total Expenditure	229,244	11,029	240,273
Funding			
Core Government Funding / 100% Business Rates Impact	96,038	6,664	102,702
Other Government Funding	12,061	10,596	22,657
Council Tax	96,861	(116)	96,745
Total Funding	204,960	17,144	222,104
Budget Reduction Requirement	24,284	(6,115)	18,169
Use of Reserves	(1,413)	1,413	0
Budget Reduction Requirement after Use of Reserves	22,871	(4,702)	18,169

9.82 The detailed MTFs estimates for 2020/21 summarised in the table above are shown in full at **Appendix 4**.

10 Budget Reduction Proposals

- 10.1 The approach used by the Administration for balancing the 2020/21 revenue budget has followed on from the successful processes adopted in previous years. Using the well-established Member review forum of Leadership Star Chamber, there has been a review of the financial pressures facing the Council alongside available funding and resources, with a number of revenue budget reduction proposals considered to help bridge the budget reduction requirement.
- 10.2 The revenue budget has been reviewed by Portfolio area with proposals put forward for consideration. The Portfolio areas are as follows:
- Community Services and Adult Social Care
 - People and Place
 - Children's Services
 - Reform
 - Commissioning
 - Chief Executive
 - Capital, Treasury and Corporate Accounting
- 10.3 Member support for Portfolio specific proposals has been demonstrated by each budget reduction proforma (BR1's) bearing the signatures of the relevant Cabinet member.
- 10.4 A total of seven budget reduction proposals at a cumulative value of £3.011m for 2020/21 with an FTE impact of 7.70 are now recommended for approval. These are presented in summary at **Appendix 5** and in detail at **Appendix 6**. The individual proposed budget reductions and associated values are shown in the table below.

Table 24 – Summary of Proposed Budget Reductions

	2020/21 £000	2020/21 £000
Revised Budget Reduction Requirement after Adjustments to Estimates		18,169
Adult Social Care Direct Payment Review	(150)	
Property Savings and Accommodation Review (reprofiled)	(261)	
Financial Services Redesign	(100)	
Insurance - Reduction in costs	(300)	
Treasury Management	(1,000)	
Review of Housing Benefit budgets	(500)	
Pre-payment to GMPF – Employers Contribution	(700)	
Total Budget Reduction Proposals		(3,011)
Revised Budget Reduction Requirement after Budget Reduction Proposals		15,158

- 10.5 Assuming approval of the seven budget reduction proposals, the budget reduction requirement for 2020/21 reduces from £18.169m to £15.158m.

11 Other Financing Means

- 11.1 In the absence of significant savings proposals, there is a requirement to use other financing means to eliminate the budget reduction requirement as follows:

Flexible use of Capital Receipts

- 11.2 As part of the 2016/17 LGFS, the Secretary of State for Housing, Communities and Local Government provided Local Authorities with the opportunity to use capital receipts to finance the revenue costs of transformation activity. This flexibility was then extended to 2021/22 as part of the 2018/19 LGFS. The Council intends to use up to £3.750m of capital receipts to fund elements of Oldham's transformational agenda in line with the directive guidance and therefore in 2020/21 the first £3.750m of unfettered receipts will be used to support the revenue budget via the financing of transformational projects.
- 11.3 The flexible use of capital receipts is designed to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners.
- 11.4 In order to take advantage of the change of use to capital receipts, the Council must act in accordance with the statutory guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. The Council's Flexible Use of Capital Receipts Strategy is included in the Capital Strategy presented elsewhere on the agenda.

Collection Fund Surplus

- 11.5 The Collection Fund is a statutory fund separate from the General Fund of the Council. The Local Government Finance Act 1992 (as amended) requires that the Council as the Billing Authority calculates a Collection Fund outturn estimate by 15 January each year. This may produce a Council Tax surplus or deficit which can then be distributed to the Council and the GMCA for the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services). In addition, the Business Rates surplus or deficit can be distributed to the Council and the GMCA (in respect of the Fire Services element of the Mayoral General Precept).
- 11.6 The Collection Fund forecast 2019/20 outturn projection is presented as part of the revenue monitoring reports considered by Cabinet throughout the year. The Collection Fund forecast outturn position (incorporating both Council Tax and Business Rates) has been calculated at a surplus of £1.470m. The Council's share is £1.400m which is available to support the 2020/21 revenue budget. The GMCA, as the major preceptor has been notified of its share of the surplus (£0.070m).
- 11.7 Once the Flexible Use of Capital Receipts and Collection Fund resources are factored into the revenue budget, the remaining budget reduction requirement reduces to £10.008m as presented in the table below.

Table 25 – Other Financing Means

	2020/21 £000
Revised Gap after Budget Reduction Proposals	15,158
Flexible use of Capital Receipts 2020/21	(3,750)
Collection Fund Surplus	(1,400)
Revised Gap / Budget Reduction Requirement	10,008

12 Use of Reserves

12.1 It is proposed to balance the revenue budget for 2020/21 by utilising additional reserves at a value of £10.008m as follows (all of which will increase the savings requirement for 2021/22). Specific reserves that will be utilised are:

- £1.413m of GMCA Returned Resources in relation to the GM 100% Business Rates Retention Pilot Scheme surplus.
- £3.113m of reserves relating to a refund of 2019/20 Waste Levy.
- £1.300m of additional resources made available during 2019/20 arising from benefits of the GM 100% Business Rates Retention Pilot Scheme.
- £4.182m to be funded by a one-off use of corporate reserves.

12.2 The availability of pilot scheme resources of £2.713m enable the Council to support mainstream services including inward investment and regeneration that may otherwise have had to operate with reduced resource thus restricting opportunities for taking forward the Creating a Better Place initiative.

Table 26 – Use of Reserves

	2020/21 £000	2020/21 £000
Revised Gap / Budget Reduction Requirement		10,008
Use of Specific Reserves		
Reinstate 2019/20 Business Rates Pilot Scheme Gain	(1,413)	
Waste Levy Refund	(3,113)	
Business Rates Retention Returned Funding	(1,300)	
Total Use of Specific Reserves		(5,826)
Revised Gap / Budget Reduction Requirement		4,182
Proposed Additional Use of Reserves		(4,182)
Revised Gap after Use of Other Resources & Specific Reserves		0

12.3 It is acknowledged that the 2020/21 revenue budget is underpinned by the deployment of reserves. However, there are sufficient reserves to support this contribution to balancing the 2020/21 revenue budget, thereby protecting services for as long as possible without exposing the Council to undue financial risk.

13 Reserves and Balances

- 13.1 The forecast year-end earmarked reserves position presented below reflects the estimated closing balance for 2019/20 and hence the total reserves available for the financial year 2020/21. However, this is before the proposed use of reserves of £10.008m as highlighted at Table 26.

Table 27 – Reserves Position

Earmarked Reserves	2019/20 Opening Balance	2019/20 Estimated Closing Balance
	£000	£000
Adverse Weather Reserve	(1,500)	(1,500)
Balancing Budget Reserve	(8,818)	(10,008)
Council Initiatives Reserve	(4,514)	(3,289)
Demand Changes Reserve	(2,000)	(2,000)
Directorate Reserves	(2,767)	(2,085)
District Executive Reserves	(732)	(509)
Emergency and External Events Reserve	(2,751)	(2,681)
Fiscal Mitigation Reserve	(14,975)	(13,140)
Insurance Reserve	(14,529)	(12,165)
Integrated Working Reserve	(3,662)	(2,989)
Levy Reserve	(402)	(403)
Life Cycle Costs Reserve	(6,611)	(6,581)
Regeneration Reserve	(6,456)	(4,156)
Taxation/Treasury Reserve	(625)	(625)
Transformation Reserve	(10,281)	(7,736)
Total	(80,623)	(69,867)

- 13.2 Although the estimated level of reserves at the end of 2019/20 is £69.867m, this will be reduced by resources to balance the 2020/21 budget of £10.008m. In addition, a number of these reserves are committed to finance expenditure planned for future financial years meaning they are not available for alternative uses. However, the final 2019/20 position will not be determined until the year-end accounts have been prepared. Traditionally, the revenue outturn position has been healthier than the in-year forecast.
- 13.3 At its meeting of 16 December 2019, Cabinet agreed the additional investment of £5.900m of Council resources to Oldham CCG for transformation activities linked to integration plans. When the Council's accounts for 2018/19 were closed, resources of £5.900m were allocated to reserves to support efficiencies and developments within health and social care. This transfer from reserves was completed in 2019/20. The intended reductions in the Council's contribution to the Section 75 agreement which will commence in 2021/22 will be utilised to replenish the Council's reserves.
- 13.4 With regard to the Bus Reform proposals set out at paragraphs 3.30 and 3.31, a decision by GMCA to proceed will require Oldham, alongside other Greater Manchester Districts to provide a share of the one-off increase in the statutory contribution of £17.800m. Financing for such a contribution can be sourced from the Council's Fiscal Mitigation Earmarked Reserve.

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- 13.5 Having regard to all relevant information, the level of General Fund balances required to support the 2020/21 budget has increased from £14.840m to £14.991m. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. The statement is included in a report elsewhere on the agenda. Members are reminded, therefore, that any budget proposals have been subject to a risk assessment undertaken by the Director of Finance.

14 Fees and Charges

- 14.1 Attached at **Appendix 7** is the proposed fees and charges schedule for the 2020/21 financial year. An element of the charges have been uplifted following discussions with the Heads of Service and Cabinet Members, however a number are proposed to remain at the same level as the 2019/20 financial year. The proposed value and percentage increase for 2020/21 where applicable for each charge is included within the Appendix.
- 14.2 The requirement to publish the fees and charges schedule arises from paragraph 12.1 of the Finance Procedure Rules *“The Revenue Budget report presented to the relevant Overview and Scrutiny Committee for scrutiny prior to the start of each financial year will include proposals for fees and charges, including any amendments, for the forthcoming financial year. This will be prepared by the Director of Finance in consultation with Heads of Service / Directors. After comments from the Overview and Scrutiny Committee, the final approval of fees and charges will align with the budget process with a report to Cabinet with a recommendation to Council. Any amendments in year should be reported to Cabinet for approval”*.
- 14.3 At this stage where services have proposed to increase fees and charges, due to volatility, any increases generated will mostly be used to offset inflationary pressures within the relevant service. In addition, the demand for services financed from fees and charges is unknown and therefore is a variable which cannot be quantified at this time.
- 14.4 As in previous years, there are a number of exclusions to the schedule. The following services set their charges based on current legislation and market conditions – planning, markets, hoardings rental, leased out buildings, lifelong learning accreditation fees, adult care charges and Oldham Leisure services.
- 14.5 Areas for consideration for 2020/21 include:
- New charges for Gallery Oldham Learning sessions, Light Duty Vehicle Crossing Applications, Taxi operator licences without a star rating, Highways permits and Pre-Application Planning fees.
 - Realignment of car parking charges at Dovestones Reservoir.
 - Removal of library fines as agreed by Council.
 - Change in VAT treatment for Registrar Services and for room hire at the Link Centre as this building is not opted to tax.
 - The charge for domestic waste has been increased by 2.4% but the additional charges for trade waste recycling has increased by 5%. Against competitors, the charge is still very competitive without being discouraging.
 - Private Hire licencing - as with vehicle and drivers' licences these are based on the number issued and likely to be renewed. Charges for 2020/21 will remain at the previous charge.
 - Commercial Pest Control – there are a range of annual contracts for commercial premises for which there is no proposal for an increase for 2020/21. Previously the increase has been above 7%.
 - A proposal for an average increase of 2.9% for new graves and 1.5% for burials. The Competition and Markets Authority have launched an investigation into the funerals sector and as such the Council could be asked to substantiate any increase in charge and the methodology for the increase.
 - A proposed increase (with effect from September 2020) of 10p to the price of a school meal for pupils
- 14.6 As usual the fees and charges relating to educational establishments and schools e.g. lifelong learning, outdoor education, music, school meals and swimming will be reviewed in line with the academic year and any resulting changes will commence from September 2020. The charges for these areas included within the Appendix relate to charges from September 2020 onwards.

15 Council Tax and Adult Social Care Precept Levels

- 15.1 Section 7 sets out the current planning assumptions in relation to Council Tax and the Adult Social Care Precept.
- 15.2 It is proposed that a 0.99% general increase to Council Tax is applied for 2020/21 together with a 2% increase in the Adult Social Care Precept. This represents an overall increase of 2.99% in Council Tax for Oldham Council services.
- 15.3 Oldham Council Band D Council Tax for 2020/21 is therefore recommended to be £1,672.92 of which £150.51 relates to the Adult Social Care Precept.

Impact of Decisions of Precepting Authorities

- 15.4 Whilst the spending decisions of precepting Authorities do not affect the level of resources available to the Council, they do affect the amount of Council Tax that is charged to Oldham citizens. The major preceptor is the GMCA which precept for two components as follows:

Mayoral Police and Crime Commissioner Precept

- 15.5 The GM Mayor as Police and Crime Commissioner has the ability to propose an increase to the Police precept by up to £10 in 2020/21. Following a period of consultation with residents, the Mayor proposed the Mayoral Police and Crime Commissioner Precept to the Police and Crime Panel on 31 January 2019. The proposal was to increase the precept by the full allowable £10 per household in 2020/21 to set an overall Band D precept of £208.30. The revised precept will be formally considered at the GMCA budget setting meeting on 14 February 2020.

Mayoral General Precept (including Fire Services)

- 15.6 The Mayor proposed the Mayoral General Precept, to the GMCA on 31 January 2020. The proposal was to set an overall Mayoral General Precept of £90.95 (Band D) comprising of £66.20 for GM Fire and Rescue Services (an increase of £6.25) and £24.75 for other Mayoral General functions (an increase of £7.75 for 2020/21). GMCA agreed in principle to the revised precept (an overall increase of £14). The revised precept will be formally considered at the GMCA budget setting meeting on 14 February 2020.

Parish Precepts

- 15.7 Saddleworth and Shaw & Crompton Parish Councils are due to agree their budgets and precepts in February 2020. At present no change is assumed in the level of precept.
- 15.8 The Parish Precept income will however increase as a result of an increase in respective tax bases, currently estimated to be at a value of £0.002m.

Draw on Collection Fund

Council Tax

- 15.9 Subject to confirmation from all precepting bodies, taking account of the approved Council Tax Base of 57,663 for 2020/21 and the Council Tax and Adult Social Care Precept proposals set out in Section 7 of the report, the sums anticipated to be drawn from the Collection Fund for Council Tax in 2020/21 are:

Table 28 – Draw on Collection Fund

Precepting Body	2020/21 £000
Oldham Council including Social Care Precept	96,466
Mayoral Police and Crime Commissioner Precept	12,011
Mayoral General Precept (including Fire Services)	5,244
Saddleworth Parish Council	189
Shaw & Crompton Parish Council	91
TOTAL	114,001
Less: contribution from Parish Taxpayers	(280)
TOTAL Draw on Collection Fund for Major Preceptors	113,721

- 15.10 The 2020/21 Band D Council Tax is shown in the table below at anticipated levels for Oldham Council services, Mayoral Precepts and Parish Precepts. Detailed indicative Council Tax information is presented at **Appendix 8**

Table 29 - Anticipated Band D Council Tax

Council Tax Raising Body	2019/20 £	2020/21 £	Change %
Oldham Council (subject to confirmation)	1,624.36	1,672.92	2.99%
Mayoral Police and Crime Commissioner Precept (subject to confirmation)	198.30	208.30	5.04%
Mayoral General Precept (including Fire Services) (subject to confirmation)	76.95	90.95	18.19%
TOTAL BAND D COUNCIL TAX	1,899.61	1,972.17	
Saddleworth Parish Council (subject to confirmation)	21.76	21.76	0.00%
Shaw & Crompton Parish Council (subject to confirmation)	16.53	16.53	0.00%

16 Overall 2020/21 Revenue Budget Strategy

16.1 The key elements of the 2020/21 revenue budget strategy are:

- The revised budget reduction requirement of £18.169m for 2020/21;
- The budget reduction proposals set out in Section 10 of the report;
- The use of other funding opportunities to balance the 2020/21 budget, namely, the flexible use of capital receipts, collection fund surplus and specific and general corporate reserves:
- The approach to reserves and balances set out in Section 13 of the report; and
- Proposed Council Tax and Adult Social Care Precept levels set out in Section 15 of the report.

16.2 Having regard to the issues outlined at 16.1, the overall budget strategy for 2020/21 can be summarised as follows:

Table 30 – Overall Budget Strategy

Budget Strategy	2020/21	
	£000	£000
Directorate budget requirements	238,299	
Budget Reductions excluding use of reserves	(4,787)	
Budget for 2019/20 before use of reserves		233,512
<u>Less Government Funding</u>		
- Business Rates Top Up	(41,048)	
- Grants in Lieu of Business Rates	(11,230)	
- Improved Better Care Fund Grant	(10,858)	
- 2020/21 Social Care Support Grant	(6,954)	
- Independent Living Fund (ILF) Grant	(2,580)	
- Flexible Homelessness Support Grant	(194)	
- Homeless Reduction Grant	(164)	
- Rough Sleeping Initiative Grant	(37)	
- Housing Benefit Administration Grant	(778)	
- Council Tax Administration Grant	(360)	
- New Homes Bonus Grant	(598)	
- Department for Work and Pensions (DWP) New Burdens Grant	(122)	
- Lead Local Flood Authority Grant	(12)	
		158,577
<u>Less</u>		
Retained Business Rates	(50,424)	
Collection Fund Surplus	(1,400)	
Parish Precepts	(280)	
		106,473
<u>Add Precepts</u>		
Mayoral Police and Crime Commissioner Precept	12,011	
Mayoral General Precept (including Fire Services)	5,244	
Total Council Tax including Levies (A)		123,728
Current Council Tax, adjusted for Tax Base (B)		113,720
Difference (A-B)		10,008
This additional expenditure is being funded by resources from appropriations from earmarked reserves		

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- 16.3 If the proposals in this report are approved, the revised revenue budget position for 2020/21 would be as set out in detail at **Appendix 9**. The resulting indicative 2020/21 net revenue budget by portfolio and directorate is presented at **Appendix 10**.
- 16.4 The summary budget position for 2020/21 to 2024/25 is set out at **Appendix 11**. This presents a balanced position for 2020/21, a budget reduction requirement of £23.243m for 2021/22, and budget reduction requirements of £13.016m for 2022/23, £13.568m for 2023/24 and £12.921m for 2024/25.

17 Budget Strategy and Medium Term Financial Planning for Future Years

- 17.1 Although the Council's MTFS covers a five-year period (currently 2020/21 to 2024/25), it remains under continuous review as the local, regional and national policy landscape continues to develop and change. In addition, existing financial challenges are subject to change as new issues emerge. Each new issue or change has an impact, sometimes on a one-off basis, but more commonly, a multi-year effect. Estimates are prepared based on the best information currently available, and after the 2020/21 revenue budget has been finalised, the cycle of reviewing the budget reduction requirement for 2021/22 and future years will begin again.
- 17.2 As this section of the report highlights, there is a significant budget reduction target for the period 2021/22 to 2024/25. As the next financial planning cycle progresses, a key task will be to ensure that the suggested level of saving remains deliverable and that there are sufficient robust budget reduction proposals being prepared to contribute to addressing the target. The budget reduction requirement for 2021/22 in part reflects the use of reserves and other one-off measures that have been used to balance the 2020/21 revenue budget. Given the scale of the on-going challenge, the continued use of reserves up to 2023/24 is considered likely, whilst the transformation programme moves through its various phases of implementation.

Policy Landscape surrounding the development of Medium-Term Financial Plans

National Context

- 17.3 The General Election held on 12 December 2019 resulted in the Conservative Party being returned to Government with a majority of 80 MPs; their largest majority since the General Election of 1987. This decisive result allowed the new Government to secure Parliamentary approval for its EU Withdrawal Agreement which enabled the UK to leave the EU on 31 January 2020. The Government has also committed to securing a trade deal with the EU by December 2020 ruling out any extension to the post-Brexit transition period.
- 17.4 Whilst a clearer picture has emerged with regard to the Brexit process, there is little detail surrounding other priorities referenced in the new Government's Queen's Speech. Several commitments were made relating to funding for public services including the NHS, social care, schools and infrastructure. However, there is no clarity as to how Brexit will impact on the nation's public finances in the longer-term nor is there certainty as to how these commitments will impact on the Council's medium-term financial position. Details are unlikely to emerge in advance of the Chancellor's forthcoming budget statement scheduled for 11 March 2020. As soon as information becomes available, MTFS estimates will be updated as appropriate.
- 17.5 The overarching challenge in preparing the MTFS is that Central Government has so far only advised of allocations on major general fund grant funding streams until the end of 2020/21 which is, to a large extent, simply a roll forward of 2019/20 funding allocations. Given the challenges previously presented by the Brexit debate and the calling of the General Election this is unsurprising. However, it does make it extremely difficult to confidently predict the budget reduction requirement for financial years beyond 2020/21. Estimates have therefore been prepared based on several assumptions as set out in paragraph 17.16 below.
- 17.6 As part of the Spending Round announcement in September 2019, the Government stated that a full multi-year spending review would take place in 2020. As yet, there is no clear timetable outlining when or how this review will take place. This means there is virtually no indication of the level of funding Local Authorities can expect to receive for 2021/22 and beyond. However, as part of the 2019 Spending Round, the Chancellor declared the end of

austerity. This provides some hope that Local Government will continue to receive additional resources or to at least experience a reduced level of funding reductions. However, as the medium-term estimates provided later in this report show, this alone does not diminish the size of the financial challenge facing the Council. Having been subject to almost a decade of severe funding reductions, increased demand pressures and inflationary pressures, the Council has successfully managed to balance its budget whilst simultaneously protecting service provision as far as possible. However, in order to achieve this, since 2017/18, there has been an increase in the use of one off measures including the use of reserves.

17.7 Adding to the uncertainty created by the absence of any spending review estimates for 2021/22 and beyond, the Government has announced the following which is reflected in the presentation of the medium-term budget estimates:

- The Fair Funding Review of the Local Government finance system will conclude in 2020 and be implemented by 1 April 2021;
- The Business Rates system will move nationally to a 75% retention system from 1 April 2021. It is therefore anticipated that the Greater Manchester 100% Business Rates retention pilot scheme will cease at the end of 2020/21;
- Business Rates baselines will be reset for 2021/22 potentially redistributing existing gains and losses associated with the current system; and
- Business Rates revaluation will be implemented in April 2021 which will affect the amount of Business Rates paid by the occupiers of commercial premises. Revaluation will, in future, take place every three years.

17.8 The potential significant redistribution in general Government grant resulting from the four issues outlined above, whatever the level of resources made available on a national basis means that the development and provision of medium-term financial forecasts is extremely challenging. Therefore, whilst this section of the report presents forecast budget reduction requirements for the period 2021/22 to 2024/25, Members must consider these forecasts as indicative only.

Regional Context

17.9 As previously outlined in Section 3 of this report, Greater Manchester is taking forward an ambitious devolution agenda across a range of services and policy areas including health and social care integration, transport, strategic planning, housing, work and skills and the justice system. The ambition of the region is reflected in the Greater Manchester Strategy and a series of supporting strategies which are also described in Section 3 of the report.

17.10 What remains unclear is the extent to which this agenda will be supported by Central Government both in policy and in funding terms. The Government has, however, indicated it wishes to boost investment in the North and the Midlands and is reported to be considering changes to how the economic benefits of public spending are evaluated. Nonetheless, the Council's own organisational plans and strategies are heavily influenced by the devolution agenda particularly within the realm of the service and policy areas mentioned previously.

17.11 The GMCA appreciates the challenges associated with medium-term financial planning in the current environment, as it too is affected by the absence of any Central Government funding estimates beyond 2020/21. However, the GMCA and districts will continue to collaborate to ensure these challenges are handled consistently across the city-region. The GMCA is responsible for waste and transport levy charges which impact on the Council's budget and the impact of Mayoral budget spending decisions (with regard to the Mayoral precept) and also impact on Council Tax charges for Oldham citizens.

Local Context

- 17.12 Given the uncertainty presented by the national policy context and the absence of any Central Government funding estimates beyond 2020/21, the Council is taking the opportunity to review and refresh the Corporate Plan. As explained in Section 4 of this report, the plan is being updated to take account of recent developments including Oldham Cares as well as ensuring alignment with the devolution agenda. It is anticipated that the plan will be presented for approval in May 2020.
- 17.13 Whilst the Council believes the funding/resource position may ease in the medium-term, there remains a significant financial challenge which cannot be addressed through a short-term approach to budgetary planning. As a result, the Council is developing a major programme of transformation which aims to:
- identify, scope and agree the change initiatives required to ensure the Council and its partners can deliver the strategic ambitions they have for the borough and its residents as set out in a refreshed Corporate Plan;
 - drive the implementation of those changes to a successful conclusion;
 - make a substantial contribution to savings targets and medium-term financial plans.
- 17.14 The programme of transformation is supported by a range of existing medium-term strategies (detailed in Section 4 of this report) which are designed to make a positive contribution to the Council's financial standing as well as supporting the Oldham Plan and the refreshed Corporate Plan.
- 17.15 Specific themes underpinning the transformation programme together with indicative savings estimates are presented later in this section of the report.

Forecast Budget Estimates and Budget Reduction Requirements

Underlying Budget Assumptions

- 17.16 Notwithstanding the uncertainty presented by the national policy context, the Council has prepared high level budget estimates for the period 2021/22 to 2024/25. The key forecasting assumptions underpinning the estimates are as follows:
- Pay Awards – 2.5% per annum throughout the forecast period;
 - Price Inflation – Allocations are based on forecasts for general price inflation together with sector specific estimates relating to major contracts covering, for example PFI contracts and utilities;
 - Pension Contributions – Local Government employer contribution rates are assumed to remain at 20.6%. Proposed savings from advance contributions for the latest Triennial period will cease after 2022/23;
 - Waste Disposal and Transport Levies – Forecasts are aligned with the latest estimates provided by the GMCA;
 - Investment Fund – Estimates for future capital financing costs are aligned with the latest Capital Programme and Capital Strategy and are based on the current market and economic outlook set out in the Council's Treasury Management Strategy (elsewhere on the agenda);
 - Development Fund – General budgetary provision is included for future policy decisions, demand, spending pressures and new initiatives;
 - Public Health Grant – Reinstated after the cessation of the GM 100% Business Rates retention pilot scheme;

- Health and Social Care Grants – All improved Better Care Fund, Winter Pressures and Social Care Support grants are expected to continue throughout the forecast period at 2020/21 levels (cash standstill);
- Homelessness Grants are expected to continue at a 2020/21 standstill level throughout the forecast period.
- Council Tax/Housing Benefit Administration/Lead Local Authority Flood Grants – These grants are expected to continue throughout the forecast period at 2020/21 levels (cash standstill);
- New Homes Bonus – This grant will cease after 2020/21 in line with comments made by the Secretary of State as part of the Provisional LGFS;
- Business Rates – Retained revenues and associated Government grant top ups and compensation payments are assumed to grow by at least 2% per annum. The 100% Business Rates retention pilot scheme will cease after 2020/21 and be replaced by a reset national 75% retention scheme;
- Council Tax – Referendum limits are expected to remain at 4% covering a 2% Adults Social Care Precept and a General Council Tax increase of 2%
- Local Adult Social Care Precept – This is assumed to continue at 2% per annum with resources passported through to Community Services and Adult Social Care;
- Local Council Tax General Increase – The proposed increase in Council Tax for general purposes of 0.99% for 2020/21 is assumed to revert back to a 1.99% per annum increase for the remainder of the forecast period (but of course will be subject to an annual review).

17.17 Other assumptions relating to expected levels of expenditure within the Council's MTFS are as follows:

- Portfolios will not overspend against their approved budget allocations;
- Budget pressures other than those that are approved to be funded corporately are expected to be met from within the Portfolio's approved allocations;
- Options for future budget reductions presented as part of the Council's transformation programme and approved by Council as part of the budget setting process each year will be integrated into the base budget and owned by the appropriate budget manager;
- General Balances and reserves will be managed on a risk-based approach as outlined in Statement of the Chief Financial Officer on Reserves, Robustness of the Estimates and Affordability and Prudence of Capital Investments;
- The Housing Revenue Account continues to be self-sustaining and any surplus or deficit is financed via the Housing Revenue Account Reserve;
- The recovery plan for Dedicated Schools Grant (DSG) activities is assumed to be delivered in full with no requirement for additional financial support from the General Fund.

17.18 It is important to note that there are sensitivities in relation to each of these assumptions, and therefore detailed MTFS workings will consider probable, best and worst case scenarios. The MTFS estimates presented in this report show the probable scenario.

Oldham Council and Oldham CCG Budgetary Alignment

17.19 Leading up to the period 2021/22 to 2024/25, consideration will be given to incorporating most of the Community Health and Adult Social Care Service, Children's Social Care, Public Health and CCG Primary and Secondary Care commissioning in addition to Better Care Fund activities, within the Section 75 pooled funding agreement between Oldham Council and Oldham CCG.

17.20 There are clearly significant implications for the financial planning and financial management arrangements of the Council as the budgets of the Council and the CCG are

more closely aligned. Traditional budget preparation and monitoring arrangements will be replaced with revised processes. Detailed work is required to ensure that any financial risk to the Council is minimised and that new working arrangements continue to demonstrate value for money. This will be progressed over the forthcoming months and any implications will be factored into revisions to the MTFs.

Risks and Uncertainties

- 17.21 Although the decisive election of a new Government in December 2019 has provided some certainty with regard to policy intent; particularly with regard to Brexit, it remains unclear as to how specific pledges with regard to this issue, public spending and other reforms will impact on Local Authorities. Several policy announcements made before and since the General Election could have major implications for the future of Local Government. As well as the Fair Funding review and Business Rates retention reform, the Government has signalled there will be a longer-term spending review process taking place during 2020, additional funding for the NHS, a plan for the long-term reform of social care, more investment in the north and the midlands, a review of Business Rates from a taxation perspective and the publication of an English devolution White Paper. The Chancellor will also deliver a budget statement on 11 March 2020; shortly after Councils have set their budgets for 2020/21. Any of these or indeed other policy initiatives or new legislative burdens could have major service and/or financial implications for the Council which are not currently reflected in the medium-term estimates. In addition to these uncertainties presented by the national policy context, there are several further risks surrounding the estimates which are detailed below.
- 17.22 Whilst the medium-term financial estimates reflect a series of assumptions relating to inflation levels, pay awards, interest rates, service demand, levy increases, Government funding, locally generated funding and the profile of capital programme investment, there is scope for significant variation due to the challenge of preparing forecasts for all of these variables in what remains a turbulent and uncertain global political and economic environment.
- 17.23 At the local level, the medium-term financial estimates also assume continued buoyancy in the growth of the Council Tax Tax Base and no material deterioration in collection rates for local tax revenues. These assumptions rely on the successful delivery of the Council's housing strategy and the ability to deliver new housing as well as being able to maintain or improve collection rates for Council Tax and Business Rates. Business Rates, in particular, continues to present specific forecasting challenges due to general volatility surrounding Business Rates income, the impact of appeals and changes in Government policy around Business Rates reliefs. This is compounded by the planned reset of the system, the move to 75% Business Rates Retention and the forthcoming revaluation process. The medium-term financial position of the Council will also be affected by future decisions regarding Council Tax increases and increases in fees and charges for Council services.
- 17.24 In view of the significant risks and uncertainties surrounding the medium-term financial estimates, the assumptions and calculations underpinning these forecasts will be regularly reviewed and updated.

Forecast Budget Reduction Requirements (2021/22 to 2024/25)

- 17.25 Summarised in Table 31 is the forecast budget reduction requirement for the period 2021/22 to 2024/25. This is based on the assumptions detailed above and high-level estimates presented at **Appendix 11**. The figures assume all 2020/21 budget reduction proposals presented as part of this report will be approved and implemented in full.

- 17.26 The information presented below, assumes no use of one off measures to support the 2021/22 and future years budgets. However, as presented at paragraph 17.63 the continued but reducing use of reserves and one off arrangements is expected to continue to 2023/24.

Table 31 – Forecast Budget Reduction Requirements (2021/22 to 2024/25)

Estimated revenue position 2021/22 to 2024/25	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Total Expenditure	240,545	246,935	254,362	260,869
Total Funding	(227,310)	(233,919)	(240,794)	(247,947)
Use of Reserves in 2020/21	10,008			
Forecast Budget Reduction Requirement	23,243	13,016	13,568	12,921

Transformation Programme

- 17.27 As previously stated, the Council is in the process of developing a programme of transformational activity which will make a substantial contribution towards addressing the forecast budget reduction requirements for 2021/22 onwards. The programme is being developed alongside a refreshed Corporate Plan which is due to be presented for approval in May 2020.
- 17.28 The programme comprises several workstreams guided by outcomes included in the forthcoming Corporate Plan. A description of each of the main workstreams and associated activities expected to contribute to addressing future budget reduction requirements is set out below.
- 17.29 The significant financial challenge the Council is facing means that there will need to be an acceleration of the existing programme of transformation to deliver a sustainable balanced budget with a reduced reliance on one off measures. This transformation agenda will continue to focus on several key areas of the operating model.

Assets, Investment Programme and Inward Investment

- 17.30 Corporate land and property assets are essential to the delivery of the Council's priorities which will be set out in the forthcoming Corporate Plan. As part of the 'Creating a Better Place' initiative approved by Cabinet on 16 December 2019 and 27 January 2020, the previously approved Medium-Term Property Strategy (MTPS) has been reviewed to meet the scale of the change required. At a strategic level, the review has confirmed that the Council's property portfolio can be a catalyst for building new homes, creating job opportunities, re-skilling residents through new apprenticeship opportunities, and re-engaging communities and partners through property / estate co-location and collaboration.
- 17.31 Members will recall that the 2019/20 budget included a budget reduction proposal of £0.500m arising from property and accommodation reviews. This is being delivered, but anticipated savings of £4.000m originally profiled equally over 2020/21 and 2021/22 have been rephased.
- 17.32 Developing the existing programme of work on the use of property and assets, the Council will maximise the benefit from the corporate estate by developing property disposal and procurement routes that will ensure the Council is able to shape and maintain a property portfolio that will support service delivery and contribute a sustainable income stream.

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- 17.33 In addition, the Council will rationalise its office accommodation. Where possible, the Council will co-locate staff with partners to maximise efficiencies and realise the potential of 'One Public Estate' for Oldham and Greater Manchester. It will also drive forward integrated working across the public sector, building on the achievements made with Oldham Cares partners.
- 17.34 The regeneration of Oldham town centre remains a Council priority with several major schemes currently under development as part of the Creating a Better Place initiative. There are also ambitious plans for the regeneration of the borough as a whole with investment in Royton and projects in train at Hollinwood and Foxdenton.
- 17.35 Significant capital investment is needed to deliver the town centre vision, new homes and the vision for the rest of the borough. These resources are reflected in the Capital Strategy and Capital Programme for 2020/21 to 2024/25 (elsewhere on the agenda).
- 17.36 This investment will bring future benefits to Oldham through additional economic and housing growth, which may provide increased revenue from, for example, Council Tax. In addition to the budget reduction of £0.261m proposed for 2020/21, further budget reductions are expected – net of required offsetting costs, the anticipated budget reduction for 2021/22 is £1.384m, £2.141m in 2022/23 and £5.925m in 2023/24.
- 17.37 Within this workstream, the Council and partners will continue to maximise funding opportunities including through commercial activities. This will ensure that the strands of the recently refreshed Income Strategy and Corporate Property Investment Strategy are delivered to generate a sustainable future income stream to support the Council's mainstream service delivery.

Digital by Design

- 17.38 The opportunity to utilise the advantages provided by new technology is the foundation upon which much of the Council's change agenda will be driven including integrated working arising from health and social care devolution. The Council's IT strategy is determining the direction of travel and is supported by £10.985m of Capital Programme investment. This investment will enable new and more efficient ways of working and will improve citizens' access to Council services. It also improves the business intelligence supporting service delivery decisions.
- 17.39 A key strand of this investment is the Digital Oldham Ambition which is to inclusively deliver a connected Oldham for everyone across place, communities, services, teams and leadership.
- 17.40 A digital maturity assessment has been undertaken, using a model that assesses an organisation against five key themes, including: governance and leadership; people and culture; capacity and capability; innovation and change and technology. The Council aims to double its level of digital maturity over a 2-year period. A digital delivery plan will outline how this ambitious increase in maturity will be realised through an iterative and outcomes-orientated approach to change.
- 17.41 The reduction in costs associated with providing digital access, self-service, automation and more efficient ways of working are expected in line with the rephased 2020/21 budget reduction proposal at a value of £0.500m in each of 2022/23, 2023/24 and 2024/25.

Design and Assurance

- 17.42 The 2019/20 Design and Assurance budget reduction was also expected to deliver a £0.250m in 2020/21. The budget reduction will deliver in full in 2021/22 linked to the phased introduction of new operating arrangements around the Strategy and Performance service, Communications Team and transformation Programme Management Office.

Green New Deal

- 17.43 In July 2019, the Council announced its commitment to be the UK's first Green New Deal Council, with a target of carbon neutrality for the borough by 2030, and for the Council itself by 2025. Consequently, the Council is already exploring opportunities to install solar photovoltaic panels to increase local renewable energy generation and increase the flexibility of local energy supply.
- 17.44 The revised CPIS will support the delivery of Green New Deal objectives by facilitating investment in green technologies such as energy efficiency and renewable energy projects. Although these projects require up front capital investment it is anticipated they will generate a return from both increased revenue and/or reduced operating costs as well as contributing towards achieving the carbon neutrality target.
- 17.45 It is expected that budget reductions aligned to the Green New Deal will take time to develop and are not expected to support the budget until 2023/24.

Place-Based Model

- 17.46 To facilitate the integration of public services delivery and thus improve outcomes for people and communities in the borough, the Council intends to align the geographical footprints of Council Districts with that of key public services in the borough including Primary Care Networks (GPs), Adult Health and Social Care Community Providers, neighbourhoods police beats and housing management areas.
- 17.47 Although place-based integration is not new to Oldham, it has not, so far, developed at the scale required to achieve fully integrated public services across all providers within the borough. Alignment of capacity and resources across all services and providers is a critical step towards operating to a shared purpose and working in a holistic way with people and communities.
- 17.48 It is important not to double count budget reductions aligned to other initiatives, but it is expected that savings will accrue from 2022/23.

Health and Social Care Integration

- 17.49 As advised earlier in the report, and linked to the Assets and Investment Programme above, good progress continues to be made with regard to Health & Social Care integration. Oldham Council and Oldham CCG are working under a joint leadership structure and together with other health partners continue to operate as Oldham Cares. There are ambitious plans for the improvement of the delivery of health and social care with structure implementation arrangements and this aims to ensure the future financial sustainability of the local health and social care economy.
- 17.50 Linked to the health and social care devolution agenda is the opportunity to develop closer working arrangements with other partners including other GM Authorities and the GMCA. The Council will look to build on the existing collaborative working arrangements by:
- Sharing and co-locating more services as a means to deliver future financial and operational efficiencies building on the five cluster teams already in place across the borough;
 - Moving to an outcomes based commissioning model and integrating Council and CCG commissioning functions; and
 - Considering aligning Council and CCG budgets under the umbrella of a broader Section 75 Agreement incorporating the Community Health and Adult Social Care Service, Children's Social Care, Public Health and CCG Primary and Secondary Care commissioning in addition to Better Care Fund activities.
- 17.51 Locally, the model of integrated delivery will complement health and social care integration in neighbourhoods, where closer working with police, housing providers, Voluntary, Community, Social, Faith and Enterprise (VCSFE) organisations and others is improving operational efficiency and effectiveness whilst also strengthening local engagement and enabling communities to contribute more significantly to improving outcomes.
- 17.52 It is inevitable that change of the magnitude envisaged will take time to be developed however, potential savings are expected from 2021/22 and will increase over the MTFS period.

Organisational Design

- 17.53 The developments set out above coupled with the enhancement of revised working arrangements between the Council and its strategic delivery partners will have implications for the structure of the Council and the operating model the Council adopts to deliver services in the future. As well as being prompted by policy and service developments, continuing the transformation of the Council's operating model will be necessary to support the delivery of future savings requirements and a sustainable balanced budget position.

Workforce Development

- 17.54 A further enabler to transformation is the drive to support new ways of working to ensure that all employees can deliver services more effectively. Alongside better use of assets and digital technology, this will improve productivity and open up additional opportunities for transforming services to help ensure the Council can operate within available resources for the medium to long term.
- 17.55 As well as continuing to support flexible workstyles, the Council is evaluating the benefits of moving to an agile model of working which is about bringing people, processes, connectivity and technology, time and place together to find the most appropriate and effective way of working to carry out a particular task.

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- 17.56 The wider adoption of flexible workstyles and agile working will also necessitate a review of terms and conditions attached to particular posts to ensure remuneration including payment of allowances (e.g. car allowances) remains fair and equal.

Cross Cutting Activity - Income Generation

- 17.57 The Creating a Better Place investment programme is a key contributor to the Council's objective of generating additional income to support the financing of local services as set out in the approved Income Strategy. Success in this regard means the Council will become less reliant on central Government Grants, Business Rates and Council Tax revenue. To support this endeavour and its wider Income Strategy, the Council will ensure:

- Fees and charges are reviewed annually, and an assessment will be undertaken to determine the extent to which costs are recovered through charging arrangements;
- Traded Services will be reviewed to ensure they are delivering services efficiently and effectively;
- Wholly owned companies such as the Unity Partnership and Miocare explore opportunities for generating income from clients other than the Council to reduce the contribution the Council provides towards operating these companies.

- 17.58 As indicated in the 2019/20 Revenue Budget Report, additional bus lane enforcement was one area to be considered for potential adoption. However, following a further review the service has advised that there is no additional income potential from this particular activity.

- 17.59 Although not specifically income generation, the Council will continue its efforts to maximize grant income and bid for external resources for both revenue and capital priority projects to reduce the requirement for specific Council funding.

- 17.60 At this stage no specific budget reductions have been assigned to income generation, but as initiatives are progressed, more definitive estimates will become available.

Cross Cutting Activity – Continued Collaboration with Partners and Budget Review

- 17.61 Underpinning all transformation workstreams will be:

- An approach to service delivery where the Council (and its partners) will be making new strategic choices based on the characteristics of Oldham, its people and communities within the borough, thus constantly striving for new opportunities for collaboration and new ways of working between organisations that share a common footprint.
- A review of the provision of discretionary services and also the level at which statutory services are delivered.
- Traditional approaches to reviewing budgets and the identification of service specific budget reductions and efficiencies.

Indicative Savings to be derived from Transformation Programme

17.62 The following table summarises the indicative savings that may be achievable from the successful delivery of the above-mentioned transformation workstreams. Detailed delivery plans are being developed. These will be evaluated and risk assessed prior to their presentation to Members as budget reduction proposals. Proposals will then be considered by Members for approval before being deployed to offset future budget reduction requirements.

Table 32 – Indicative Transformation Programme Savings (2021/22 to 2024/25)

Indicative Transformation Programme Savings 2021/22 to 2024/25	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Initiatives Previously Approved				
Assets, Investment Programme and Inward Investment	1,384	2,141	5,925	
Digital by Design		500	500	500
Design and Assurance	250			
New Initiatives				
Green New Deal			200	300
Place-Based Model		100	200	300
Health and Social Care Integration	100	200	300	450
Indicative Transformation Programme Savings	1,734	2,941	7,125	1,550

17.63 In addition, the Council has reserves available that it may wish to deploy to support future years revenue budgets. The following table provides an indication of the potential use of reserves and one off measures that Members may consider using to support the budget from 2021/22 to 2024/15. However, it must be emphasised that the utilisation of reserves only provides temporary support and does not address the underlying budget reduction requirement in the medium to long term, it will however, provide time for the transformation programme to develop more fully and therefore the identification of sustainable budget reductions.

Table 33 – Indicative Use of Reserves and Other One-Off Measures (2021/22 to 2024/25)

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Earmarked Reserves				
Specific Reserves	1,219	0	0	0
General Use of Reserves	6,000	4,500	3,900	0
Total potential use of Earmarked Reserves	7,219	4,500	3,900	0
Other One-off Resources				
Flexible Use of Capital Receipts	2,000	0	0	0
Total potential use of Other One-off Resources	2,000	0	0	0
TOTAL	9,219	4,500	3,900	0

Revised Indicative Forecast Budget Reduction Requirements

- 17.64 For illustrative purposes, if the indicative use of reserves and other one-off measures in the tables above are applied to the budget estimates then the revised forecast budget reduction requirement for 2021/22 falls to £12.290m. If this requirement is met (with no further one-off measures which impact on future years), the 2022/23 revised target would be £14.794m. If the forecast budget reduction for 2022/23 is met in full then the revised target for 2023/24 would be £7.043m. If this is met in full then the requirement for 2024/25 would be £15.271m. These revisions are shown in Table 34 below:

Table 34 – Revised Indicative Forecast Budget Reduction Requirement

Estimated revenue position 2021/22 to 2024/25	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Forecast Budget Reduction Requirement	23,243	13,016	13,568	12,921
Indicative Transformation Programme Savings	(1,734)	(2,941)	(7,125)	(1,550)
Potential Use of Earmarked Reserves	(7,219)	(4,500)	(3,900)	
Reversal of Earmarked Reserve Use		7,219	4,500	3,900
Flexible Use of Capital Receipts	(2,000)			
Reversal of Flexible Use of Capital Receipts		2,000		
Revised Forecast Budget Reduction Requirement	12,290	14,794	7,043	15,271

- 17.65 Further phases of the transformation programme together with other budget processes will clearly be employed to address the remaining forecast budget reduction requirement.

Reserves and Balances

- 17.66 In the light of the risks and uncertainties highlighted in the report, it is important to maintain a healthy and robust level of reserves and balances to manage uncertainty in both the current and next spending review period. Based on the level of reserves and balances as set out in Section 13 of the report, the Council meets this requirement.
- 17.67 Whilst the tables above indicate a potential use of reserves of £15.619m over the period 2021/22 to 2024/25, the Council will be able replenish reserves by good budget management practices and income generation. There will also be the £5.900m available due to a reduction in the contribution to the pooled budget in the years 2021/22 (£1.000m), 2022/23 (£1.000m) and 2023/24 (£3.900m).
- 17.68 The continued reliance on the use of reserves is not without risk but the position will be effectively monitored in line with the Councils Reserves Policy and reported to the Audit Committee.

18 Pay Policy Statement

18.1 Included at **Appendix 12** is the Council's current Pay Policy Statement. This Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011, which requires approval of the Statement through full Council. The purpose of the statement is to provide transparency about the Council's approach to setting the pay of its employees, with particular emphasis on the level of remuneration for senior staff.

19 Options/Alternatives

19.1 The options as follows:

- Option 1 – Cabinet accepts the assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 4.
- Option 2 – Cabinet proposes amendments to the assumptions which will change the resulting budget reduction requirement and financial forecasts.
- Option 3 – Cabinet approves and commends to Council for approval the contents of the report including all the budget reduction proposals to the value of £3.011m and the approach to the use of reserves and balances and as well as Council Tax and Adult Social Care Precept increases.
- Option 4 - Cabinet requests that further work is undertaken on some or all of the budget proposals and the approach to Council Tax, reserves and balances and that Council considers a revised position.

20 Preferred Option

20.1 Options 1 and 3 are the preferred options. Assumptions are based on objective research and the latest available information. The Council has a statutory duty to set a balanced budget and the budget reductions included in this report along with the proposed use of reserves fulfil that requirement.

21 Consultation

21.1 Presentation of this report to the Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee was a key stage in the budget consultation process and it considered a version of this report at its meeting on 23 January 2020. A total of 7 proposals were presented for consideration but it is important to note that no public consultation has been required as they do not have a frontline service impact.

21.2 The members of the Select Committee questioned and challenged assumptions and issues outlined in the report. There was also detailed scrutiny of the 7 budget reduction proposals and proposed changes to fees and charges. The Select Committee accepted the responses to the questions and was therefore content to commend the report to Cabinet for consideration.

21.3 Section 65 of the Local Government Finance Act 1992 requires Local Authorities to consult ratepayers (or their representatives) about its proposals for expenditure for the forthcoming financial year. During January 2020, the Council consulted representatives of the business community on the proposed Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2024/25. There were no responses to the consultation material issued.

21.4 The Schools Forum has been consulted on the proposed allocation of resources via the Schools Funding Formula (meetings of 27 November 2019 and 15 January 2020) and has agreed the recommended approach.

21.5 The Council has submitted a consultation response to the MHCLG on the Provisional LGFS and other key consultation documents.

22 Financial Implications

22.1 Financial Implications are dealt with in full within the detail of the report.

23 Legal Services Comments

23.1 Legal issues are addressed in the body of the report. The Council has a legal obligation to pass a resolution to agree its budget and Council Tax resolutions by 11 March 2020.

Colin Brittain (Assistant Borough Solicitor)

24 Co-operative Agenda

24.1 As a Co-operative Council, Oldham is committed to reforming public services and encouraging innovation, leading to better outcomes and delivery. The revenue budget projections have been prepared so that they support the Council's co-operative agenda with resources being directed so that the aims, objectives and co-operative ethos of the Council are delivered.

(Jonathan Downs, Corporate Policy Lead)

25 Human Resources Comments

25.1 The budget reduction proposals detailed at Appendix 5 and 6 contain two options with potential FTE post reductions; Property Savings and Accommodation review and Financial Services redesign, which together total 7.70 FTE.

25.2 The statutory requirement to commence formal collective consultation on potential job losses is triggered where the employer proposes to dismiss as redundant more than 20 employees over a 90 day period. The Council would normally commence collective budget reduction consultation by issuing the trade unions a formal "S188" document which details all the budget proposals where there may be job losses and consultation would take place with employees and trades unions for a minimum of 45 days; in any event to finish just prior to the budget Council meeting.

25.3 However, it has been decided that this year there is no requirement to undertake this normal process and that, instead, each of the two proposals will be dealt with separately at the point the services are in a position to commence consultation on any potential changes. The process will follow the Council's agreed process for restructuring and will honour any minimum time scales for consultation with employees and trade unions in the event that any actual redundancies are envisaged.

25.4 The trades unions have been consulted regarding the above change to the normal budget reduction process and are supportive as long as full and proper meaningful consultation takes places on the proposals and that the "normal" minimum 45 day consultation period is observed should they consider this be necessary in any particular case. In turn officers have agreed that this will be considered on a case by case basis. In any event the minimum consultation period will be 30 days.

Sally Blackman (Employee Relations Manager)

26 Risk Assessments

26.1 There are a wide range of issues which could impact on the MTFs and projections. A regular review of projections will ensure that any key changes are highlighted immediately.

Mark Stenson (Head of Corporate Governance)

27 IT Implications

27.1 Any specific IT implications associated with the proposals included in the report are detailed within the individual budget reduction proformas included at Appendix 6.

28 Property Implications

28.1 Any specific property implications associated with the proposals included in the report are detailed within each individual budget reduction proformas included at Appendix 6.

29 Procurement Implications

29.1 Any proposals that impact on the procurement of goods, services etc. will be undertaken in full liaison with the Procurement Service and in compliance with all necessary Council and statutory requirements.

30 Environmental and Health & Safety Implications

30.1 Environmental and Health and Safety implications will be considered when dealing with the individual proposals as appropriate.

31 Equality, community cohesion and crime implications

31.1 In taking financial decisions, the Council must demonstrate that it has given “due regard” to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

31.2 Demonstrating that “due regard” has been given involves:

- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process - so that it informs the development of policy and is considered before a decision is taken; and
- ensuring that decision makers are aware of the equality duties and any potential equality issues when making decisions.

NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that the Council must be clear where this is the case and must be able to demonstrate that it has consulted, understood and mitigated the impact.

31.3 To ensure that the process of impact assessment is robust, it needs to:

- Be specific to each individual proposal;
- Be clear about the purpose of the proposal;
- Consider available evidence;
- Include consultation and involvement with those affected by the decision, where appropriate;
- Consider proposals for mitigating any negative impact on particular groups; and
- Set out arrangements for monitoring the actual impact of the proposal.

31.4 The Equality Act 2010 extends the public sector equality duties to cover nine protected characteristics, namely:

- age,
- disability,
- gender,

-
- gender reassignment,
 - marriage and civil partnership,
 - pregnancy and maternity,
 - race,
 - religion and belief and
 - sexual orientation.
- 31.5 In December 2010, the Government announced that it would not be taking forward the socio-economic duty for public bodies. Despite this the Council has continued to consider people on low incomes as part of its equality impact assessment process.
- 31.6 Assessing the potential equality impact of proposed changes to policies procedures and practices is one of the key ways in which public authorities can show 'due regard'. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.
- 31.7 Oldham's EIA form is based on the experience of previous years and incorporates elements from good practice elsewhere. The main aims of our current EIA are to:
- strengthen the process through improved accountability – identifying a lead officer for each EIA;
 - stimulate a more rigorous and overt analysis of the impact and possible mitigations; and
 - implement a stronger equality monitoring and management process to ensure that the Council follows through on any commitments. This includes identifying risks to implementation and how these will be managed.
- 31.8 The equality impact assessment process undertaken for the Council's budget process involves:
- An initial equality impact screening – The budget proposal action plan forms completed by each Director / Service Manager incorporate an initial equality screening to identify whether any proposal has the potential for significant disproportionate adverse impact in respect of any protected characteristic i.e. whether the impact of the proposal falls disproportionately on any particular group – such as people with a disability.
- 31.9 The key aims of this review process are to:
- assess the potential equality impact of each proposal using the information provided;
 - provide challenge to those where the initial screening does not accurately identify those equality groups potentially affected and that a further screening process needs to be completed.
- 31.10 Full equality impact assessment – An equality impact assessment is carried out if the initial screening identifies that the proposal could have a potential significant, disproportionate adverse equality impact.
- 31.11 A key element to assessing the equality impact has been the involvement of elected Members. This involvement has included:
- Consideration of equality impacts throughout the Leadership Star Chamber process, including through the initial screenings on the proposal forms and a briefing paper;
 - Briefings between Directors and Cabinet Members during development of proposals
-

and working together to consider the equality impacts and identify any mitigating actions;

- Both the EIA screening information contained with the budget proposals and the EIA forms themselves, where available, were submitted to, and considered by PVFM Select Committee. NB: Where public consultation was required, the EIA forms were still in draft form at that stage;
- Final EIAs are available to Members alongside the budget reduction proposals included in this report.

31.12 Following an initial equality impact screening process for the budget proposals included within this report, it was determined that none of the proposals required public consultation or the completion of a full equality impact assessment.

(Jonathan Downs, Corporate Policy Lead)

32 Key Decision

32.1 Yes

33 Key Decision Reference

33.1 FCS-12-19

34 Background Papers

34.1 The following is a list of the 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 that Act.

File Ref: Background papers are contained in Appendices 1 - 12
Officer Name: Anne Ryans / Neil Stott
Contact No: 0161 770 4902 / 5060

35 Appendices

- Appendix 1 - Council Policies and Strategies
- Appendix 2 - Dedicated Schools Grant 2020/21
- Appendix 3 - Council Tax Tax Base 2020/21
- Appendix 4 - Current Budget Position 2020/21
- Appendix 5 - Full Summary – Budget Reductions
- Appendix 6 - Detailed Budget Reduction Proposals
- Appendix 7 - Proposed 2020/21 Fees and Charges Schedules
- Appendix 8 - Indicative Council Tax Charges
- Appendix 9 - Budget Position 2020/21 post Budget Proposals
- Appendix 10 - Indicative Net Revenue Budget Presentation 2020/21
- Appendix 11 - Summary MTFS Position 2020/21 to 2024/25 post Budget Proposals
- Appendix 12 - Draft Pay Policy Statement 2020/21
 - 12a – Table 1: Senior management remuneration
 - 12b – Chart 1: Family tree of officers earning over £50k
 - 12c – Table 2: Salaries expressed as a ratio of the Chief Executive as at December 2019

Service	Title	Description
Children's Social Care	Family and Friends Care Policy	This policy describes how the Council will assess and provide help to family and friends who become carers for children who cannot live with their birth parents.
Children's Social Care	Looked After Children Commissioning Strategy	The purpose of this strategy is to set out how Oldham Council will meet the placement needs of current and future children in care and care leavers and improve their outcomes considering our understanding of their needs and current provision.
Children's Social Care	Residential Services	This document sets out a vision for residential children services across Bury, Oldham and Rochdale councils. The vision covers all residential services including children's homes, emergency temporary accommodation, supported accommodation and residential short breaks for disabled children.
Children's Social Care	Youth Justice Strategic Plan	The Youth Justice Strategic plan sets out the strategy for the Oldham Youth Justice Service and how the Council will collaborate with partners and other services to support children, young people and families. An integrated range of services including 'Early Help' is also provided to try and prevent young people from entering the youth justice system.
Corporate	Corporate Enforcement Policy	This document sets out what businesses and others can expect from Oldham Council and its officers when enforcement action is being taken. It commits the Council to good enforcement practices and procedures. The document has been prepared with regard to current legislation and specific policies which detail standards to which the Council must adhere.
Corporate	Key Decision Document	The Key Decision Document details the key decisions that the Council is going to take over a four-month period. It aims to make the citizens of Oldham aware of the key decisions that are going to be taken as well as the consultation methods available for them.
Corporate	Climate Change Strategy	This strategy covers the Council's approach to investment in low carbon infrastructure across the borough, both on its own assets and in partnership with community groups, developers and other stakeholders.

Service	Title	Description
		This strategy will be superseded by a new 5-year Oldham Green New Deal Strategy. This is currently being developed and will be considered by Cabinet in March 2020.
Corporate	Single Use Plastics	This policy was developed in response to a Council motion asking Cabinet to develop a robust strategy to make Oldham a 'single-use plastic-free' authority and encourage the Borough's institutions, businesses and citizens to adopt similar measures.
Corporate	Modern Slavery Act 2015 Transparency Statement	In accordance with the Modern Slavery Act 2015, Oldham Council seeks to ensure that no slavery or human trafficking is taking place in any part of its own business or any of its supply chains.
Corporate	Registration Service Delivery Plan	This document sets out a plan for the delivery of Registration Services for the borough of Oldham.
Economic Development	Medium Term Property Strategy	This document sets out the Council's approach to managing its large and diverse property portfolio over the medium term.
Education, Skills & Early Years	Oldham's Inclusion Policy	This policy articulates a shared ambition for all Oldham's children and young people, placing them at the centre of everything and putting their voice first. Through strong partnership working the Council will identify their needs early and secure high quality, appropriate educational provision.
Education, Skills & Early Years	Participation and Engagement Strategy	Provides a framework for all agencies working with, or wishing to engage with, children and young people in Oldham based on guiding principles derived from the United Nations Convention on the Rights of the Child (UNCRC).
Education, Skills & Early Years	Sustainable Modes of Travel to School Strategy	This strategy aims to make it easier for parents and pupils to use different types of transport to get to school, college or training.
Education, Skills & Early Years	Aiming High	This programme ensures disadvantaged children with SEND can access short breaks that are fit for purpose and age appropriate.
Education, Skills & Early Years	Autism Strategy	The aim of the strategy is to improve both the design and delivery of services and support to ensure improved outcomes for people with autism and achieve value for money from commissioned services.
Education, Skills & Early Years	Local Authority Policy on Free Schools	This policy seeks to ensure the Council can exert influence over the choice of trust/sponsor for every Free School established in Oldham.

Service	Title	Description
		The policy on Free Schools outlines criteria that the Council should insist on for any provider hoping to operate a Free School within Oldham. This includes working in partnership with the Council and working with the Oldham Education and Skills Commission to develop and improve the education offer for parents, young people and the community.
Education, Skills & Early Years	Policy on Academy Conversion and Guidance for Schools	This policy ensures that the Council can proactively manage and influence the academy conversion process within the current statutory framework in order to shape the future of education in Oldham and, at an operational level, manage any reputational, educational and financial risks.
Education, Skills & Early Years	Oldham Education and Skills Commission	The Oldham Education and Skills Commission set out a vision for Oldham to create a 'self-improving education system' where schools, colleges and all interested parties work together in a collaborative partnership. The focus of the partnership is the continuous improvement of outcomes for children and young people, leadership, teaching, learning and assessment.
Education, Skills & Early Years	Oldham Work and Skills Strategy	The strategy aims to create jobs, deliver social regeneration and in-work progression. deliver the vision of the Oldham Education and Skills Commission (OESC), improve college provision and support a thriving private sector.
Education, Skills & Early Years	Get Oldham Working	A key aim of the Council is to improve employment opportunities for Oldham residents. As part of the Work and Skills Strategy, the "Get Oldham Working" campaign has created thousands of job, apprenticeship, traineeship and work experience placement opportunities.
Education, Skills & Early Years	Policy for Monitoring Challenge, Support and Intervention in Schools	This policy sets out how Oldham Council will fulfil its statutory duties in relation to maintained schools and provides the framework for engagement with Academies, Free Schools and Academy Sponsors in relation to standards and attainment.
Education, Skills & Early Years	Free School Meals Policy	This policy ensures there is a clear, transparent and accessible application and eligibility assessment process in place for Free School Meals.

Service	Title	Description
Environmental Services	Local Flood Risk Management Strategy	This strategy aims to tackle 'local flood risk', which includes flooding from surface water, groundwater, ordinary watercourses, canals and reservoirs. This type of flooding is responsible for most of the household flooding in England, but until now there has been no duty on the Council or the Environment Agency (EA) to address these forms of risk in an organised way. The strategy aims to address this gap and direct and manage the way forward.
Environmental Services	Air quality management	The Council has a statutory duty to review and assess air quality within the borough to determine whether air quality objectives will be met. Alongside other districts, Oldham has contributed to the production of a joint Greater Manchester Air Quality Action Plan.
Environmental Services	Environmental Policy	This policy provides a framework for identifying and tackling the environmental impacts of operations and services, and influencing others to do the same, prioritising areas where the most impact can be made. The policy aims to ensure the environment allows us, our children and our grandchildren to prosper.
Environmental Services	Light Duty Vehicle Crossings Policy	This policy sets out the Council's procedures for assessing Light Duty Vehicle Crossing applications to ensure that they are assessed in a consistent and fair manner.
Environmental Services	Highway Safety Inspection Policy	This policy details how the Council will carry out proactive and reactive safety inspections to ensure that the Council can meet its statutory duty to maintain the highway. This policy also sets out how the Council will apply the principles of the national code of practice and Greater Manchester Highway Inspection Framework to its safety inspection regime.
Environmental Services	Oldham Highway Asset Management, Policy, Framework and Strategy	The Highways Asset Management Policy, Framework and Strategy details the individual processes for maintaining all major highway assets. These processes have been developed to provide best value for money on a whole life cost basis for the asset, by maintaining assets to approved service levels appropriate to the overall current condition of the asset.
Environmental Services	Gambling Policy Review	Local authorities have statutory responsibilities for licensing premises

Service	Title	Description
		used for gambling and associated activities. This strategy aims to prevent gambling from being a source of crime and disorder, ensure gambling is conducted in a fair and open way; and protect children and other vulnerable people from being harmed or exploited by gambling.
Environmental Services	Licensing Act 2003 - Review of Statement of Licensing Policy	This policy provides advice to businesses and the public on what the Council expects of those licensed under the Licensing Act 2003. The policy also provides a decision-making framework for the Council via its Licensing Committee, and the Licensing Premises Panel, to exercise its quasi-judicial functions under the Act.
Health and Social Care	Adult Social Care Preferred Accommodation and Top-Up Arrangements	Where a person's needs have been identified to be met in a residential or nursing home setting, shared lives environment or supported living accommodation, the person may choose a setting that is more expensive than the amount identified for the provision of care within their personal budget or the Councils residential care price framework. This policy sets out how the Council will deal with preferred accommodation requests and associated 'top-up' payments.
Health and Social Care	Adult Social Care Provider Failure Policy	As required by the Care Act 2014, this policy sets out how the Council will meet the care and support needs of an individual and the support needs of a carer when a registered care provider becomes unable to carry on a regulated activity, establishment or agency as a result of business failure.
Health and Social Care	Adult Social Care Local Account	The Local Account provides Oldham borough residents with information about Adult Social Care services and how it aims to support and improve the lives of service users.
Health and Social Care	Adult Social Care Information and Advice Strategy	The aim of the strategy is to take stock of information and advice provision across care and support and to recommend required improvements.
Health and Social Care	Child and Adolescent Mental Health Services Strategy	This strategy aims to improve emotional wellbeing and mental health for children and young people in Oldham.
Health and Social Care	Local Welfare Provision Policy	This policy aims to meet the short-term emergency / immediate support needs of vulnerable residents and to assist vulnerable residents to

Service	Title	Description
		establish or maintain a home in the community.
Health and Social Care	Locality Plan for Health and Social Care Transformation	Through the integration of Health and Social Care services, the vision is to achieve and sustain the greatest and fastest improvement in wellbeing and health for the people of Oldham. This will be achieved through innovative programmes, new ways of working, and partnerships.
Health and Social Care	Right Start Pre-school children's oral health improvement strategy	This strategy aims to improve the oral health of pre-school children living within the borough of Oldham.
Health and Social Care	Oldham Public Health Charter	The charter is committed to creating the conditions for residents to take greater control over their own lives and enjoy the freedoms that lead to healthy and independent lives.
Health and Social Care	Think Local Act Personal (TLAP)	TLAP is a national, cross sector leadership partnership focused on driving forward with personalisation and community-based support – the process of enabling people to be in more control of the care and support services they receive. It encourages interaction between service users, carers, Councils and other groups.
Planning	Local Plan	A series of documents setting out planning and development arrangements for the borough of Oldham covering the local development scheme, local plan review, supplementary planning documents, neighbourhood planning, the brownfield land register and housing land.
Youth, Leisure & Communities	Libraries Strategy	This document sets out a strategy for the delivery of Library Services within the borough of Oldham
Youth, Leisure & Communities	Domestic Violence Strategy	This document sets out how the Council and partners will deal with the issue of domestic violence and promote a social norm where individuals treat each other with respect and dignity.
Youth, Leisure & Communities	Oldham Playing Pitch Strategy	This strategy aims to ensure that sufficient playing pitches are provided. These should be of a good quality and should support the needs of each sport and club in Oldham. Provision should aim to be sufficient yet flexible enough to deal with current and projected increases in demand.

1. Background

- 1.1 The Dedicated Schools Grant (DSG) is a ringfenced grant payable to Local Authorities by Government for the funding of both maintained schools and academies. From 2018/19, the Government changed the way it funds the Authority for schools via the DSG to a standard means of allocating resources. This is known as the National Funding Formula (NFF).
- 1.2 The DSG contains 4 blocks, each of which is determined by a separate National Funding Formula which calculates the total funding due to Local Authorities. The Department for Education (DfE) calculated the funding that Local Authorities will receive for the Schools Block as if the National Funding Formula had been applied. As in 2019/20, it still remains the role of the Local Authority to determine the funding to schools and academies via their Local Funding Formula for the Schools and Early Years Blocks.
- 1.3 There is no legal requirement for Authorities to move further to the funding allocation methodology introduced by the NFF in 2018/19 when determining schools and academies funding for 2020/21 using the local formula, however there is a requirement for the Local Authority to consult with schools on the DSG allocation methodology that will be applied.
- 1.4 As referenced above, the DSG is made up of 4 blocks of funding:
- a) The **Schools** block covers funding for:
 - Individual mainstream schools and academies
 - Growth Funding for planned growth by the Local Authority (LA) in schools.
 - b) The **High Needs** block covers funding for the education of pupils subject to Education, Health and Care Plans from age 0-25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and Council centrally retained expenditure for High Needs. Funding for the High Needs block has over the past few years, not kept pace with demand.
 - c) The **Early Years** block covers:
 - Two Year old Funding
 - Early Years Funding in Schools and Private, Voluntary and Independent provision
 - Centrally retained expenditure for under 5's.
 - d) The **Central Schools Services** block covers:
 - Funding previously allocated through the retained duties element of the Education Services Grant (ESG) which has been discontinued from 2018/19
 - Central school services which includes the expenditure related to Schools Forum, Premature Retirements, Admissions service, ICT for schools and School Improvement
 - School Licenses
 - Statutory and Regulatory duties.

- 1.5 There is limited flexibility for Local Authorities to transfer funding between the four blocks, even though there are growing demand pressures in the High Needs Block. For 2020/21 the Education and Skills Funding Agency (ESFA) has limited the movement of funds from the Schools Block to other blocks to 0.5% of the total Schools Block Allocation, but only with the agreement of the Schools Forum. Any proposed movement above the 0.5% must be referred to the Secretary of State for approval.
 - 1.6 The Authority has a responsibility to ensure that the DSG is deployed in accordance with the conditions of the grant and the School and Early Years Finance (England) (No. 2) Regulations 2018. The arrangements for 2020/21 are detailed by the ESFA “2020 to 2021 operational guide” published in September 2019 and the “High needs funding 2020 to 2021 operational guide” published in October 2019.
- 2. DSG Allocations 2020/21**
- 2.1 On 4 September 2019, the Chancellor of the Exchequer presented the 2019 Spending Round to Parliament. This included notification that nationally, Schools funding would increase by £2.6bn in 2020/21, £4.8bn by 2021/22 and £7.1bn by 2022/23. Within this funding announcement the Government advised that in 2020/21, High Needs funding for Schools was set to increase by more than £700m.
 - 2.2 Oldham’s share of this funding was initially announced in October at a sum of £238.203m excluding Early Years funding based on October 2018 pupil numbers and was subsequently revised on 19 December 2019 based on October 2019 pupil numbers. The 2020/21 DSG allocation for Oldham is £262.121m including the Early years Block; being £17.016m more than the 2019/20 allocations (analysed in Table 1 below).
 - 2.3 As there is a requirement to agree the funding formula with schools, consultation with schools and the Schools Forum was required. A budget paper, based on estimated 2019 pupil numbers and an estimated Schools Block allocation of £201.758m, was presented to Schools Forum on 27 November 2019. This suggested a funding allocation methodology for schools; a move towards the 2020/21 NFF cash values in full except for the Area Cost Adjustment factor which was to be reduced to 1.00000, together with a 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks.
 - 2.4 The projection that Schools Forum received was that the outturn DSG position for 2019/20 was showing a deficit of £6.250m, mainly due to additional costs of funding from the High Needs block for Special Schools, the Pupil Referral Unit, additional children with statements in mainstream schools and the cost of high cost external placements. It was, however, projected that remedial action would reduce the expected deficit to £5.700m.
 - 2.5 The funding formula and the 0.5% transfer between blocks as proposed was approved by Schools Forum and provides a minimum funding level per pupil of £3,750 for primary and £5,000 for secondary schools. The funding formula and 0.5% transfer between blocks was subsequently reported to and approved by Cabinet on 16 December 2019.

- 2.6 As advised above, the Council received the final DSG notification for 2020/21 including an amount for the Early Years Block on 19 December 2019. The 2020/21 DSG for Oldham is a total value of £262.121m, which includes additional funding of £11.386m for the Schools Block and £5.548m for the High Needs Block. The total allocation is analysed over the four funding blocks including comparisons to the 2019/20 actual allocations in the table below:

Table 1 – Dedicated School Grant 2020/21

	Schools Block	Central School Services Block	High Needs Block	Early years Block	Total DSG Allocation
	£000	£000	£000	£000	£000
2020/21 Allocation	201,874	2,689	38,591	18,967	262,121
2019/20 Allocation*	190,488	2,999	33,043	18,575	245,105
Variance	11,386	(310)	5,548	392	17,016

*2019/20 Early Years allocation includes a retrospective deduction of £68k re 2018/19

- 2.7 The allocations for the Schools and Central Schools Services Block are final. A small proportion of the High Needs Block is subject to change and will be adjusted in Spring 2020. This will include an adjustment for Springboard Free School which is included within the Local Authority allocation and imports/exports (Oldham children educated in schools outside the borough and children from outside the borough educated in Oldham schools). For planning purposes these figures have been estimated and the allocation adjusted. The Local Authority will also estimate the Early Years Block based on the January 2020 census when available, as the current figure is based on January 2019, and this is not formally updated until July 2020. In addition, the Early Years Block funding will not be fully finalised until July 2021 because 7/12 of the allocation will be based on the January 2021 census.
- 2.8 Overall, the 2020/21 allocation has increased by £17.016m. For 2020/21, historic commitments funding has been reduced by 20% nationally by the DfE. The DfE will continue to unwind this funding in future years and further detail will be provided in due course. As a result, the Central School Services Block allocation for Oldham for 2020/21 has reduced by £0.310m although the costs will still be incurred. The impact of this reduction is being managed as part of the Council's 2020/21 revenue budget setting process as advised in Section 9.

3 DSG Deficit

- 3.1 The DSG has been in deficit since 2016/17, largely caused by spending pressures in the High Needs Block in relation to increasing numbers of pupils receiving Education Health & Care Plans (EHCPs), increasingly complex needs, increasing costs of provision, particularly those outside the Local Authority, the Pupil Referral Unit and for Post 16 Education.

- 3.2 There have been transfers of funding from other blocks (including using year end underspends) towards offsetting the deficit and Table 2 below shows the net overall position of the DSG balance for the last few years.

Table 2- DSG Surplus / Deficit

DSG High Needs Block	High Needs Block (Deficit)/ Surplus £000	Movement from Schools Block £000	Savings/ Movement Schools Block £000	Savings/ Movement Early Years Block £000	Overspend CSSB £000	Other £000	DSG (Deficit)/ Surplus £000	Cumulative DSG (Deficit)/ Surplus £000
2015/16	(671)	0	1,399	99	0	10	837	837
2016/17	(2,968)	385	38	1	0	5	(2,539)	(1,702)
2017/18	(4,336)	2,380	682	(55)	0	0	(1,329)	(3,031)
2018/19	(2,665)	1,878	268	826	0	1	308	(2,723)
2019/20 estimate	(4,473)	1,594	(317)	(66)	(48)	0	(3,310)	(6,033)
2020/21 estimate	1,077	1,009	0	1	(54)	0	2,033	(4,000)

High Needs Block

- 3.3 The High Needs Block mainly funds pupils in specialist and alternative settings, such as special schools (both maintained and independent), resource units within mainstream schools, pupil referral units, and pupils with high needs in mainstream and early years settings and post 16 colleges. It also provides central support services such as Hearing and Visual Impairment (HI/VI) services.
- 3.4 Table 3 details the funding allocation for the High Needs Block. The allocation is provisional as there are still adjustments to be confirmed.

Table 3. High Needs Block Allocation

High Needs Block	2019/20 allocation £000	2020/21 allocation £000
High Needs Formula	28,088	33,880
Hospital Allocation	450	486
Additional Allocation	622	0
Special Schools Census (includes Springboard in 2020/21)	3,623	3,965
Import/Export Adjustment (not yet known but 2020/21 figure adjusted for Springboard)	260	260
Gross High Needs Allocation	33,043	38,591
Top sliced for Academies for ESFA (recoupment) to pay academies direct. 2020/21 is an estimate and includes Springboard	(9,062)	(9,612)
High Needs Allocation after ESFA recoupment	23,981	28,979
Transfer from Schools Block; 0.84% 2019/20 and 0.50% 2020/21	1,594	1,009
Total High Needs Block	25,575	29,988

- 3.5 The funding for 2020/21 has increased by £5.548m. The place funding for academies/free schools is top sliced from the Local Authority allocation and paid to the school direct.
- 3.6 In view of the additional funding notified for 2020/21, the ESFA expressed an expectation in its letter of 30 October that there would not be a need to transfer funding from the Schools Block to the High Needs Block. However, there remains a requirement for the transfer to continue in Oldham in order for the DSG to be brought back into balance within the stipulated three-year timescale. In total therefore, after allowing for the 0.50% movement of £1.009m, the revised Schools Block is £200.865m and the revised High Needs Block is £39.600m.
- 3.7 Table 4 shows the current recovery plan. Additional pressures of £2.323m not anticipated in the initial recovery plan (nor by the DfE) create a predicted increased adverse variance of £6.033m in 2019/20. This was reported to the Schools Forum on 15 January 2020.
- 3.8 Further anticipated pressures in 2020/21 are offset by the estimated increased funding from Government to reduce the deficit to £4.000m, and this trend is perpetuated in 2021/22, when it is also currently assumed that a further 0.5% transfer between blocks will be required (1% in total which would require Secretary of State approval), to deliver an estimated surplus of £0.177k at the end of the 3-year timescale.
- 3.9 It is an important element of the financial management of the Authority that the DSG is not in a deficit position and there has been action to try to address this. However, this has been more than offset by the increasing numbers of children with special needs entering the school's system. Action taken includes;
- the revision of Council processes to ensure that education health plans are issued in a timelier manner and reviewed more frequently with regard to the needs of the child
 - changes to the process for placement of children out of borough

It should be noted that the recovery may be delayed due to any further revisions to provision or delays in implementing the long term improvement strategies.

Table 4- DSG Recovery Plan

	2019/20 £000	2020/21 £000	2021/22 £000
Variance Brought Forward	(2,723)	(6,033)	(4,000)
Movements Per Original Plan	(987)	1,451	2,396
Revised Forecast Variance	(3,710)	(4,582)	(1,604)
Estimated additional pressures	(2,323)	(2,603)	(1,819)
Additional Funding	0	4,132	3,600
Reduce movement by 0.5%	0	(947)	0
REVISED NET FORECAST VARIANCE	(6,033)	(4,000)	177

- 3.10 Work will be continuing during the remainder of 2019/20 and throughout 2020/21 to address the DSG deficit position building on the work already in train, with the monitoring of the detailed DSG recovery plan in consultation with Schools Forum.

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APPENDIX 3

CALCULATION OF COUNCIL TAX TAX BASE 2020/21 (Based on all properties)

Bands	A reduced	A	B	C	D	E	F	G	H	TOTAL
Total number of Dwellings on the Valuation List		50,742	17,229	16,270	6,928	3,290	1,527	891	81	96,958
Total number of Exempt and Disabled Relief Dwellings on the Valuation List	136	(1,320)	(208)	(302)	(102)	(45)	(12)	(12)	(22)	(1,887)
No. of Chargeable Dwellings	136	49,422	17,021	15,968	6,826	3,245	1,515	879	59	95,071
Less: Estimated discounts, exemptions and disabled relief	(8.5)	(5,581)	(1,432.25)	(1,125)	(374.25)	(149.5)	(69.75)	(36.75)	(3.75)	(8,780.75)
Total equivalent number of dwellings after discounts, exemptions and disabled relief	127.5	43,841	15,588.75	14,843	6,451.75	3,095.5	1,445.25	842.25	55.25	86,290.25
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	70.8	29,227.3	12,124.6	13,193.8	6,451.75	3,783.4	2,087.6	1,403.85	110.5	68,453.6
Net effect of Local Council Tax Support Scheme (LCTSS) and other adjustments										(9,977.2)
Additional Net Dwellings in 2020/21 based on known regeneration within the Borough and reductions in the levels of discounts and exemptions										970
TOTAL AFTER LCTSS AND OTHER ADJUSTMENTS										59,446.4
Multiplied by estimated collection rate										97.00
BAND D EQUIVALENTS										57,663

For information: Parish Council Tax Tax Bases –

Saddleworth 8,707

Shaw & Crompton 5,494

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Current Budget Position 2020/21

Estimated revenue position 2020/21	2020/21 £000
Prior Year Net Revenue Budget	228,412
Adjustment for new one off funding in 2019/20	(4,300)
Prior Year Adjusted Net Revenue Budget	224,112
2020/21 Adjustments to the Base Budget	
Add back one off 2019/20 Flexible Use of Capital Receipts	3,000
Adjustment for one off funding for Early Help	(750)
Adjustment for one off funding in 2019/20 Brexit Preparation Grant	(105)
Total 2020/21 Adjustments to the Base Budget	2,145
Revised Base Position	226,257
Expenditure Pressures	
- Children's Social Care Operating Model	671
- Development Fund	0
- Street Cleaning	180
- Coroners Service	20
- Additional Demand Pressures Adults Social Care	1,600
- Corporate Landlord / Investment Estate	600
- Home to School Transport	750
- Annual Leave Purchase Scheme	475
- Children's Social Care Additional Demand	220
- SEND Service Pressures	300
- Traded Services	750
- Pay Inflation	1,800
- Contractual and Service Inflation	1,650
- DSG Inherited Liabilities	310
- Investment Fund	920
- Pensions	1,000
- Homelessness	164
- Rough Sleeping Initiative	37
- Passporting of Adult Social Care Precept (ASCP)	1,873
- ASCP Taxbase Growth	114
- Revised Parish Precept	2
- Early Intervention and Prevention Service	1,555
- Implementation of the transformation agenda	930
- Creating a Better Place	750
Total Expenditure Pressures	16,671
Impact of Levies	
- GMCA - Waste Disposal Levy	(654)
- GMCA - Transport Levy	(6,797)
- GMCA - Transport Statutory Charge	7,263
- Adjustment for one off funding in 2019/20 - Mayoral Bus Reform Grant	(693)
- Contributions to GM-Wide Activities	0
- Environment Agency Levy	2
Total Impact of Levies	(879)
Budget Reductions	
- 2020/21 impact of 2019/20 Budget Reduction Proposals approved 27 Feb 2019	(116)
- 2020/21 Children's Social Care Planned Efficiencies approved 27 Feb 2019	(1,660)
Total Budget Reductions	(1,776)
Total Expenditure	240,273

Estimated revenue position 2020/21	2020/21 £000
Funded By:	
Government Grant	
- Business Rates Top Up	41,048
- Grants in Lieu of Business Rates	11,230
- Public Health Grant	0
- Improved Better Care Fund Grant	10,858
- 2020/21 Social Care Support Grant	6,954
- Independent Living Fund (ILF) Grant	2,580
- Flexible Homelessness Support Grant	194
- Homeless Reduction Grant	164
- Rough Sleeping Initiative Grant	37
- Housing Benefit Administration Grant	778
- Council Tax Administration Grant	360
- New Homes Bonus Grant	598
- Department for Work and Pensions (DWP) New Burdens Grant	122
- Lead Local Flood Authority Grant	12
Total Government Grant Funding	74,935
Locally Generated Income	
- Retained Business Rates	50,424
- Council Tax Income	87,787
- Adult Social Care Precept 2016/17	1,606
- Adult Social Care Precept 2017/18	1,666
- Adult Social Care Precept 2018/19	1,732
- Adult Social Care Precept 2019/20	1,801
- Adult Social Care Precept 2020/21	1,873
- Parish Precepts	280
Total Locally Generated Income	147,169
Total Funding	222,104
Budget Gap	18,169

Summary of Budget Reduction Proposals

Appendix 5

Reference	Proposal Name	Responsible Officer	Cabinet Member	2020/21		2021/22	2022/23	Totals		EIA Required?	Page No.
				Proposed Budget Reduction £000	Proposed FTE Reduction	Proposed Budget Reduction £000	Proposed Budget Reduction £000	Proposed Budget Reduction £000	Proposed FTE Reduction		
Directorate : Community Services and Adult Social Care											
SERVICE : Adult Social Care Support											
CSA-BR1-307	Direct Payment Review	Mark Warren	Cllr Z Chauhan	(150)	0.00	0	0	(150)	0.00	No	1
Directorate : People and Place											
SERVICE : Corporate Landlord											
PPL-BR1-306	Property Savings and Accommodation Review	Peter Wood	Cllr S Fielding	(261)	(5.00)	0	0	(261)	(5.00)	No	6
Directorate : Commissioning											
SERVICE : Finance											
COM-BR1-301	Financial Services Redesign	Anne Ryans	Cllr A Jabbar	(100)	(2.70)	0	0	(100)	(2.70)	No	10
COM-BR1-302	Insurance Review	Mark Stenson	Cllr A Jabbar	(300)	0.00	0	0	(300)	0.00	No	14
COM-BR1-303	Treasury Management	Anne Ryans	Cllr A Jabbar	(1,000)	0.00	0	0	(1,000)	0.00	No	18
COM-BR1-304	Housing Benefit - Reduction in provision for loss of subsidy	Anne Ryans	Cllr A Jabbar	(500)	0.00	0	0	(500)	0.00	No	22
COM-BR1-305	Pension Prepayment	Anne Ryans	Cllr A Jabbar	(700)	0.00	0	0	(700)	0.00	No	26
Grand Total				(3,011)	(7.70)	0	0	(3,011)	(7.70)		

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Appendix 6

BR1 proposals

Budget reductions

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Responsible Officer :	Mark Warren
Cabinet Member :	Cllr Z Chauhan
Support Officer :	Kirsty Littlewood

BR1 - Section A

Service Area :	Adult Social Care Support
Budget Reduction Title :	Direct Payment Review

Budget Reduction Proposal - Detail and Objectives :
<p>The Community Health and Adult Social Care Service are proposing to review its approach to the administration, management and audit of Direct Payments (DP's) for those people who have eligible adult social care needs.</p> <p>Direct payments are one of three statutory mechanisms which local authorities have to offer as a way for people to meet their eligible social care needs. A direct payment is an amount of money paid to the individual so that they can purchase their care and support services directly, without the need for the Council to manage the contractual arrangements.</p> <p>At the present time, there are 1,002 clients who receive a direct payment to meet their eligible social care needs with a net cost to the service of £14m.</p> <p>To ensure direct payments are managed appropriately and the funds are used to meet a person's eligible needs, people in receipt of a direct payment are audited on an annual basis to ensure any overpayment, non-payment of client contributions, misuse or mismanagement of funds identified are reclaimed. Between 2015 and 2019, the amount of monies being reclaimed in this way has risen from £0.250m to in excess of £1m.</p> <p>With such high recoupment rates and a year on year increase in the use of direct payments, it is appropriate to review our policy and procedural approach to the management and assurance for direct payments. (See additional information)</p>

2019/20 Service Budget and Establishment	£000
Employees	1,980
Other Operational Expenses	429
Income	(703)
Total	1,706

Current Forecast (under) / overspend	(175)
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Number of posts (Full time equivalent)	61.94
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(150)	0	0
Proposed Staffing Reductions (FTE)	0.00	0.00	0.00

Is your proposal a "one-off" in 2020/21 or ongoing?	Ongoing
--	----------------

Section B

What impact does the proposal have on the following? :

Property
None.
Service Delivery
The changes proposed will not impact service users and as such the completion of an Equality Impact Assessment (EIA), whilst considered, is not required at this time. A wider review will be completed and if further changes are proposed that would impact on service users, an EIA will be completed as required.
Future expected outcomes
None.
Organisation
None.
Workforce
Increase in work for Income and Payments in relation to the processing of invoices for payment. An additional member of staff will be required to undertake the additional work. There will be a reduction in the number of audits that need completing as the payment of invoices will be managed internally.
Communities and Service Users
None.
Oldham Cares
None.
Other Partner Organisations
None.

Who are the key stakeholders?

Staff	Yes
Elected Members	No
Residents	Yes
Local business community	No
Schools	No
Trade Unions	No
External Partners (if yes please specify below)	Yes
Clinical Commissioning Group alongside Continuing Health Care (CHC)	
Other Council Departments (if yes please specify below)	Yes
Corporate Audit Function.	
Other (if yes please specify below)	Yes
Yvonne Mooney, Sica Support, Instream, ILB - all brokerage providers.	

Benefits to the organisation/staff/customers including performance improvements

The savings made will help to meet budget requirements.

Accurate and timely reporting of expenditure.

There will be better control over the funds being paid out in relation to the provision of Adult Social Care services.

Less audits will be required freeing up capacity to ensure legislative compliance with audit requirements.

Section C

Key Risks and Mitigations:

Risk	Mitigation
Impact on brokerage providers due to the reduction in requirements for their service, some brokers would see a significant reduction in packages potentially impacting their ability to continue operating.	The brokerage framework is currently being reviewed.
Brokers withdraw from the market resulting in the need to identify alternative support for Direct Payments that are to remain broker managed.	Details of those who could be impacted are known.
Delay in payment of invoices during transition period to Income and Payments.	Communications with brokers/providers to ensure that all information has been collated and the full positions is understood prior to transfer.

Key Development and Delivery Milestones:

Milestone	Timeline
Completion of a holistic review of DP processes.	December 2019.
Transfer payment of invoices to Income and Payments Team.	April 2020.
Amend Direct Payments to remove the National Insurance (NI) elements where not required (in line with statutory regulations).	April 2020.
N/A.	N/A.

Section D

Consultation Required?	No
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	Start	Conclusion
Staff	not applicable	not applicable
Trade Union	not applicable	not applicable
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	not applicable	not applicable

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
Changing our approach to paying National Insurance contributions by applying HMRC guidance relating to employers NI benefit and by bringing 'invoice only' Direct Payments back in-house, thus avoiding brokerage fees, is expected to realise a reduction in cost of £0.150m. Potentially, further efficiencies may well be identified pending a full review of the DP process.

Signed RO	23-Dec-2019
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Signed Finance	18-Dec-2019
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Cabinet Member Signature		
Name and Date	Cllr Z Chauhan	13-Jan-2020

Additional Information (if required)

Detail and Objectives (continued):

A working group has already been established to take forward a holistic review of Direct Payments and initial outcomes suggest that savings in the region of £150k can be achieved by April 2020 across the following areas:

- **National Insurance Contributions**

There are currently 169 DP's where Employer's National Insurance provision is included in the DP. National insurance contributions are no longer payable across all personal assistant packages due to changes relating to the Employers NI Allowance Scheme. This would realise savings in the region of £110,000 per year.

- **Cost effective invoice only payments**

There are currently 385 DP's which are managed by brokers, for which only invoices require payment. These packages cost the service £69k per year. It is proposed that these will be managed in-house by the service income and payments team to realise a net saving of £40k per year (savings are less £29k staff on-costs to accommodate the additional work pressures).

In turn, the payment of invoices by the Income and Payments Team will reduce the number of audits required to be completed and reduce risks relating to overspend or mismanagement of funds.

It is estimated that these proposals will save the service £150k.

Responsible Officer :	Emma Barton
Cabinet Member :	Cllr S Fielding
Support Officer :	Dominic Whelan

BR1 - Section A

Service Area :	Economy Skills and Neighbourhoods Management
Budget Reduction Title :	Property Savings and Accommodation Review

Budget Reduction Proposal - Detail and Objectives :
<p>The Council has a large and diverse property portfolio and significant progress has been made to rationalise the office estate of the Council and make budget savings. Addressing the opportunities that exist in the remainder of the portfolio requires a fundamental review of the Council's approach to both its property assets and the management of those assets. This review and approach is captured in the Council's Medium Term Property Strategy but it will take time for the full benefits of the review to be achieved.</p> <p>Working over a five year timeframe and having regard to the Council's regeneration ambitions, it is expected that in 2020/21 a modest £0.261m can be generated from cost savings from asset rationalisation, new income and capital receipts. As the review is implemented fully and assets are disposed, further savings will be generated forming part of a full detailed Budget Reduction Proposal and Equality Impact Assessment from the financial year 2021/22. This will be introduced into respective budget setting processes.</p>

2019/20 Service Budget and Establishment	£000
Employees	11,661
Other Operational Expenses	26,539
Income	(33,052)
Total	5,148

Current Forecast (under) / overspend	1,861
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Number of posts (Full time equivalent)	365.60
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(261)	0	0
Proposed Staffing Reductions (FTE)	5.00	0.00	0.00

Is your proposal a "one-off" in 2020/21 or going on?	Ongoing
--	---------

Section B

What impact does the proposal have on the following? :

Property
All Council property (land & buildings) will be affected by the detailed proposal, to be brought forward as the review is implemented, for 2021/22.
Service Delivery
The management of Council properties, largely undertaken by Unity Partnership Limited (UPL) will need to change as the portfolio changes.
Future expected outcomes
A smaller more efficient property portfolio with a greater number of categories rather than operational and non-operational, as reflected in the Corporate Property Strategy, aligning more closely with the objectives and priorities of the Council.
Organisation
As property is used to deliver Council services it is an enabler to transformational change within the organisation.
Workforce
As property is used to deliver Council and partner services, any portfolio change will affect staff.
Communities and Service Users
Better identification of assets important to communities in support of the co-operative agenda, including Community Asset Transfer. As property is used to deliver Council services, any portfolio change has the opportunity to improve the experience of service users.
Oldham Cares
The current property portfolio includes properties used by Oldham Cares and any changes to the portfolio may impact on the operations of Oldham Cares.
Other Partner Organisations
In recent years there has been an increase in the co-location of services, this is expected to continue.

Who are the key stakeholders?

Staff	Yes
Elected Members	Yes
Residents	Yes
Local business community	Yes
Schools	Yes
Trade Unions	Yes
External Partners (if yes please specify below)	Yes
Schools, health, blue light services etc.	
Other Council Departments (if yes please specify below)	Yes
All services.	
Other (if yes please specify below)	Yes
Unity Partnership Limited.	

Benefits to the organisation/staff/customers including performance improvements

Long term revenue savings from a smaller, more focused property portfolio. Improvements for staff and customers when property is used to facilitate organisational change.

Section C**Key Risks and Mitigations:**

Risk	Mitigation
Decision making too slow to enable the Council to take the benefit from time sensitive investment opportunities.	Review Council decision making arrangements.
Operational estate rationalisation does not take place.	Business case approach to decision making to drive a programme of change.
N/A	N/A

Key Development and Delivery Milestones:

Milestone	Timeline
Property Workshops to review existing estate.	Summer 2019.
Approval of amendments to the Medium Term Property Strategy.	November 2019.
N/A	N/A
N/A	N/A

Section D

Consultation Required?	Yes
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	Start	Conclusion
Staff	18-Nov-2019	14-Feb-2020
Trade Union	18-Nov-2019	14-Feb-2020
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	18-Nov-2019	14-Feb-2020

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
The proposal will be met from a fundamental review of the Council's assets and their management in line with the Medium Term Property Strategy.

Signed RO	20-Dec-2019
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Signed Finance	20-Dec-2019
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Cabinet Member Signature	
Name and Date	Cllr S Fielding 13-Jan-2020

Responsible Officer :	Anne Ryans
Cabinet Member :	Cllr A Jabbar
Support Officer :	Neil Stott

BR1 - Section A

Service Area :	Finance
Budget Reduction Title :	Financial Services Redesign

Budget Reduction Proposal - Detail and Objectives :
<p>The Finance Service continues to deliver a high quality of service to the Council. However, the structure (of the Accountancy Function) requires realigning formally to reflect the revised directorate structure and operational management arrangements of the Council. This realignment also reflects efficiencies in operational practice whilst at the same time delivering continuous improvement.</p> <p>The result of these changes to the Finance Service has reduced the head count requirement and will generate a budget reduction of £0.100m including non-pay budgets. This budget reduction is in addition to the £0.962m savings achieved by the Finance Service since 2016/17, which generated a reduction in FTEs of 28.5.</p>

2019/20 Service Budget and Establishment	£000
Employees	3,154
Other Operational Expenses	339
Income	(1,277)
Total	2,216

Current Forecast (under) / overspend	(108)
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Number of posts (Full time equivalent)	66.99
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(100)	0	0
Proposed Staffing Reductions (FTE)	2.70	0.00	0.00

Is your proposal a "one-off" in 2020/21 or going?	Ongoing
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Section B

What impact does the proposal have on the following? :

Property
There will be no impact on property from this proposal.
Service Delivery
There will be no impact on the service delivered by the Finance Team.
Future expected outcomes
The proposal will contribute to the achievement of the 2020/21 budget reduction target.
Organisation
There will be no impact on the organisation from this proposal.
Workforce
There will be a reduction of 2.7 FTE as a result of the deletion of vacant posts.
Communities and Service Users
There will be no impact on communities and service users from this proposal.
Oldham Cares
There will be no impact on Oldham Cares from this proposal.
Other Partner Organisations
There will be no impact on other partner organisations from this proposal.

Who are the key stakeholders?

Staff	Yes
Elected Members	Yes
Residents	No
Local business community	No
Schools	No
Trade Unions	Yes
External Partners (if yes please specify below)	No
N/A	
Other Council Departments (if yes please specify below)	No
N/A	
Other (if yes please specify below)	No
N/A	

Benefits to the organisation/staff/customers including performance improvements

A £0.100m contribution to the achievement of the 2020/21 budget reduction target.

Section C

Key Risks and Mitigations:

Risk	Mitigation
Concerns expressed by staff.	Consultation and discussions with staff.
Concerns expressed by service users.	Service provision will not be compromised as the posts have been vacant for some time.
Increased requirement for financial advice and support from the finance service.	The service is flexible and responsive to the demands of customers and can prioritise key activities accordingly.

Key Development and Delivery Milestones:

Milestone	Timeline
Preparation of a consultation document for staff.	December 2019.
Consult with staff and Trade Unions.	December 2019 / January 2020.
Incorporation of any changes arising from consultation.	January / February 2020.
Implementation.	April 2020.

Section D

Consultation Required?	Yes
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	Start	Conclusion
Staff	01-Dec-2019	14-Feb-2020
Trade Union	01-Dec-2019	14-Feb-2020
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	not applicable	not applicable

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No


EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
The budget reduction proposal for the Finance Service can be delivered in full from 2020/21 onwards.

Signed RO	20-Dec-2019
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Signed Finance	12-Dec-2019
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Cabinet Member Signature	
Name and Date	Clr A Jabbar 13-Jan-2020

Responsible Officer :	Mark Stenson
Cabinet Member :	Cllr A Jabbar
Support Officer :	Victoria Gallacher

BR1 - Section A

Service Area :	Finance
Budget Reduction Title :	Insurance Review

Budget Reduction Proposal - Detail and Objectives :
<p>Following on from the £0.500m saving in 2018/19, and £0.300m saving achieved in 2019/20, it is now possible to reduce the insurance budget by an additional £0.300m from 2020/21. This can be achieved through a reduction in claims paid using embedded and robust fraud / defence strategies, alongside the benefits from reduced external premia.</p>

2019/20 Service Budget and Establishment	£000
Employees	133
Other Operational Expenses	3,842
Income	(142)
Total	3,833

Current Forecast (under) / overspend	0
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Number of posts (Full time equivalent)	2.60
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(300)	0	0
Proposed Staffing Reductions (FTE)	0.00	0.00	0.00

Is your proposal a "one-off" in 2020/21 or going?	Ongoing
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Section B

What impact does the proposal have on the following? :

Property
There will be no impact on property from this proposal.
Service Delivery
There will be no impact on service delivery from this proposal.
Future expected outcomes
The proposal will contribute to the achievement of the 2020/21 budget reduction target.
Organisation
There will be no impact on the organisation from this proposal.
Workforce
There will be no impact on the workforce from this proposal.
Communities and Service Users
There will be no impact on communities and service users from this proposal.
Oldham Cares
There will be no impact on Oldham Cares from this proposal.
Other Partner Organisations
There will be no impact on partner organisations from this proposal.

Who are the key stakeholders?

Staff	Yes
Elected Members	No
Residents	No
Local business community	No
Schools	No
Trade Unions	No
External Partners (if yes please specify below)	No
N/A	
Other Council Departments (if yes please specify below)	No
N/A	
Other (if yes please specify below)	Yes
Insurance provider and brokers.	

Benefits to the organisation/staff/customers including performance improvements

A £0.300m contribution to the achievement of the 2020/21 budget reduction target.

Section C

Key Risks and Mitigations:

Risk	Mitigation
An increase in successful insurance claims against the Council and hence a budgetary pressure.	Robust and proven insurance claims processes and procedures.
N/A	N/A
N/A	N/A

Key Development and Delivery Milestones:

Milestone	Timeline
Initial review of budget requirement for insurance.	Summer 2019.
Further review to confirm the position.	December 2019.
N/A	N/A
N/A	N/A

Section D

Consultation Required?	No
------------------------	----

	Start	Conclusion
Staff	not applicable	not applicable
Trade Union	not applicable	not applicable
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	not applicable	not applicable

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No


EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
The proactive approach to risk management has led to an increase of the repudiation of insurance related claims which has resulted in the Council benefitting from a reduction in compensation payments made and from ongoing reduced external premia.

Signed RO	20-Dec-2019
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Signed Finance	12-Dec-2019
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Cabinet Member Signature	
Name and Date	Cllr A Jabbar 13-Jan-2020

Responsible Officer :	Anne Ryans
Cabinet Member :	Cllr A Jabbar
Support Officer :	Lee Walsh

BR1 - Section A

Service Area :	Finance
Budget Reduction Title :	Treasury Management

Budget Reduction Proposal - Detail and Objectives :
<p>A full review of Treasury Management income and expenditure budgets has been undertaken to examine the assumptions and forecasts underpinning investment interest and external income. It is anticipated that previously unbudgeted income of at least £1.000m can be generated in 2020/21.</p>

2019/20 Service Budget and Establishment	£000
Employees	0
Other Operational Expenses	20,684
Income	(8,155)
Total	12,529

Current Forecast (under) / overspend	(2,749)
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Number of posts (Full time equivalent)	0.00
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(1,000)	0	0
Proposed Staffing Reductions (FTE)	0.00	0.00	0.00

Is your proposal a "one-off" in 2020/21 or going?	Ongoing
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Section B

What impact does the proposal have on the following? :

Property
There will be no impact on property from this proposal.
Service Delivery
There will be no impact on service delivery from this proposal.
Future expected outcomes
The proposal will contribute to the achievement of the 2020/21 budget reduction target.
Organisation
There will be no impact on the organisation from this proposal.
Workforce
There will be no impact on the workforce from this proposal.
Communities and Service Users
There will be no impact on communities and service users from this proposal.
Oldham Cares
There will be no impact on Oldham Cares from this proposal.
Other Partner Organisations
There will be no impact on partner organisations from this proposal.

Who are the key stakeholders?

Staff	No
Elected Members	Yes
Residents	No
Local business community	No
Schools	No
Trade Unions	No
External Partners (if yes please specify below)	No
N/A	
Other Council Departments (if yes please specify below)	No
N/A	
Other (if yes please specify below)	Yes
Investment Counterparties.	

Benefits to the organisation/staff/customers including performance improvements

A £1.000m contribution to the achievement of the 2020/21 budget reduction target.

Section C**Key Risks and Mitigations:**

Risk	Mitigation
Treasury Management Investments carry a level of risk in relation to security of capital, liquidity and level of return.	The Council's Treasury Management Policy sets out how the Council will manage and mitigate these risks.
External factors such as the ongoing Brexit process may affect future interest rate levels and economic activity with adverse consequences for the cost of borrowing as well as returns from investment.	Interest rates and income forecasts are kept under regular review in order to mitigate this risk.
External income / interest on investments received is not at the level anticipated.	Budget estimates are risk adjusted meaning a degree of adverse variation can be absorbed. The strategy / approach to calculating the Council's minimum recommended level of General Fund balances is also prepared accordingly.

Key Development and Delivery Milestones:

Milestone	Timeline
Commencement of review of Treasury Management budget and commitments.	Autumn 2019.
Completion of initial review.	December 2019.
Additional review to confirm estimates.	January 2020.
N/A	N/A

Section D

Consultation Required?	No
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	Start	Conclusion
Staff	not applicable	not applicable
Trade Union	not applicable	not applicable
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	not applicable	not applicable

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No


EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
The review of the Treasury Management activities and opportunities to maximise external income is a key function of the Finance Service. The budget proposal has therefore been subject to appropriate considerations and analysis and the £1.000m target is considered achievable.

Signed RO	20-Dec-2019
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Signed Finance	20-Dec-2019
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Cabinet Member Signature	
Name and Date	Cllr A Jabbar 13-Jan-2020

Responsible Officer :	Anne Ryans
Cabinet Member :	Cllr A Jabbar
Support Officer :	John Hoskins

BR1 - Section A

Service Area :	Finance
Budget Reduction Title :	Housing Benefit - Reduction in provision for loss of subsidy

Budget Reduction Proposal - Detail and Objectives :
<p>The roll out of Universal Credit is leading to fewer claimants receiving Housing Benefit and therefore lowering the incidence and value of Housing Benefit overpayments. Therefore the Council can amend its budgetary provision for the loss of Housing Benefit subsidy associated with the occurrence of overpayments. As more and more people are transferring to Universal Credit there is the potential for further release of budgetary provision within this area in future years.</p>

2019/20 Service Budget and Establishment	£000
Employees	0
Other Operational Expenses	58,648
Income	(55,234)
Total	3,414

Current Forecast (under) / overspend	0
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Number of posts (Full time equivalent)	0.00
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(500)	0	0
Proposed Staffing Reductions (FTE)	0.00	0.00	0.00

Is your proposal a "one-off" in 2020/21 or going?	Ongoing
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Section B

What impact does the proposal have on the following? :

Property
There will be no impact on property from this proposal.
Service Delivery
There will be no impact on service delivery from this proposal.
Future expected outcomes
The migration of Housing Benefit claimants to Universal Credit is continuing to reduce the incidence and value of Housing Benefit overpayments.
Organisation
There will be no impact on the organisation from this proposal.
Workforce
There will be no impact on the workforce from this proposal.
Communities and Service Users
There will be no impact on communities and service users from this proposal.
Oldham Cares
There will be no impact on Oldham Cares from this proposal.
Other Partner Organisations
There will be no impact on partner organisations from this proposal.

Who are the key stakeholders?

Staff	No
Elected Members	Yes
Residents	Yes
Local business community	No
Schools	No
Trade Unions	No
External Partners (if yes please specify below)	No
N/A	
Other Council Departments (if yes please specify below)	No
N/A	
Other (if yes please specify below)	No
N/A	

Benefits to the organisation/staff/customers including performance improvements

A £0.500m contribution to the achievement of the 2020/21 budget reduction target without an impact on Housing Benefit claimants.

Section C

Key Risks and Mitigations:

Risk	Mitigation
Reductions in the number of Housing Benefit claimants do not lead to a reduction in the incidence of Housing Benefit overpayments.	Regular monitoring to take place to ensure that Housing Benefit overpayments are reducing in line with expectations. Refinement to the process of assessing Housing Benefit claims.
N/A	N/A
N/A	N/A

Key Development and Delivery Milestones:

Milestone	Timeline
Additional review of Housing Benefit claimant numbers, forecast reductions and associated impact on overpayment levels of Housing Benefit subsidy grant.	Late Summer / Autumn 2019
Complete review.	December 2019.
Further review to confirm estimates.	January 2020.
N/A	N/A

Section D

Consultation Required?	No
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	Start	Conclusion
Staff	not applicable	not applicable
Trade Union	not applicable	not applicable
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	not applicable	not applicable

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No


EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
<p>The continuation of the migration towards universal credit has resulted in the value of rent allowances paid on behalf of the Government reducing from £80.540m in 2014/15 to £45.100m in 2019/20.</p> <p>As a consequence of this reduction the value of housing benefit overpayments that are a charge to the general fund have reduced accordingly.</p>

Signed RO	20-Dec-2019
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Signed Finance	11-Dec-2019
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Cabinet Member Signature		
Name and Date	Cllr A Jabbar	13-Jan-2020

Responsible Officer :	Anne Ryans
Cabinet Member :	Cllr A Jabbar
Support Officer :	John Hoskins

BR1 - Section A

Service Area :	Finance
Budget Reduction Title :	Pension Prepayment

Budget Reduction Proposal - Detail and Objectives :
<p>The proposal seeks to take advantage of potential arrangements to make lump sum payments into the Greater Manchester Pension Fund (GMPF) which should enable the Pension Authority to offer a discount against Employer Superannuation rates. This discount should enable a saving of £0.700m.</p>

2019/20 Service Budget and Establishment	£000
Employees	13,968
Other Operational Expenses	0
Income	(0)
Total	13,968

Current Forecast (under) / overspend	0
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Number of posts (Full time equivalent)	0.00
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	2020/21	2021/22	2022/23
Proposed Budget Reduction (£000)	(700)	0	0
Proposed Staffing Reductions (FTE)	0.00	0.00	0.00

Is your proposal a "one-off" in 2020/21 or going to be ongoing?	Ongoing
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Section B

What impact does the proposal have on the following? :

Property
There will be no impact on property from this proposal.
Service Delivery
There will be no impact on service delivery from this proposal.
Future expected outcomes
The proposal will contribute to the achievement of the 2020/21 budget reduction target.
Organisation
There will be no impact on the organisation from this proposal.
Workforce
There will be no impact on the workforce from this proposal.
Communities and Service Users
There will be no impact on communities and service users from this proposal.
Oldham Cares
There will be no impact on Oldham Cares from this proposal.
Other Partner Organisations
There will be no impact on partner organisations from this proposal.

Who are the key stakeholders?

Staff	No
Elected Members	Yes
Residents	No
Local business community	No
Schools	No
Trade Unions	No
External Partners (if yes please specify below)	No
N/A	
Other Council Departments (if yes please specify below)	No
N/A	
Other (if yes please specify below)	Yes
Tameside Metropolitan Borough Council - lead authority for GM Pension Fund.	

Benefits to the organisation/staff/customers including performance improvements

A £0.700m contribution to the achievement of the 2020/21 budget reduction target.

Section C

Key Risks and Mitigations:

Risk	Mitigation
Arrangements to facilitate the up front payment of pension contributions are not put in place by the GMPF.	Regular contact with GMPF will be maintained to help ensure such arrangements are put in place prior to April 2020.
N/A	N/A
N/A	N/A

Key Development and Delivery Milestones:

Milestone	Timeline
Discussions and agreement with GMPF.	Autumn 2019.
GMPF up front payment arrangements are finalised.	April 2020.
N/A	N/A
N/A	N/A

Section D

Consultation Required?	No
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	Start	Conclusion
Staff	not applicable	not applicable
Trade Union	not applicable	not applicable
Public	not applicable	not applicable
Service User	not applicable	not applicable
Other	not applicable	not applicable

Equality Impact Screening

Is there the potential for the proposed budget reduction to have a disproportionate adverse impact on any of the following?

Disabled people	No
Particular Ethnic Groups	No
Men or women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or have undergone a process or part of a process of gender reassignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No


EIA required? (automatically updates to Yes, if any of the above impacts are Yes)	No
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Section E

Finance Comments
For the triennial period 2017 - 2020, the Council has benefited from employer pension contribution savings following the upfront payment of its 3 year employer pension contributions. This saving is the result of the continuation of these arrangements for the next triennial period 2020 - 2023.

Signed RO	20-Dec-2019
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Signed Finance	11-Dec-2019
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Cabinet Member Signature	
Name and Date	Cllr A Jabbar 13-Jan-2020

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APPENDIX 7

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
ADULT SOCIAL CARE - PROTECTION OF PROPERTY										
• Admin fee with property search	567.21	N	0.00	567.21	584.23	N	0.00	584.23	3%	17.02
• Admin fee without property search	316.73	N	0.00	316.73	326.23	N	0.00	326.23	3%	9.50
• Burial/cremation - charge cost of service	Cost of Service	N	0.00	Cost of service	Cost of Service	N	0.00	Cost of Service	0%	0.00
• Administration fee (per hour)	18.00	N	0.00	18.00	18.54	N	0.00	18.54	3%	0.54
• Storage property less than 28 days	FREE	N	0.00	FREE	FREE	N	0.00	FREE		
• Storage of property over 28 days	61.16	N	0.00	61.16	63.00	N	0.00	63.00	3%	1.84
• Deferred Payment Agreement set up fee	539.00	N	0.00	539.00	555.17	N	0.00	555.17	3%	16.17
• Deferred Payment Annual Fee	260.00	N	0.00	260.00	267.80	N	0.00	267.80	3%	7.80
• Deferred Payment Closure Fee	120.00	N	0.00	120.00	123.60	N	0.00	123.60	3%	3.60
• Appointeeship Charges - Residential	5.00	N	0.00	5.00	5.15	N	0.00	5.15	3%	0.15
• Appointeeship Charges - Community	10.00	N	0.00	10.00	10.30	N	0.00	10.30	3%	0.30
ADULT SOCIAL CARE - HOUSING AND CARE										
• New Health and Well-Being Charge in Extra Care Housing (per week)	Actual cost of provision	N	0.00	Actual cost of provision	Actual cost of provision	N	0.00	Actual cost of provision	0%	0.00
• Helpline services (per week) - Bronze	2.00	N	0.00	2.00	2.00	N	0.00	2.00	0%	0.00
• Helpline services (per week) - Silver	5.00	N	0.00	5.00	5.00	N	0.00	5.00	0%	0.00
• Helpline services (per week) - Gold	6.50	N	0.00	6.50	6.50	N	0.00	6.50	0%	0.00
• Housing 21 Helpline services (per week) - Silver	3.00	N	0.00	3.00	3.00	N	0.00	3.00	0%	0.00
• Housing 21 Helpline services (per week) - Gold	5.00	N	0.00	5.00	5.00	N	0.00	5.00	0%	0.00
• Installing Helpline	40.00	N	0.00	40.00	40.00	N	0.00	40.00	0%	0.00
• Installing a Keysafe	65.00	N	0.00	65.00	65.00	N	0.00	65.00	0%	0.00
• Installing Helpline and a Keysafe	95.00	N	0.00	95.00	95.00	N	0.00	95.00	0%	0.00
• Assistive Technology per item per week	1.00	N	0.00	1.00	1.00	N	0.00	1.00	0%	0.00
• Pill Dispenser (lost or damaged)	150.00	N	0.00	150.00	150.00	N	0.00	150.00	0%	0.00
• Lost or Missing Equipment	Dependant on Equipment	N	0.00	Dependant on Equipment	Dependant on Equipment	N	0.00	Dependant on Equipment	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
COURT OF PROTECTION FEES										
• Work up to First Order	745.00	N	0.00	745.00	745.00	N	0.00	745.00	0%	0.00
• Lodgement of Account	216.00	N	0.00	216.00	216.00	N	0.00	216.00	0%	0.00
• General working first year (assets over £16K)	775.00	N	0.00	775.00	775.00	N	0.00	775.00	0%	0.00
• General work in any subsequent year (assets over £16K)	650.00	N	0.00	650.00	650.00	N	0.00	650.00	0%	0.00
• Subsequent year - Assets over £16K (3.5% of balance)	Dependent on Balance	N	0.00	Dependent on Balance	Dependent on Balance	N	0.00	Dependent on Balance	0%	0.00
• Annual property management fee	300.00	N	0.00	300.00	300.00	N	0.00	300.00	0%	0.00
• Preparation of a basic HMRC tax return on behalf of 'P'	70.00	N	0.00	70.00	70.00	N	0.00	70.00	0%	0.00
• Preparation of a complex HMRC tax return on behalf of 'P'	140.00	N	0.00	140.00	140.00	N	0.00	140.00	0%	0.00
• Travel Rates - deputy visits to 'P' £40 per hour	Dependent on number of visits	N	0.00	Dependent on number of visits	Dependent on number of visits	N	0.00	Dependent on number of visits	0%	0.00
FACILITIES MANAGEMENT										
CHADDERTON TOWN HALL / FAILSWORTH TOWN HALL										
• Hourly Charge (including 1 Steward)	87.50	N	0.00	87.50	90.00	N	0.00	90.00	3%	2.50
• Data Projector Screen	20.00	N	0.00	20.00	21.50	N	0.00	21.50	8%	1.50
• Microphone	12.00	N	0.00	12.00	12.50	N	0.00	12.50	4%	0.50
• Screen	5.00	N	0.00	5.00	6.50	N	0.00	6.50	30%	1.50
• Flip Chart	5.00	N	0.00	5.00	6.50	N	0.00	6.50	30%	1.50
• PA System	30.00	N	0.00	30.00	35.00	N	0.00	35.00	17%	5.00
• Data Projector Screen	20.00	N	0.00	20.00	22.50	N	0.00	22.50	13%	2.50
QUEEN ELIZABETH HALL AND CHADDERTON TOWN HALL STEWARDS										
• Hourly Charge Per Steward	15.00	N	0.00	15.00	16.50	N	0.00	16.50	10%	1.50
• Minimum Charge 4 Hours	75.00	N	0.00	75.00	80.00	N	0.00	80.00	7%	5.00
• QEH hires including Parking Provision Evening and Sundays only	260.00	Y	52.00	312.00	266.50	Y	53.30	319.80	3%	6.50

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
LINK CENTRE ROOM HIRE										
MEETING ROOM 1 AND 2 (PER HOUR)										
• Weekdays 8:30 -17:00	19.00	Y	3.80	22.80	20.00	N	0.00	20.00	5%	1.00
• Evenings 17:00 - 21:30	25.00	Y	5.00	30.00	26.50	N	0.00	26.50	6%	1.50
• Saturday	31.00	Y	6.20	37.20	32.50	N	0.00	32.50	5%	1.50
• Sunday	38.00	Y	7.60	45.60	40.00	N	0.00	40.00	5%	2.00
FUNCTION ROOMS (FULL ROOM - PER HOUR)										
• Weekdays 8:30 -17:00	38.00	Y	7.60	45.60	40.00	N	0.00	40.00	5%	2.00
• Evenings 17:00 - 21:30	45.00	Y	9.00	54.00	46.50	N	0.00	46.50	3%	1.50
• Saturday	53.00	Y	10.60	63.60	55.00	N	0.00	55.00	4%	2.00
• Sunday	63.00	Y	12.60	75.60	65.00	N	0.00	65.00	3%	2.00
FUNCTION ROOMS (HALF ROOM - PER HOUR)										
• Weekdays 8:30 -17:00	27.00	Y	5.40	32.40	28.00	N	0.00	28.00	4%	1.00
• Evenings 17:00 - 21:30	33.00	Y	6.60	39.60	35.00	N	0.00	35.00	6%	2.00
• Saturday	39.00	Y	7.80	46.80	40.00	N	0.00	40.00	3%	1.00
• Sunday	48.00	Y	9.60	57.60	50.00	N	0.00	50.00	4%	2.00
FUNCTION ROOMS (QUARTER ROOM - PER HOUR)										
• Weekdays 8:30 -17:00	19.00	Y	3.80	22.80	20.00	N	0.00	20.00	5%	1.00
• Evenings 17:00 - 21:30	25.00	Y	5.00	30.00	26.00	N	0.00	26.00	4%	1.00
• Saturday	32.00	Y	6.40	38.40	35.00	N	0.00	35.00	9%	3.00
• Sunday	38.00	Y	7.60	45.60	40.00	N	0.00	40.00	5%	2.00
INTERVIEW ROOM (PER HOUR)										
• Weekdays 8:30 -17:00	6.00	Y	1.20	7.20	7.50	N	0.00	7.50	25%	1.50
• Evenings 17:00 - 21:30	10.00	Y	2.00	12.00	12.00	N	0.00	12.00	20%	2.00
• Saturday	15.00	Y	3.00	18.00	17.50	N	0.00	17.50	17%	2.50
• Sunday	21.00	Y	4.20	25.20	22.50	N	0.00	22.50	7%	1.50

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
TREATMENT ROOM (PER HOUR)										
• Weekdays 8:30 -17:00	10.00	Y	2.00	12.00	12.50	N	0.00	12.50	25%	2.50
• Evenings 17:00 - 21:30	15.00	Y	3.00	18.00	17.50	N	0.00	17.50	17%	2.50
• Saturday	23.00	Y	4.60	27.60	25.00	N	0.00	25.00	9%	2.00
• Sunday	33.00	Y	6.60	39.60	35.00	N	0.00	35.00	6%	2.00
PHYSIOTHERAPY ROOM (PER HOUR)										
• Weekdays 8:30 -17:00	13.00	Y	2.60	15.60	15.00	N	0.00	15.00	15%	2.00
• Evenings 17:00 - 21:30	19.00	Y	3.80	22.80	20.00	N	0.00	20.00	5%	1.00
• Saturday	25.00	Y	5.00	30.00	26.00	N	0.00	26.00	4%	1.00
• Sunday	35.00	Y	7.00	42.00	38.00	N	0.00	38.00	9%	3.00
RELAXATION ROOM (PER HOUR)										
• Weekdays 8:30 -17:00	13.00	Y	2.60	15.60	15.00	N	0.00	15.00	15%	2.00
• Evenings 17:00 - 21:30	19.00	Y	3.80	22.80	20.00	N	0.00	20.00	5%	1.00
• Saturday	25.00	Y	5.00	30.00	26.00	N	0.00	26.00	4%	1.00
• Sunday	35.00	Y	7.00	42.00	38.00	N	0.00	38.00	9%	3.00
USE OF CAFÉ AREA (PER HOUR)										
• Evenings 17:00 - 21:30	25.00	Y	5.00	30.00	26.50	N	0.00	26.50	6%	1.50
• Saturday	32.00	Y	6.40	38.40	35.00	N	0.00	35.00	9%	3.00
• Sunday	38.00	Y	7.60	45.60	40.00	N	0.00	40.00	5%	2.00
USE OF AMENITIES (PER HOUR)										
• Evenings 17:00 - 21:30	25.00	Y	5.00	30.00	26.50	N	0.00	26.50	6%	1.50
• Saturday	32.00	Y	6.40	38.40	35.00	N	0.00	35.00	9%	3.00
• Sunday	38.00	Y	7.60	45.60	40.00	N	0.00	40.00	5%	2.00
ADDITIONAL EQUIPMENT / SERVICE HIRE (PER HOUR)										
• Projector(includes wide screen)	10.00	Y	2.00	12.00	10.00	N	0.00	10.00	0%	0.00
• TV / DVD	13.00	Y	2.60	15.60	13.00	N	0.00	13.00	0%	0.00
• Laptop	13.00	Y	2.60	15.60	13.00	N	0.00	13.00	0%	0.00
• Flip Chart Stands	3.00	Y	0.60	3.60	3.00	N	0.00	3.00	0%	0.00
• Photocopying (per sheet)	0.15	Y	0.03	0.18	0.15	N	0.00	0.15	0%	0.00
• Large Water Boiler	6.50	Y	1.30	7.80	6.50	N	0.00	6.50	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
OFFICE AND ROOM LETTINGS										
HONEYWELL CENTRE - COMMERCIAL RATES PER HOUR										
• Hall	38.50	N	0.00	38.50	40.00	N	0.00	40.00	4%	1.50
• Youth Wing	33.00	N	0.00	33.00	35.00	N	0.00	35.00	6%	2.00
• Community Room 1	22.00	N	0.00	22.00	25.00	N	0.00	25.00	14%	3.00
• Community Room 2	22.00	N	0.00	22.00	25.00	N	0.00	25.00	14%	3.00
• IT Suite	28.00	N	0.00	28.00	30.00	N	0.00	30.00	7%	2.00
• Studio 2	33.00	N	0.00	33.00	35.00	N	0.00	35.00	6%	2.00
• Fitness/Dance Studio	10.00	N	0.00	10.00	12.50	N	0.00	12.50	25%	2.50
Discounts on the above charges will be applied for community and voluntary groups										
ON STREET CAR PARKING										
MONDAY - SATURDAY 8AM TO 6PM										
• 0 - 45 minutes	0.20	N	0.00	0.20	0.20	N	0.00	0.20	0%	0.00
• 0 - 1 hour	0.40	N	0.00	0.40	0.40	N	0.00	0.40	0%	0.00
• 0 - 1 hour 30 minutes	0.70	N	0.00	0.70	0.70	N	0.00	0.70	0%	0.00
• 0 - 2 hours	1.10	N	0.00	1.10	1.10	N	0.00	1.10	0%	0.00
• Annual Parking Waiver (On Street Only)	300.00	N	0.00	300.00	300.00	N	0.00	300.00	0%	0.00
• Short Term Parking Waiver 2 - 28 days	37.00	N	0.00	37.00	37.00	N	0.00	37.00	0%	0.00
• Short Term Parking Waiver 1 day	22.00	N	0.00	22.00	22.00	N	0.00	22.00	0%	0.00
TOMMYFIELD MARKET CAR PARK (INC DISABLED BADGE HOLDERS)										
MONDAY - FRIDAY 8AM TO MIDNIGHT										
• 0 - 30 minutes	0.67	Y	0.13	0.80	0.67	Y	0.13	0.80	0%	0.00
• 0 - 1 hour	1.17	Y	0.23	1.40	1.17	Y	0.23	1.40	0%	0.00
• 0 - 2 hours	1.67	Y	0.33	2.00	1.67	Y	0.33	2.00	0%	0.00
SATURDAY AND SUNDAY										
• 0 - 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
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BOW STREET/SOUTHGATE STREET/WATERLOO STREET CAR PARKS										
Disabled Badge Holders - all day	FREE	Y	0.00	0.00	0.00	Y	0.00	0.00	0%	0.00
MONDAY - FRIDAY 8AM TO MIDNIGHT										
• 0 – 1 hour	1.00	Y	0.20	1.20	1.00	Y	0.20	1.20	0%	0.00
• 0 – 2 hours	1.42	Y	0.28	1.70	1.42	Y	0.28	1.70	0%	0.00
• 0 – 3 hours	1.75	Y	0.35	2.10	1.75	Y	0.35	2.10	0%	0.00
• 0 – 5 hours	2.42	Y	0.48	2.90	2.42	Y	0.48	2.90	0%	0.00
• Over 5 hours	3.83	Y	0.77	4.60	3.83	Y	0.77	4.60	0%	0.00
SATURDAY AND SUNDAY										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 – 5 hours	2.42	Y	0.48	2.90	2.42	Y	0.48	2.90	0%	0.00
• Over 5 hours	3.83	Y	0.77	4.60	3.83	Y	0.77	4.60	0%	0.00
CIVIC CENTRE CAR PARK										
Disabled Badge Holders 0- 3 hours	FREE	Y	0.00	0.00	0.00	Y	0.00	0.00	0%	0.00
MONDAY TO FRIDAY 8AM TO 7PM										
• 0 – 1 hour	1.08	Y	0.22	1.30	1.08	Y	0.22	1.30	0%	0.00
• 0 – 2 hours	1.50	Y	0.30	1.80	1.50	Y	0.30	1.80	0%	0.00
• 0 – 3 hours	2.08	Y	0.42	2.50	2.08	Y	0.42	2.50	0%	0.00
• 0 – 4 hours	2.92	Y	0.58	3.50	2.92	Y	0.58	3.50	0%	0.00
• 0 – 5 hours	3.08	Y	0.62	3.70	3.08	Y	0.62	3.70	0%	0.00
• Over 5 hours	6.67	Y	1.33	8.00	6.67	Y	1.33	8.00	0%	0.00
SATURDAY AND SUNDAY 8AM TO 7PM										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 – 4 hours	2.92	Y	0.58	3.50	2.92	Y	0.58	3.50	0%	0.00
• 0 – 5 hours	3.08	Y	0.62	3.70	3.08	Y	0.62	3.70	0%	0.00
• Over 5 hours	6.67	Y	1.33	8.00	6.67	Y	1.33	8.00	0%	0.00
MONDAY - FRIDAY 7PM TO MIDNIGHT										
• 0 to 5 hours	1.00	Y	0.20	1.20	1.00	Y	0.20	1.20	0%	0.00
SATURDAY AND SUNDAY 7PM TO MIDNIGHT										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 – 5 hours	1.00	Y	0.20	1.20	1.00	Y	0.20	1.20	0%	0.00

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NEW RADCLIFFE STREET CAR PARK (INCL DISABLED BADGE HOLDERS) ALL DAYS 8AM TO MIDNIGHT										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 – 5 hours	2.42	Y	0.48	2.90	2.42	Y	0.48	2.90	0%	0.00
• Over 5 hours	3.83	Y	0.77	4.60	3.83	Y	0.77	4.60	0%	0.00
BRADSHAW STREET CAR PARK MONDAY TO FRIDAY 8AM TO 6PM										
Disabled Badge Holders all day	FREE	Y	0.00	0.00	0.00	Y	0.00	0.00	0%	0.00
• 0 – 1 hour	1.00	Y	0.20	1.20	1.00	Y	0.20	1.20	0%	0.00
• 0 – 2 hours	1.42	Y	0.28	1.70	1.42	Y	0.28	1.70	0%	0.00
• 0 – 3 hours	1.75	Y	0.35	2.10	1.75	Y	0.35	2.10	0%	0.00
• 0 – 4 hours	2.33	Y	0.47	2.80	2.33	Y	0.47	2.80	0%	0.00
• 0 – 5 hours	2.83	Y	0.57	3.40	2.83	Y	0.57	3.40	0%	0.00
• Over 5 hours	5.83	Y	1.17	7.00	5.83	Y	1.17	7.00	0%	0.00
SATURDAY AND SUNDAY 8AM TO 6PM										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 – 4 hours	1.00	Y	0.20	1.20	1.00	Y	0.20	1.20	0%	0.00
• 0 – 5 hours	2.83	Y	0.57	3.40	2.83	Y	0.57	3.40	0%	0.00
• Over 5 hours	5.83	Y	1.17	7.00	5.83	Y	1.17	7.00	0%	0.00
MONDAY - FRIDAY 6PM TO MIDNIGHT										
• 0 to 6 hours	1.25	Y	0.25	1.50	1.25	Y	0.25	1.50	0%	0.00
SATURDAY AND SUNDAY 6PM TO MIDNIGHT										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 – 6 hours	1.25	Y	0.25	1.50	1.25	Y	0.25	1.50	0%	0.00
DOVESTONES (SADDLEWORTH) CAR PARK ALL DAYS 8AM TO MIDNIGHT										
• 0 – 3 hours	0.50	Y	0.10	0.60	N/A	Y	0.00	N/A	-100%	-0.50
• 0 – 2 hours	N/A	Y	0.00	N/A	0.83	Y	0.17	1.00	100%	0.83
• 2 – 4 hours	N/A	Y	0.00	N/A	1.67	Y	0.33	2.00	100%	1.67
• All Day	1.08	Y	0.22	1.30	3.33	Y	0.67	4.00	208%	2.25

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FORMER SPORTS CENTRE CAR PARK (INCL DISABLED BADGE HOLDERS)										
MONDAY TO FRIDAY 8AM TO 6PM										
• 0 – 2 hours	1.33	Y	0.27	1.60	1.33	Y	0.27	1.60	0%	0.00
• 2 - 4 hours	2.25	Y	0.45	2.70	2.25	Y	0.45	2.70	0%	0.00
• All Day	5.50	Y	1.10	6.60	5.50	Y	1.10	6.60	0%	0.00
SATURDAY										
• 0 – 3 hours	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
• 0 - 4 hours	2.25	Y	0.45	2.70	2.25	Y	0.45	2.70	0%	0.00
• All Day	5.50	Y	1.10	6.60	5.50	Y	1.10	6.60	0%	0.00
SUNDAY										
• All Day	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
ROSCOE STREET										
MONDAY TO FRIDAY 8AM TO MIDNIGHT										
0 – 1 hour	N/A	Y	0.00	N/A	1.00	Y	0.20	1.20	100%	1.00
0 – 2 Hours	N/A	Y	0.00	N/A	1.42	Y	0.28	1.70	100%	1.42
0 – 3 hours	N/A	Y	0.00	N/A	1.75	Y	0.35	2.10	100%	1.75
0 – 5 hours	N/A	Y	0.00	N/A	2.42	Y	0.48	2.90	100%	2.42
Over 5 hours	N/A	Y	0.00	N/A	3.83	Y	0.77	4.60	100%	3.83
SATURDAY AND SUNDAY										
0-3 hours	N/A	Y	0.00	N/A	0.00	Y	0.00	0.00	100%	0.00
0-5 hours	N/A	Y	0.00	N/A	2.42	Y	0.48	2.90	100%	2.42
Over 5 hours	N/A	Y	0.00	N/A	3.83	Y	0.77	4.60	100%	3.83
CONTRACT PASS CHARGES										
• Bradshaw St	641.67	Y	128.33	770.00	650.00	Y	130.00	780.00	1%	8.33
• Bow Street	574.17	Y	114.83	689.00	581.66	Y	116.33	698.00	1%	7.49
• Southgate Street	614.17	Y	122.83	737.00	623.33	Y	124.67	748.00	1%	9.16
• Waterloo Street	614.17	Y	122.83	737.00	623.33	Y	124.67	748.00	1%	9.16

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HOBSON STREET CAR PARK CONTRACT PARKING										
• Annual	593.30	Y	118.66	711.96	605.17	Y	121.03	726.20	2%	11.87
• Disabled Badge Holders	FREE	Y	0.00	FREE	0.00	Y	0.00	0.00	0%	0.00
SUSPENSION COSTS										
• Deployment of a small suspension (up to 20 cones)	29.17	Y	5.83	35.00	29.17	Y	5.83	35.00	0%	0.00
• Deployment of a medium suspension (21 to 40 cones)	58.33	Y	11.67	70.00	58.33	Y	11.67	70.00	0%	0.00
• Deployment of a large suspension (41 to 100 cones)	87.50	Y	17.50	105.00	87.50	Y	17.50	105.00	0%	0.00

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SCHOOL MEALS										
MAINTAINED SCHOOLS										
Meal per day for Adult (from 1st September 2020)	2.50	Y	0.50	3.00	2.58	Y	0.52	3.10	3%	0.08
Meal per day for Child (from 1st September 2020)	2.30	N	0.00	2.30	2.40	N	0.00	2.40	4%	0.10
PARKS AND OPEN SPACES										
• Hire of large park or playing field	350.00	Y	67.06	417.06	365.00	Y	73.00	438.00	4.3%	15.00
• Concessionary use by a Charity	225.00	Y	43.73	268.73	230.00	Y	46.00	276.00	2.2%	5.00
• Hire of small park or playing field	165.00	Y	31.90	196.90	170.00	Y	34.00	204.00	3.0%	5.00
• Concessionary use by a Charity	110.00	Y	21.27	131.27	115.00	Y	23.00	138.00	4.5%	5.00
OUTDOOR FACILITIES (CHARGES SEASONAL)										
FOOTBALL, RUGBY, LACROSSE AND HOCKEY										
CHANGING ACCOMMODATION										
• Grade A - Good	205.00	N	0.00	205.00	210.00	N	0.00	210.00	2.4%	5.00
• Grade B - Above Average	160.00	N	0.00	160.00	165.00	N	0.00	165.00	3.1%	5.00
• Grade C - Average	135.00	N	0.00	135.00	140.00	N	0.00	140.00	3.7%	5.00
PITCH										
• Grade A	445.00	N	0.00	445.00	450.00	N	0.00	450.00	1.1%	5.00
• Grade B	375.00	N	0.00	375.00	380.00	N	0.00	380.00	1.3%	5.00
• Grade C	325.00	N	0.00	325.00	330.00	N	0.00	330.00	1.5%	5.00
• Occasional use of pitch including accommodation	95.00	Y	18.00	113.00	100.00	Y	20.00	120.00	5.3%	5.00
• Occasional use of pitch only	70.00	Y	14.00	84.00	75.00	Y	15.00	90.00	7.1%	5.00
• Occasional use of changing accommodation per hour	20.00	Y	4.00	24.00	22.00	Y	4.40	26.40	10.0%	2.00
JUNIOR CHARGES										
• 75% of the above charges	75% of above			75% of above	75% of above			75% of above	0.0%	0.00
CRICKET										
• Use of pitch per season alternate Saturdays <u>without</u> changing accommodation	415.00	N	0.00	415.00	420.00	N	0.00	420.00	1.2%	5.00
• Use of pitch per season alternate Saturdays <u>with</u> changing accommodation	530.00	N	0.00	530.00	540.00	N	0.00	540.00	1.9%	10.00
• Casual use of pitch <u>and</u> changing accommodation per match	95.00	Y	18.00	113.00	100.00	Y	20.00	120.00	5.3%	5.00
• Casual use of pitch <u>without</u> changing accommodation per match	70.00	Y	14.00	84.00	75.00	Y	15.00	90.00	7.1%	5.00

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CEMETERIES										
NEW GRAVES										
• New grave for 1 or 2 people	860.00	N	0.00	860.00	885.00	N	0.00	885.00	2.9%	25.00
• (Non resident)	1,290.00	N	0.00	1,290.00	1,330.00	N	0.00	1,330.00	3.1%	40.00
• New grave for 3 interments	910.00	N	0.00	910.00	935.00	N	0.00	935.00	2.7%	25.00
• (Non resident)	1,360.00	N	0.00	1,360.00	1,400.00	N	0.00	1,400.00	2.9%	40.00
• New grave for 2 interments including foundation	1,025.00	N	0.00	1,025.00	1,055.00	N	0.00	1,055.00	2.9%	30.00
• (Non resident)	1,450.00	N	0.00	1,450.00	1,495.00	N	0.00	1,495.00	3.1%	45.00
• New grave for 3 interments including foundation	1,070.00	N	0.00	1,070.00	1,100.00	N	0.00	1,100.00	2.8%	30.00
• (Non resident)	1,520.00	N	0.00	1,520.00	1,565.00	N	0.00	1,565.00	3.0%	45.00
• Plot for cremated remains – Crompton	750.00	N	0.00	750.00	775.00	N	0.00	775.00	3.3%	25.00
• Plot for cremated remains – Crompton (non resident)	1,125.00	N	0.00	1,125.00	1,150.00	N	0.00	1,150.00	2.2%	25.00
• Plot for cremated remains – Hollinwood	360.00	N	0.00	360.00	370.00	N	0.00	370.00	2.8%	10.00
• Plot for cremated remains – Hollinwood (non resident)	530.00	N	0.00	530.00	545.00	N	0.00	545.00	2.8%	15.00
• Appointment to choose a new grave or locate a grave with staff assistance	35.00	N	0.00	35.00	37.50	N	0.00	37.50	7.1%	2.50
INTERMENT FEES FOR OPENING STANDARD PLOT GRAVES AND VAULTS WITH EXCLUSIVE RIGHT OF BURIAL AND PUBLIC GRAVES - ALL FEES FOR UNDER 18YRS ARE FUNDED BY THE GOVERNMENT.										
• Interment Fee	840.00	N	0.00	840.00	850.00	N	0.00	850.00	1.2%	10.00
• Interment Fee (non resident)	1,250.00	N	0.00	1,250.00	1,275.00	N	0.00	1,275.00	2.0%	25.00
• Still born and Non-viable foetus	No charge to the public	N	0.00	No charge to the public	No charge to the public	N	0.00	No charge to the public	0.0%	0.00
• Exhumation fees	1,150.00	N	0.00	1,150.00	1,175.00	N	0.00	1,175.00	2.2%	25.00
SURCHARGES FOR OUT OF NORMAL HOURS BURIALS										
• Mon to Thurs between 2.30 and 4.00	52.00	N	0.00	52.00	52.50	N	0.00	52.50	1.0%	0.50
• Friday between 11am and 12noon	52.00	N	0.00	52.00	52.50	N	0.00	52.50	1.0%	0.50
• Friday between 12noon and 1pm	104.00	N	0.00	104.00	105.00	N	0.00	105.00	1.0%	1.00
• Friday between 1pm and 2pm	157.00	N	0.00	157.00	160.00	N	0.00	160.00	1.9%	3.00
• Friday after 2pm and weekday evenings	210.00	N	0.00	210.00	215.00	N	0.00	215.00	2.4%	5.00
• Burials (Saturday, Sunday or Bank Holidays)	540.00	N	0.00	540.00	555.00	N	0.00	555.00	2.8%	15.00

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INTERMENT OF CREMATED REMAINS										
• Interment in earthen graves or vaults	225.35	N	0.00	225.35	230.00	N	0.00	230.00	2.1%	4.65
• Strewing of cremated remains (Non Oldham resident)	51.45	N	0.00	51.45	52.00	N	0.00	52.00	1.1%	0.55
MONUMENTAL FEES										
• Permission to erect a memorial not exceeding 3' in height	175.00	N	0.00	175.00	180.00	N	0.00	180.00	2.9%	5.00
• Permission to erect a memorial not exceeding 3' in height (non resident)	250.00	N	0.00	250.00	255.00	N	0.00	255.00	2.0%	5.00
• Permission to add an additional inscription	45.00	N	0.00	45.00	48.00	N	0.00	48.00	6.7%	3.00
• Provision of memorial under 2'	65.00	N	0.00	65.00	68.00	N	0.00	68.00	4.6%	3.00

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OTHER CHARGES										
• Bricked Grave for 2 persons	755.00	N	0.00	755.00	775.00	N	0.00	775.00	2.6%	20.00
• Bricked Grave for 2 persons (non resident)	1,130.00	N	0.00	1,130.00	1,150.00	N	0.00	1,150.00	1.8%	20.00
• Coffin size larger than 6'6 long or 26" wide - Surcharge	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0.0%	0.00
• Bricks to seal grave	110.00	N	0.00	110.00	112.00	N	0.00	112.00	1.8%	2.00
• Concrete lining for graves	285.00	N	0.00	285.00	288.00	N	0.00	288.00	1.1%	3.00
• Timber lining for graves	190.00	N	0.00	190.00	192.50	N	0.00	192.50	1.3%	2.50
• Test dig to confirm depth	65.00	N	0.00	65.00	68.00	N	0.00	68.00	4.6%	3.00
• Certified extracts from burial register	22.00	N	0.00	22.00	25.00	N	0.00	25.00	13.6%	3.00
• Transfer of grant of exclusive right of burial	69.00	N	0.00	69.00	70.00	N	0.00	70.00	1.4%	1.00
• Transfer of grant of exclusive right of burial (to a non resident)	97.00	N	0.00	97.00	100.00	N	0.00	100.00	3.1%	3.00
• Issue duplicate of grant of exclusive right of burial	65.00	N	0.00	65.00	68.00	N	0.00	68.00	4.6%	3.00
• Issue duplicate of grant of exclusive right of burial (non resident)	100.00	N	0.00	100.00	105.00	N	0.00	105.00	5.0%	5.00
• Use of Crematorium Chapel (Inc. recorded music or use of organ)	200.00	N	0.00	200.00	210.00	N	0.00	210.00	5.0%	10.00
• Re-open niche	65.00	N	0.00	65.00	68.00	N	0.00	68.00	4.6%	3.00
• Grave search	16.50	N	0.00	16.50	17.50	N	0.00	17.50	6.1%	1.00
• Register search	40.00	N	0.00	40.00	42.00	N	0.00	42.00	5.0%	2.00
• Bronze memorial plaque lease for 10 years	280.00	N	0.00	280.00	285.00	N	0.00	285.00	1.8%	5.00
• Renewal of memorial position for 10 years	175.00	N	0.00	175.00	180.00	N	0.00	180.00	2.9%	5.00
• Renewal of memorial position for 5 years	101.00	N	0.00	101.00	105.00	N	0.00	105.00	4.0%	4.00
• Bronze memorial plaque including lettering	110.00	Y	21.27	131.27	115.00	Y	23.00	138.00	4.5%	5.00
• Double Bronze memorial plaque including lettering	145.00	Y	27.95	172.95	150.00	Y	30.00	180.00	3.4%	5.00
• Granite memorial plaque including lettering	205.00	Y	40.00	245.00	210.00	Y	42.00	252.00	2.4%	5.00
• Lease position on shared bench (to be introduced as available)	280.00	N	0.00	280.00	290.00	N	0.00	290.00	3.6%	10.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
CREMATION FEES - ALL FEES FOR UNDER 18YRS ARE FUNDED BY THE GOVERNMENT.										
• Cremation Fee (includes recorded music or use of the organ)	645.00	N	0.00	645.00	655.00	N	0.00	655.00	1.6%	10.00
• Cremation environmental levy charge (Mercury Abatement legislation)	58.00	N	0.00	58.00	60.00	N	0.00	60.00	3.4%	2.00
• Medical Referee Charge	29.00	N	0.00	29.00	30.00	N	0.00	30.00	3.4%	1.00
• Cremation of Stillborn or non-viable foetus	No charge to the public	N	0.00	No charge to the public	No charge to the public	N	0.00	No charge to the public	0.0%	0.00
OTHER CHARGES										
• Certified extracts from crematorium register	21.00	N	0.00	21.00	22.50	N	0.00	22.50	7.1%	1.50
• Surcharge for cremation after 3.30 pm and extended services (per 30mins)	97.00	N	0.00	97.00	100.00	N	0.00	100.00	3.1%	3.00
FEES FOR INSCRIPTION IN THE BOOK OF REMEMBRANCE										
• Standard 2 line entry	75.00	Y	14.58	89.58	78.00	Y	15.60	93.60	4.0%	3.00
• 5 line entry	135.00	Y	26.07	161.07	140.00	Y	28.00	168.00	3.7%	5.00
• 8 line entry	225.00	Y	43.39	268.39	230.00	Y	46.00	276.00	2.2%	5.00
• 5 line entry with floral emblem	275.00	Y	54.02	329.02	285.00	Y	57.00	342.00	3.6%	10.00
• 5 line entry with badge, crest, shield, illuminated Capital or 8 Line entry with floral emblem.	340.00	Y	66.20	406.20	350.00	Y	70.00	420.00	2.9%	10.00
• 8 line entry with badge, crest, shield or illuminated capital	365.00	Y	71.00	436.00	375.00	Y	75.00	450.00	2.7%	10.00
• 8 line entry with full coat of arms	380.00	Y	74.09	454.09	390.00	Y	78.00	468.00	2.6%	10.00
MEMORIAL CARDS										
• Standard 2 line entry	40.00	Y	7.03	47.03	41.67	Y	8.33	50.00	4.2%	1.67
• 5 line entry	45.00	Y	8.58	53.58	46.50	Y	9.30	55.80	3.3%	1.50
• 8 line entry	60.00	Y	11.60	71.60	62.50	Y	12.50	75.00	4.2%	2.50
• 5 line entry with motif	75.00	Y	14.37	89.37	77.50	Y	15.50	93.00	3.3%	2.50
• 8 line entry with motif	85.00	Y	16.12	101.12	88.33	Y	17.67	106.00	3.9%	3.33

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LIBRARIES, LEISURE AND CULTURE										
LIBRARY CARD										
• Adults	2.00	N	0.00	2.00	2.00	N	0.00	2.00	0%	0.00
• Concession	1.00	N	0.00	1.00	1.00	N	0.00	1.00	0%	0.00
• Book Reservations	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
• Inter Library Reservations	5.00	N	0.00	5.00	6.00	N	0.00	6.00	20%	1.00
• Loan of Music Score	20.00	N	0.00	20.00	20.00	N	0.00	20.00	0%	0.00
• Loan of Play Sets	15.00	N	0.00	15.00	15.00	N	0.00	15.00	0%	0.00
PHOTOCOPYING AND PRINTING										
• A4 B&W	0.10	N	0.00	0.10	0.20	N	0.00	0.20	100%	0.10
• A4 Colour	0.60	N	0.00	0.60	1.00	N	0.00	1.00	67%	0.40
• A3 B&W	0.20	N	0.00	0.20	0.30	N	0.00	0.30	50%	0.10
• A3 Colour	1.00	N	0.00	1.00	1.50	N	0.00	1.50	50%	0.50
FAX										
• Send - All £1.00 first sheet, 0.50p per subsequent sheet	1.00	N	0.00	1.00	1.00	N	0.00	1.00	0%	0.00
• Receive - All	1.00	N	0.00	1.00	1.00	N	0.00	1.00	0%	0.00
LIBRARIES ROOM HIRE										
Performance Space Oldham Library	20.00	N	0.00	20.00	25.00	N	0.00	25.00	25%	5.00
Meeting Rooms	10.00	N	0.00	10.00	12.50	N	0.00	12.50	25%	2.50
Sensory Room - Public bookings for half an hour slot	3.00	N	0.00	3.00	3.00	N	0.00	3.00	0%	0.00
Sensory Room - Themed session - price per child attending	3.00	N	0.00	3.00	3.00	N	0.00	3.00	0%	0.00
Sensory Room - Group bookings for one hour slots	10.00	N	0.00	10.00	10.00	N	0.00	10.00	0%	0.00
Sensory Room - Book Bag Session	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0%	0.00
Sensory Room - Schools and private settings annual subscription offer- includes two sessions per month, incorporating two book bag sessions	200.00	N	0.00	200.00	215.00	N	0.00	215.00	8%	15.00

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BOOK FINES										
• Adults per book per day	0.15	N	0.00	0.15	N/A	N	0.00	N/A	-100%	-0.15
• Teens per book per day	0.05	N	0.00	0.05	N/A	N	0.00	N/A	-100%	-0.05
• Children per book per day	0.00	N	0.00	0.00	N/A	N	0.00	N/A	0%	0.00
• Over 60's	0.05	N	0.00	0.05	N/A	N	0.00	N/A	-100%	-0.05
OTHER FINES										
• DVDs per week	1.00	N	0.00	1.00	N/A	N	0.00	N/A	-100%	-1.00
• CD ROMS per week	N/A	N	0.00	N/A	N/A	N	0.00	N/A	0%	0.00

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OLDHAM THEATRE WORKSHOP										
ACTING & DEVISING WORKSHOP										
• In Oldham	53.00	N	0.00	53.00	55.00	N	0.00	55.00	4%	2.00
• In Oldham on benefit	29.00	N	0.00	29.00	30.00	N	0.00	30.00	3%	1.00
• Outside Oldham	69.00	N	0.00	69.00	70.00	N	0.00	70.00	1%	1.00
• Outside Oldham on benefit	37.00	N	0.00	37.00	40.00	N	0.00	40.00	8%	3.00
CREATE A PERFORMANCE										
• In Oldham	67.00	N	0.00	67.00	70.00	N	0.00	70.00	4%	3.00
• In Oldham on benefit	34.00	N	0.00	34.00	35.00	N	0.00	35.00	3%	1.00
• Outside Oldham	84.00	N	0.00	84.00	88.00	N	0.00	88.00	5%	4.00
• Outside Oldham on benefit	46.00	N	0.00	46.00	48.00	N	0.00	48.00	4%	2.00
IMAGINEERS										
• In Oldham	46.00	N	0.00	46.00	48.00	N	0.00	48.00	4%	2.00
• In Oldham on benefit	24.00	N	0.00	24.00	25.00	N	0.00	25.00	4%	1.00
• Outside Oldham	60.50	N	0.00	60.50	63.00	N	0.00	63.00	4%	2.50
• Outside Oldham on benefit	30.50	N	0.00	30.50	32.00	N	0.00	32.00	5%	1.50
SHOW (SUMMER AND CHRISTMAS)										
• In Oldham	102.00	N	0.00	102.00	105.00	N	0.00	105.00	3%	3.00
• In Oldham on benefit	51.00	N	0.00	51.00	52.00	N	0.00	52.00	2%	1.00
• Outside Oldham	118.00	N	0.00	118.00	120.00	N	0.00	120.00	2%	2.00
• Outside Oldham on benefit	59.00	N	0.00	59.00	60.00	N	0.00	60.00	2%	1.00
SHOW (SUMMER SMALLER SHOW)										
• In Oldham	81.00	N	0.00	81.00	85.00	N	0.00	85.00	5%	4.00
• In Oldham on benefit	42.00	N	0.00	42.00	45.00	N	0.00	45.00	7%	3.00
• Outside Oldham	93.00	N	0.00	93.00	95.00	N	0.00	95.00	2%	2.00
• Outside Oldham on benefit	49.00	N	0.00	49.00	50.00	N	0.00	50.00	2%	1.00
• Summer Holiday Show in a Week one price for all	65.00	N	0.00	65.00	70.00	N	0.00	70.00	8%	5.00
• Actors House - Once a year one price for all	30.00	N	0.00	30.00	35.00	N	0.00	35.00	17%	5.00
SHOW TICKET PRICE										
• In Oldham	10.00	N	0.00	10.00	12.00	N	0.00	12.00	20%	2.00
• In Oldham on benefit	8.00	N	0.00	8.00	8.00	N	0.00	8.00	0%	0.00
• Outside Oldham	10.00	N	0.00	10.00	12.00	N	0.00	12.00	20%	2.00
• Outside Oldham on benefit	8.00	N	0.00	8.00	8.00	N	0.00	8.00	0%	0.00
• Show backs at internal Oldham Theatre Workshop studio venue	1.00	N	0.00	1.00	2.00	N	0.00	2.00	100%	1.00

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LOCAL STUDIES & ARCHIVES										
LOCAL STUDIES LIBRARY										
• Photocopying	0.20 - 1.20	N	0.00	0.20 - 1.20	0.20 - 1.20	N	0.00	0.20 - 1.20	0%	0.00
• Photocopying of Archives	0.50 - 2.10	N	0.00	0.50 - 2.10	0.50 - 2.10	N	0.00	0.50 - 2.10	0%	0.00
• Microfiche	0.80 - 1.60	N	0.00	0.80 - 1.60	0.80 - 1.60	N	0.00	0.80 - 1.60	0%	0.00
• Use of Digital Camera	6.00 - 12.00	N	0.00	6.00 - 12.00	6.00 - 12.00	N	0.00	6.00 - 12.00	0%	0.00
• OS 25" Map Copies	12.00	N	0.00	12.00	12.00	N	0.00	12.00	0%	0.00
• Lectures	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0%	0.00
• Research	6.00 - 35.00	N	0.00	6.00 - 35.00	6.00 - 35.00	N	0.00	6.00 - 35.00	0%	0.00
• Copies of photographs	6.00	N	0.00	6.00	6.00	N	0.00	6.00	0%	0.00
REPRODUCTION										
• Books, periodicals, e-books, CD-Roms	30.00 - 120.22	N	0.00	30.00 - 120.22	30.00 - 120.22	N	0.00	30.00 - 120.22	0%	0.00
• Presentations and internal reports	60.00 - 120.00	N	0.00	60.00 - 120.00	60.00 - 120.00	N	0.00	60.00 - 120.00	0%	0.00
• Advertising in newspapers and periodicals	60.00 - 120.00	N	0.00	60.00 - 120.00	60.00 - 120.00	N	0.00	60.00 - 120.00	0%	0.00
• Television	60.00 - 700.00	N	0.00	60.00 - 700.00	60.00 - 700.00	N	0.00	60.00 - 700.00	0%	0.00
• Videos DVD's and films	120.00 - 240.00	N	0.00	120.00 - 240.00	120.00 - 240.00	N	0.00	120.00 - 240.00	0%	0.00
• Exhibitions	60.00	N	0.00	60.00	60.00	N	0.00	60.00	0%	0.00
• Interior Decoration of commercial premises	60.00	N	0.00	60.00	60.00	N	0.00	60.00	0%	0.00
OLDHAM GALLERY										
OLDHAM GALLERY ROOM HIRE										
• Education Suite Per hour	20.00	N	0.00	20.00	22.50	N	0.00	22.50	13%	2.50
• Education Suite - Out of Hours	Price on Arrangement			Price on Arrangement	Price on Arrangement			Price on Arrangement	0%	0%
• Gallery Per Hour	29.80 - 109.20	N	0.00	29.80 - 109.20	Price on Arrangement	N	0.00	Price on Arrangement	0%	0.00
• All Gallery	Price on Arrangement	N	0.00	Price on Arrangement	Price on Arrangement	N	0.00	Price on Arrangement	0%	0%
GALLERY OLDHAM LEARNING ACTIVITIES										
School's workshop	N/A	N	0.00	N/A	100.00	N	0.00	100.00	100%	100.00
Go Explorers (toddlers sessions) - child charge	N/A	N	0.00	N/A	3.50	N	0.00	3.50	100%	3.50
Adult Art & Craft class	N/A	N	0.00	N/A	20.00	N	0.00	20.00	100%	20.00
Small Cinema ticket	N/A	Y	0.00	N/A	2.50	Y	0.50	3.00	100%	3.00

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MUSIC CENTRE										
MUSIC CENTRE ACTIVITIES										
(Membership Fees - Academic year charges September to August annually)										
• Tuition Fees per term	47.50	N	0.00	47.50	48.50	N	0.00	48.50	2%	1.00
• Tuition Fees Additional siblings per term	39.00	N	0.00	39.00	40.00	N	0.00	40.00	3%	1.00
• Tuition Fees Pre-school per term	52.50	N	0.00	52.50	54.00	N	0.00	54.00	3%	1.50
• Tuition Fees Adults per term	55.00	N	0.00	55.00	56.50	N	0.00	56.50	3%	1.50
• Tuition Fees Additional Groups per term	55.00	N	0.00	55.00	56.50	N	0.00	56.50	3%	1.50
• Letting of rooms (public) per hour per term	50.00	N	0.00	50.00	52.50	N	0.00	52.50	5%	2.50
• Letting of rooms (exam board) per day per term	170.00	N	0.00	170.00	180.00	N	0.00	180.00	6%	10.00
SERVICES DELIVERED IN SCHOOLS										
(Academic year charges September to August annually)										
• Whole Class Instrumental Tuition (WCIT)	2,370.00	N	0.00	2,370.00	2,445.00	N	0.00	2,445.00	3%	75.00
• Ongoing Opportunities (first 30 mins)	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
• Ongoing Opportunities (additional 30 min blocks)	995.00	N	0.00	995.00	1,025.00	N	0.00	1,025.00	3%	30.00
• Hands and Voices	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Tune-in to Talking	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Music Therapy	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Pre-WCIT Class Music	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Curriculum KS2 Class Music	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Musical Beginnings (pre-school music classes)	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Choir/Band/Ensemble rehearsals	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00
• Small Group instrumental/vocal tuition	1,981.00	N	0.00	1,981.00	2,047.00	N	0.00	2,047.00	3%	66.00

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SKIP LICENCE										
SKIP PERMITS										
• Registration	160.00	N	0.00	160.00	165.00	N	0.00	165.00	3.1%	5.00
• Application when registration is in place	31.00	N	0.00	31.00	32.00	N	0.00	32.00	3.2%	1.00
ANNUAL PERMISSIONS										
• Up to 100 skips	1,188.00	N	0.00	1,188.00	1,215.00	N	0.00	1,215.00	2.3%	27.00
• Up to 300 skips	3,543.00	N	0.00	3,543.00	3,630.00	N	0.00	3,630.00	2.5%	87.00
• Up to 500 skips	5,898.00	N	0.00	5,898.00	6,045.00	N	0.00	6,045.00	2.5%	147.00
• Over 500 - each skip thereafter	12.50	N	0.00	12.50	12.50	N	0.00	12.50	0.0%	0.00
• Retrospective application following officer visit	102.50	N	0.00	102.50	105.00	N	0.00	105.00	2.4%	2.50
SCAFFOLDING LICENCE										
• Application	80.00	N	0.00	80.00	85.00	N	0.00	85.00	6.3%	5.00
• Renewal	46.00	N	0.00	46.00	50.00	N	0.00	50.00	8.7%	4.00
• Annual Permission	1,290.00	N	0.00	1,290.00	1,325.00	N	0.00	1,325.00	2.7%	35.00
• Retrospective application following officer visit	102.00	N	0.00	102.00	105.00	N	0.00	105.00	2.9%	3.00
HOARDING LICENCE										
• Application	67.00	N	0.00	67.00	68.00	N	0.00	68.00	1.5%	1.00
• Renewal	46.00	N	0.00	46.00	48.00	N	0.00	48.00	4.3%	2.00
• Retrospective application following officer visit	102.00	N	0.00	102.00	105.00	N	0.00	105.00	2.9%	3.00
• Inspections of hoardings	Cost recovery +5%	N	0.00	Cost Recovery +5%	Cost recovery +5%	N	0.00	Cost recovery +5%	0.0%	0.00
• Duplicate licences (Any Licence)	15.50	N	0.00	15.50	16.00	N	0.00	16.00	3.2%	0.50
FLEET MOT CHARGES										
• MOT of Car	45.00	N	0.00	45.00	45.00	N	0.00	45.00	0.0%	0.00
• MOT of Minibus	55.00	N	0.00	55.00	55.00	N	0.00	55.00	0.0%	0.00

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TRADE WASTE										
REFUSE COLLECTION										
• Sacks: 52 sacks (per year)	109.92	N	0.00	109.92	112.56	N	0.00	112.56	2.4%	2.64
• 140 Litre Wheeled Bins (per bin per year)	156.95	N	0.00	156.95	160.72	N	0.00	160.72	2.4%	3.77
• Second And Subsequent Bins (per bin per year)	117.04	N	0.00	117.04	119.85	N	0.00	119.85	2.4%	2.81
• 240 Litre Wheeled Bins (per bin per year)	231.68	N	0.00	231.68	237.24	N	0.00	237.24	2.4%	5.56
• Second And Subsequent Bins (per bin per year)	191.88	N	0.00	191.88	196.49	N	0.00	196.49	2.4%	4.61
• 360 Litre Wheeled Bins (per bin per year)	316.03	N	0.00	316.03	323.61	N	0.00	323.61	2.4%	7.58
• Second And Subsequent Bins (per bin per year)	280.84	N	0.00	280.84	287.58	N	0.00	287.58	2.4%	6.74
• 770 Litre Wheeled Bins (per bin per year)	666.84	N	0.00	666.84	682.84	N	0.00	682.84	2.4%	16.00
• Second And Subsequent Bins (per bin per year)	561.68	N	0.00	561.68	575.16	N	0.00	575.16	2.4%	13.48
• 1100 Litre Wheeled Bins (per bin per year)	857.49	N	0.00	857.49	878.07	N	0.00	878.07	2.4%	20.58
• Second And Subsequent Bins (per bin per year)	754.54	N	0.00	754.54	772.65	N	0.00	772.65	2.4%	18.11
RECYCLING (Trade Waste)										
• Sacks: 52 sacks (per year)	N/A	N	0.00	N/A	N/A	N	N/A	N/A	0.0%	0.00
• 140 Litre Wheeled Bins (per bin per year)	76.01	N	0.00	76.01	79.81	N	0.00	79.81	5.0%	3.80
• Second And Subsequent Bins (per bin per year)	56.67	N	0.00	56.67	59.50	N	0.00	59.50	5.0%	2.83
• 240 Litre Wheeled Bins (per bin per year)	112.23	N	0.00	112.23	117.84	N	0.00	117.84	5.0%	5.61
• Second And Subsequent Bins (per bin per year)	92.91	N	0.00	92.91	97.56	N	0.00	97.56	5.0%	4.65
• 360 Litre Wheeled Bins (per bin per year)	152.97	N	0.00	152.97	160.62	N	0.00	160.62	5.0%	7.65
• Second And Subsequent Bins (per bin per year)	136.09	N	0.00	136.09	142.89	N	0.00	142.89	5.0%	6.80
• 770 Litre Wheeled Bins (per bin per year)	323.12	N	0.00	323.12	339.28	N	0.00	339.28	5.0%	16.16
• Second And Subsequent Bins (per bin per year)	272.03	N	0.00	272.03	285.63	N	0.00	285.63	5.0%	13.60
• 1100 Litre Wheeled Bins (per bin per year)	415.47	N	0.00	415.47	436.24	N	0.00	436.24	5.0%	20.77
• Second And Subsequent Bins (per bin per year)	365.47	N	0.00	365.47	383.74	N	0.00	383.74	5.0%	18.27

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DOMESTIC WASTE										
REPLACEMENT BINS										
• New Wheeled Bin 140l (Refuse)	29.05	N	0.00	29.05	29.75	N	0.00	29.75	2.4%	0.70
• New Wheeled Bin 140l (Recycling)	FREE	N	0.00	FREE	FREE	N	0.00	FREE	0%	0.00
• New Wheeled Bin 240l (Refuse)	32.28	N	0.00	32.28	33.05	N	0.00	33.05	2.4%	0.77
• New Wheeled Bin 240l (Recycling)	FREE	N	0.00	FREE	FREE	N	0.00	FREE	0%	0.00
• New Wheeled Bin 360l (Refuse) Standard	58.88	N	0.00	58.88	60.29	N	0.00	60.29	2.4%	1.41
• New Wheeled Bin 360l (Refuse) Lockable	77.89	N	0.00	77.89	79.76	N	0.00	79.76	2.4%	1.87
• New Wheeled Bin 360l (Recycling) Standard & Lockable	FREE	N	N/A	N/A	FREE	N	0.00	FREE	0.0%	0.00
• New Wheeled Bin 770l (Refuse)	299.39	N	N/A	N/A	306.58	N	0.00	306.58	2.4%	7.19
• New Wheeled Bin 770l (Recycling)	FREE	N	N/A	N/A	FREE	N	0.00	FREE	0.0%	0.00
• New Wheeled Bin 1100l (Refuse)	308.22	N	N/A	N/A	315.62	N	0.00	315.62	2.4%	7.40
• New Wheeled Bin 110l (Recycling)	FREE	N	N/A	N/A	FREE	N	0.00	FREE	0.0%	0.00
• Reconditioned Wheeled Bin 140l (Refuse)	15.06	N	0.00	15.06	15.42	N	0.00	15.42	2.4%	0.36
• Reconditioned Wheeled Bin 140l (Recycling)	FREE	N	0.00	FREE	FREE	N	0.00	FREE	0.0%	0.00
• Reconditioned Wheeled Bin 240l (Refuse)	19.37	N	0.00	19.37	19.83	N	0.00	19.83	2.4%	0.46
• Reconditioned Wheeled Bin 240l (Recycling)	FREE	N	0.00	FREE	FREE	N	0.00	FREE	0.0%	0.00
• Delivery Charge for all Bin Delivery	N/A	N	0.00	FREE	N/A	N	N/A	N/A	0.0%	0.00
BULKY ITEM COLLECTION										
• Upto 3 bulky items (additional charge for white goods below)	18.60	N	0.00	18.60	19.00	N	0.00	19.00	2.15%	0.40
• Fee per additional bulky item thereafter	6.20	N	0.00	6.20	6.20	N	0.00	6.20	0.00%	0.00
• Additional charge per item (white goods only)	10.00	N	0.00	10.00	10.00	N	0.00	10.00	0.00%	0.00
• One free collection per year for residents on the Council's assist list	FREE	N	0.00	FREE	FREE	N	0.00	FREE	0.00%	0.00
WASTE ADMINISTRATION CHARGES										
• Redelivery of bin after suspension (trade waste)	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0.0%	0.00
• Reducing contract (trade waste)	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0.0%	0.00

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TRAFFIC AND HIGHWAYS										
• Construction under the Highway	554.00	N	0.00	554.00	567.30	N	0.00	567.30	2.4%	13.30
• Access to cellars	554.00	N	0.00	554.00	567.30	N	0.00	567.30	2.4%	13.30
• Cellar lights	554.00	N	0.00	554.00	567.30	N	0.00	567.30	2.4%	13.30
HIGHWAYS										
• Placing material on	65.50	N	0.00	65.50	68.00	N	0.00	68.00	3.8%	2.50
• Excavation of	235.50	N	0.00	235.50	240.00	N	0.00	240.00	1.9%	4.50
• Application for pavement café licence	183.00	N	0.00	183.00	187.00	N	0.00	187.00	2.2%	4.00
• Renewal of above	102.50	N	0.00	102.50	105.00	N	0.00	105.00	2.4%	2.50
VEHICLE CROSSINGS										
• Light Duty Vehicle Crossing Application (non-refundable)	N/A	N	0.00	N/A	45.00	N	0.00	45.00	100.0%	45.00
• Light Duty	Individual estimates based on measured work at 2019/20 prices	N	0.00	Individual estimates based on measured work at 2018/19 prices	Individual estimates based on measured work at 2019/20 prices	N	0.00	Individual estimates based on measured work at 2019/20 prices	0.0%	0.00
• Heavy Duty	As above	N	0.00	As above	As above	N	0.00	As above	0.0%	0.00
• Heavy Duty (Supervision only)	858.00	Y	171.60	1,029.60	878.59	Y	175.72	1,054.31	2.4%	20.59
• Removal of accident debris	Cost Recovery + 152.00 Admin	N	0.00	Cost Recovery + £152.00 Admin	Cost Recovery + £156 Admin	N	0.00	Cost Recovery + £156 Admin	0.0%	0.00
• Variation of a parking place order	Cost Recovery + 12.5%	N	0.00	Cost Recovery + 12.5%	Cost Recovery + 12.5%	N	0.00	Cost Recovery + 12.5%	0.0%	0.00
• Exemption from or variation to a traffic regulation order	As above	N	0.00	As above	As above	N	0.00	As above	0.0%	0.00
TEMPORARY TRAFFIC ORDERS										
• Temporary (plus cost of advertising)	1,613.00	N	0.00	1,613.00	1,651.71	N	0.00	1,651.71	2.4%	38.71
• Emergency Road Closures	835.00	N	0.00	835.00	855.00	N	0.00	855.00	2.4%	20.00
• Temporary Traffic Regulation Notice	835.00	N	0.00	835.00	855.00	N	0.00	855.00	2.4%	20.00
• Special events on the Highway	Cost Recovery + 12.5%	N	0.00	Cost Recovery + 12.5%	Cost Recovery + 12.5%	N	0.00	Cost Recovery + 12.5%	0.0%	0.00

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SUSPENSION OF PARKING PLACES										
• Parking Budget	Loss of Income + Cost Recovery + 12.5%	N	0.00	Loss of Income + Cost Recovery +12.5%	Loss of Income + Cost Recovery + 12.5%	N	0.00	Loss of Income + Cost Recovery +12.5%	0.0%	0.00
PERMIT TO ERECT NON-STANDARD DIRECTION SIGNS										
• Consideration of request	224.00 Cost	N	0.00	224.00 Cost	228.00 Cost	N	0.00	228.00 Cost	1.8%	4.00
• Erection of signs	Recovery + 12.5%	N	0.00	Recovery + 12.5%	Recovery + 12.5%	N	0.00	Recovery + 12.5%	0.0%	0.00
• Removal of signs	115.00	N	0.00	115.00	118.00	N	0.00	118.00	2.6%	3.00
• Court fees associated with the above	Included in the above	N/A	N/A	Included in the above	Included in the above	N/A	N/A	Included in the above	0.0%	0.00
PERMITS GIVING EXEMPTION TO TRAFFIC ORDERS										
• Per month	37.50	N	0.00	37.50	38.00	N	0.00	38.00	1.3%	0.50
• Per three months	117.00	N	0.00	117.00	120.00	N	0.00	120.00	2.6%	3.00
• Per twelve months	431.50	N	0.00	431.50	438.00	N	0.00	438.00	1.5%	6.50
SECTION 50 ROAD OPENING LICENCE										
• Maintain existing apparatus	435.00	N	0.00	435.00	445.00	N	0.00	445.00	2.3%	10.00
• Install new service (Initial cost)	870.00	N	0.00	870.00	890.00	N	0.00	890.00	2.3%	20.00
• Install new service (Per additional 200 meters)	297.00	N	0.00	297.00	305.00	N	0.00	305.00	2.7%	8.00
• New Development (Initial cost)	1,894.00	N	0.00	1,894.00	1,940.00	N	0.00	1,940.00	2.4%	46.00
• New Development (Per additional 200 meters)	348.00	N	0.00	348.00	356.00	N	0.00	356.00	2.3%	8.00

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SEWER CONNECTIONS										
• Junction : normal working hours	Cost estimate provided at 2019/20 prices + 20%	Y	Based on individual quoted cost	Cost estimate provided at 2019/20 prices + 20%	Cost estimate provided at 2020/21 prices + 20%	Y	Based on individual quoted cost	Cost estimate provided at 2020/21 prices + 20%	0.0%	0.00
• Junction: outside working hours	As above	Y	As above	As above	As above	Y	As above	As above	0.0%	0.00
• Manhole construction	As above	Y	As above	As above	As above	Y	As above	As above	0.0%	0.00
SEARCHES BY LETTER	See below	N	0.00	See below	See below	N	0.00	See below	0.0%	0.00
• First 5 questions	68.00	N	0.00	68.00	70.00	N	0.00	70.00	2.9%	2.00
• Per question after	16.50	N	0.00	16.50	18.00	N	0.00	18.00	9.1%	1.50
ACCESS PROTECTION MARKING										
• Fee for application	56.50	N	0.00	56.50	58.00	N	0.00	58.00	2.7%	1.50
• Fee for implementation of application	113.00	N	0.00	113.00	115.00	N	0.00	115.00	1.8%	2.00
ROAD CLOSURE : STOPPING UP ORDERS										
• Stopping up orders (including court fees)	2,611.00	N	0.00	2,611.00	2,620.00	N	0.00	2,620.00	0.3%	9.00
SECTION 38 AND SECTION 278 ADOPTION FEE - BOND										
• £0 - £49k (Charge as % bond value)	9%	N	0.00	9%	9%	N	0.00	9%	0.0%	0.00
• £50k - £100k bond value	9%	N	0.00	9%	9%	N	0.00	9%	0.0%	0.00
• £100k < bond value	9%	N	0.00	9%	9%	N	0.00	9%	0.0%	0.00
HIGHWAYS ADOPTION FEE										
• Adoption Fee - minimum charge	2,700.00	N	0.00	2,700.00	2,700.00	N	0.00	2,700.00	0.0%	0.00
Note : Whichever is the greatest of the above applies										
Supply of official copies of Section 38 and Section 278 documentation	N/A	N	0.00	N/A	35 + postage fees	N	0.00	35 + postage fees	100.0%	35.00
STREET NAMING										
• Street Naming	256.00	N	0.00	256.00	262.00	N	0.00	262.00	2.3%	6.00

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HIGHWAY LICENCE ENFORCEMENT VISIT										
Highway Licence Enforcement Visit	102.00	N	0.00	102.00	104.45	N	0.00	104.45	2.4%	2.45
INVESTIGATION WORK FOR SOLICITORS, INSURANCE AND OTHER PROFESSIONAL SERVICES										
• First Hour	51.50	N	0.00	51.50	52.75	N	0.00	52.75	2.4%	1.25
• Each subsequent hour or part thereof	36.00	N	0.00	36.00	36.86	N	0.00	36.86	2.4%	0.86
• Not for profit or public sector organisations (such as police, law enforcement and fraud investigations)	FREE	N	0.00	FREE	FREE	N	0.00	FREE	0.0%	0.00
LANDOWNER DEPOSIT										
Deposit a Map, Landowner Statement & Statutory Declaration Under S31(6) of the Highways Act 1980	350.00	N	0.00	350.00	358.40	N	0.00	358.40	2.4%	8.40
Deposit a Map and Landowner Statement under S15A of the Commons Act 2006	350.00	N	0.00	350.00	358.40	N	0.00	358.40	2.4%	8.40
ENVIRONMENTAL INFORMATION REGULATIONS (EIR)										
Requests for Information Included in the Environmental Information Regulations 2004 (per hour)	25.00	N	0.00	25.00	25.00	N	0.00	25.00	0.0%	0.00

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REGISTRARS, BIRTHS, DEATHS AND MARRIAGE DUTIES										
NATIONALITY CHECKING SERVICE • European Passport Returns Service For applicants requiring assistance in completing application forms, fees will be doubled.	10.00	Y	2.00	12.00	10.00	Y	2.00	12.00	0%	0.00
OPTIONAL SAME DAY CERTIFICATE SERVICE (24 hrs) • Room Hire (Green Room) per half day	35.00 45.00	N N	0.00 0.00	35.00 45.00	35.00 45.00	N N	0.00 0.00	35.00 45.00	0% 0%	0.00 0.00
CERTIFICATES • Birth, Death, Marriage, Civil Partnership - Issued on day	11.00	N	0.00	11.00	11.00	N	0.00	11.00	0%	0.00
NOTICE OF MARRIAGE OR CIVIL PARTNERSHIP • Notice of Marriage or Civil Partnership	35.00	N	0.00	35.00	35.00	N	0.00	35.00	0%	0.00
OTHER FEES • Locally authorised corrections on birth, marriage or death registration form • Corrections on birth, marriage or death registration forms requiring GRO authorisation • Changing birth name within the first 12 months • Local clearance of foreign divorce • GRO clearance of foreign divorce • Application for waiver of statutory waiting period for marriage	75.00 90.00 40.00 50.00 75.00 60.00	N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	75.00 90.00 40.00 50.00 75.00 60.00	N N N N N N	0.00 0.00 0.00 0.00 0.00 0.00	75.00 90.00 40.00 50.00 75.00 60.00	0% 0% 0% 0% 0% 0.00	0.00 0.00 0.00 0.00 0.00 0.00

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WEDDING AND FUNERALS AT EXTERNAL VENUES										
REGISTRAR FEES FOR WEDDINGS										
• Tuesday to Thursday	365.00	N	0.00	365.00	375.00	N	0.00	375.00	3%	10.00
• Fridays and Saturdays	381.00	N	0.00	381.00	392.00	N	0.00	392.00	3%	11.00
• Sundays and Bank Holidays	431.00	N	0.00	431.00	445.00	N	0.00	445.00	3%	14.00
REGISTRAR FEES FOR CIVIL FUNERALS										
• Civil Funeral	135.00	N	0.00	135.00	140.00	N	0.00	140.00	4%	5.00
• Civil Funeral for Still Births	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
PROVISIONAL BOOKING FEE										
• Non refundable deposit for all provisional bookings for ceremonies	35.00	N	0.00	35.00	40.00	N	0.00	40.00	14%	5.00
REGISTER OFFICE CEREMONIES AT CHADDERTON TOWN HALL										
WEDDINGS / CIVIL CEREMONIES TUESDAY - THURSDAY										
• Register Office (party max 6)	46.00	N	0.00	46.00	46.00	N	0.00	46.00	0%	0.00
• Chadderton Town Hall - Green Room (max 20)	116.00	N	0.00	116.00	102.50	Y	20.50	123.00	-12%	-13.50
• Chadderton Town Hall - Oak Room (max 100)	181.00	N	0.00	181.00	156.67	Y	31.33	188.00	-13%	-24.33
• Champagne Toast - Register Office (per person)	6.50	Y	1.30	7.80	7.08	Y	1.42	8.50	9%	0.58
WEDDINGS / CIVIL CEREMONIES FRIDAY & SATURDAY (AM)										
• Green Room (party max 20) Chadderton Town Hall	131.00	N	0.00	131.00	112.50	Y	22.50	135.00	-14%	-18.50
• Oak Room – Former Council Chamber (party max 100) Chadderton Town Hall	206.00	N	0.00	206.00	175.00	Y	35.00	210.00	-15%	-31.00

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WEDDINGS / CIVIL CEREMONIES SATURDAY (PM)										
• Weddings at Chadderton Town Hall - Green or Oak Room	381.00	N	0.00	381.00	325.00	Y	65.00	390.00	-15%	-56.00
• Civil Partnerships at Chadderton Town Hall - Green or Oak Room	381.00	N	0.00	381.00	325.00	Y	65.00	390.00	-15%	-56.00
WEDDINGS / CIVIL CEREMONIES SUNDAYS AND BANK HOLIDAYS										
• Weddings at Chadderton Town Hall - Green or Oak Room	431.00	N	0.00	431.00	366.67	Y	73.33	440.00	-15%	-64.33
• Civil Partnerships at Chadderton Town Hall - Green or Oak Room	431.00	N	0.00	431.00	366.67	Y	73.33	440.00	-15%	-64.33
BABY NAMING CEREMONIES										
• Tuesday – Saturday am at Chadderton Town Hall	141.66	Y	28.33	169.99	145.83	Y	29.17	175.00	3%	4.17
• Saturday pm or External Venues	183.33	Y	36.67	220.00	190.00	Y	38.00	228.00	4%	6.67
• Sundays and Bank Holidays	241.66	Y	48.33	289.99	250.00	Y	50.00	300.00	3%	8.34
REAFFIRMATION OF VOWS										
• Tuesday – Saturday am at Chadderton Town Hall	141.66	Y	28.33	169.99	145.83	Y	29.17	175.00	3%	4.17
• Saturday pm or External Venues	183.33	Y	36.67	220.00	190.00	Y	38.00	228.00	4%	6.67
• Sundays and Bank Holidays	241.66	Y	48.33	289.99	250.00	Y	50.00	300.00	3%	8.34
NON - LEGAL PACKAGE										
• Tuesday – Saturday	416.67	Y	83.33	500.00	429.17	Y	85.83	515.00	3%	12.50
• Sundays and Bank Holidays	500.00	Y	100.00	600.00	516.67	Y	103.33	620.00	3%	16.67
CITIZENSHIP CEREMONIES										
• Individual Citizenship Ceremonies	88.00	N	0.00	88.00	90.00	N	0.00	90.00	2%	2.00
• Public Citizenship Ceremonies	85.00	N	0.00	85.00	85.00	N	0.00	85.00	0%	0.00

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PRE-APPLICATION ADVICE FOR PLANNING PROPOSALS										
HOUSEHOLDER										
• Extensions/ alterations/ outbuildings to single-family dwellings only (including 1 flat but not a listed building) - MEETING	0.00	Y	0.00	0.00	70.83	Y	14.17	85.00	100%	70.83
Letter Only	0.00	Y	0.00	0.00	41.67	Y	8.33	50.00	100%	41.67
MINOR PLANNING PROPOSALS :										
• Residential - 1 unit	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Non-residential up to 99sqm	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Agricultural Buildings up to 540sqm	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Glasshouses up to 465sqm	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Plant and machinery	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Car Parks	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Advertisements	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Demolition of Buildings	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• CDEUDs	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Discharge of conditions	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Non-material alterations	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Minor-material alterations	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Change of use	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
• Shop fronts	0.00	Y	0.00	0.00	291.67	Y	58.33	350.00	100%	291.67
MINOR PLANNING PROPOSALS (above) FOLLOW UP MEETING	0.00	Y	0.00	0.00	166.67	Y	33.33	200.00	100%	166.67
MEDIUM PLANNING PROPOSALS :		Y								
• 2-9 dwellings	0.00	Y	0.00	0.00	416.67	Y	83.33	500.00	100%	416.67
• 100-999sqm commercial floorspace	0.00	Y	0.00	0.00	416.67	Y	83.33	500.00	100%	416.67
• Telecommunication	0.00	Y	0.00	0.00	416.67	Y	83.33	500.00	100%	416.67
• Minerals or Waste less than 0.5ha	0.00	Y	0.00	0.00	416.67	Y	83.33	500.00	100%	416.67
MEDIUM PLANNING PROPOSALS (above) FOLLOW UP MEETING	0.00	Y	0.00	0.00	250.00	Y	50.00	300.00	100%	250.00

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SMALL MAJOR PLANNING PROPOSALS :										
• 10-20 dwellings	0.00	Y	0.00	0.00	625.00	Y	125.00	750.00	100%	625.00
• 1,000- 1,999 sqm commercial floorspace	0.00	Y	0.00	0.00	625.00	Y	125.00	750.00	100%	625.00
• 0.5-1ha site area	0.00	Y	0.00	0.00	625.00	Y	125.00	750.00	100%	625.00
SMALL MAJOR PLANNING PROPOSALS (above) FOLLOW UP MEETING	0.00	Y	0.00	0.00	333.33	Y	66.67	400.00	100%	333.33
MAJOR PLANNING PROPOSALS :										
• 21-49 dwellings	0.00	Y	0.00	0.00	833.33	Y	166.67	1,000.00	100%	833.33
• 2,000-9,999 sqm commercial floorspace	0.00	Y	0.00	0.00	833.33	Y	166.67	1,000.00	100%	833.33
• 1-2 ha + site area	0.00	Y	0.00	0.00	833.33	Y	166.67	1,000.00	100%	833.33
MAJOR PLANNING PROPOSALS (above) FOLLOW UP MEETING	0.00	Y	0.00	0.00	416.67	Y	83.33	500.00	100%	416.67
LARGE MAJOR PLANNING PROPOSALS :										
• 50-200 dwellings	0.00	Y	0.00	0.00	1,666.67	Y	333.33	2,000.00	100%	1,666.67
• Over 10,000sqm commercial floorspace	0.00	Y	0.00	0.00	1,666.67	Y	333.33	2,000.00	100%	1,666.67
• Over 2ha site area	0.00	Y	0.00	0.00	1,666.67	Y	333.33	2,000.00	100%	1,666.67
• Energy projects	0.00	Y	0.00	0.00	1,666.67	Y	333.33	2,000.00	100%	1,666.67
LARGE MAJOR PLANNING PROPOSALS (above) FOLLOW UP MEETING	0.00	Y	0.00	0.00	833.33	Y	166.67	1,000.00	100%	833.33

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OTHER										
PLANNING PERFORMANCE AGREEMENT : • Bespoke service - written advice, a series of meetings, fast track validation & determination	0.00	Y	0.00	0.00	Charge on Individual Basis	Y		Charge on Individual Basis	0%	0.00
VARY, MODIFY OR DISCHARGE LEGAL AGREEMENT : • 1 dwelling	0.00	Y	0.00	0.00	250.00	Y	50.00	300.00	100%	250.00
• Agreement for commercial development or more than 1 dwelling	0.00	Y	0.00	0.00	416.67	Y	83.33	500.00	100%	416.67
PLANNING HISTORY SEARCH • Per property - PER HOUR	0.00	Y	0.00	0.00	41.67	Y	8.33	50.00	100%	41.67
PERMITTED DEVELOPMENT ENQUIRY • As an alternative to applying for a Certificate, an informal opinion will be offered	0.00	Y	0.00	0.00	41.67	Y	8.33	50.00	100%	41.67
SPECIALIST OFFICER REQUESTED TO ATTEND MEETINGS • Per Officer	0.00	Y	0.00	0.00	125.00	Y	25.00	150.00	100%	125.00

Parsys

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FOOD SAFETY										
• Export Certification - Standard Fee	61.00	N	0.00	61.00	62.00	N	0.00	62.00	1.6%	1.00
• Export Certification - With Samples Taken	122.00	N	0.00	122.00	125.00	N	0.00	125.00	2.5%	3.00
• Food safety re- inspection visit	169.00	N	0.00	169.00	145.83	Y	29.17	175.00	-13.7%	-23.17
• Advisory visit charge per hour	81.50	N	0.00	81.50	81.00	Y	16.20	97.20	-0.6%	-0.50
• Charge for each 30 minutes or part thereof of staff time	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0.0%	0.00
FOOD HYGIENE TRAINING RSPH										
• Level 1 Award in Food Hygiene Awareness	22.50	Y	4.50	27.00	25.00	Y	5.00	30.00	11.1%	2.50
• Level 2 Award in Food Safety in Catering	40.00	Y	8.00	48.00	45.83	Y	9.17	55.00	14.6%	5.83
• Level 2 Award in Identifying and Controlling Food Allergy Risks	40.00	Y	8.00	48.00	42.50	Y	8.50	51.00	6.3%	2.50
• Level 2 Award in Food Safety and Hygiene	40.00	Y	8.00	48.00	42.50	Y	8.50	51.00	6.3%	2.50
• Level 2 Award in Food Safety Manufacturing	52.50	Y	10.50	63.00	55.00	Y	11.00	66.00	4.8%	2.50
PRIVATE WATER SUPPLIES										
• Risk Assessment (per hour, maximum charge £500)	49.00	N	0.00	49.00	50.00	N	0.00	50.00	2.0%	1.00
• Investigation (per investigation)	100.00	N	0.00	100.00	100.00	N	0.00	100.00	0.0%	0.00
• Granting an authorisation (per investigation)	100.00	N	0.00	100.00	100.00	N	0.00	100.00	0.0%	0.00
• Analysing a water sample under Regulation 10 (Private water Supplies (England) Regulations 2016)	0.00	N	0.00	0.00	25.00	N	0.00	25.00	100.0%	25.00
• Analysing a water sample taken during check monitoring	0.00	N	0.00	0.00	At Cost to a Maximum of £100	N	0.00	At Cost to a Maximum of £100	100.0%	up to £100
• Analysing a sample taken during audit monitoring and monitoring under Regulation 11 (Private water Supplies (England) Regulations 2016)	0.00	N	0.00	0.00	At Cost to a Maximum of £500	N	0.00	At Cost to a Maximum of £500	100.0%	up to £500

Private Water

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ENVIRONMENTAL HEALTH										
Application fee for a permit for an installation. Part B activity or solvent emission activity (fee payable for each activity)										
• Any Part 1 reduced fee activity (other than those in items II and vehicle refinishers)	155.00	N	0.00	155.00	158.00	N	0.00	158.00	1.9%	3.00
• PVR 1 and PVR II activities carried on at the same service station	257.00	N	0.00	257.00	260.00	N	0.00	260.00	1.2%	3.00
• Vehicle refinishers (b), any Part 2, Part 3 or Part 4 reduced fee activity	362.00	N	0.00	362.00	365.00	N	0.00	365.00	0.8%	3.00
• Any other Part B activity or any other solvent emission activity	1,650.00	N	0.00	1,650.00	1,670.00	N	0.00	1,670.00	1.2%	20.00
Application fee for grant of a permit for mobile plant (Fee payable for each permit to operate mobile plant)										
• 1 st & 2 nd Permit	1,650.00	N	0.00	1,650.00	1,670.00	N	0.00	1,670.00	1.2%	20.00
• 3 rd – 7 th Permit	985.00	N	0.00	985.00	995.00	N	0.00	995.00	1.0%	10.00
• 8 th and subsequent permits	498.00	N	0.00	498.00	510.00	N	0.00	510.00	2.4%	12.00
Additional fees for a late application for an installation										
• Reduced fee activity	71.00	N	0.00	71.00	75.00	N	0.00	75.00	5.6%	4.00
• Any other Part B activity or any other solvent emission activity	1,188.00	N	0.00	1,188.00	1,195.00	N	0.00	1,195.00	0.6%	7.00
Additional fees for a late application for a mobile	1,188.00	N	0.00	1,188.00	1,195.00	N	0.00	1,195.00	0.6%	7.00
Fee for substantial change variation of permit										
• Reduced fee activity	102.00	N	0.00	102.00	105.00	N	0.00	105.00	2.9%	3.00
• Any other Part B activity or any other solvent emission activity	1,050.00	N	0.00	1,050.00	1,055.00	N	0.00	1,055.00	0.5%	5.00
• Substantial change in the operation of an installation for a Part B activity or solvent emission activity	1,650.00	N	0.00	1,650.00	1,655.00	N	0.00	1,655.00	0.3%	5.00

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Transfer of a Permit										
• Partial transfer (no fee for total transfer) for a reduced fee activity	47.00	N	0.00	47.00	50.00	N	0.00	50.00	6.4%	3.00
• Partial transfer, £169 for a total transfer for any other part B activity or any other solvent emission activity	497.00	N	0.00	497.00	500.00	N	0.00	500.00	0.6%	3.00
• Part B mobile plant for fixed period of hire	53.00	N	0.00	53.00	55.00	N	0.00	55.00	3.8%	2.00
• Subsequent applications if plant user, operator and authority different	53.00	N	0.00	53.00	55.00	N	0.00	55.00	3.8%	2.00
Subsistence Annual Charge for Installations										
Low Risk										
• Any part 1 reduced fee activity (other than those in items II and vehicle refinishers)	79.00	N	0.00	79.00	82.00	N	0.00	82.00	3.8%	3.00
• PVR I and PVR II activities carried on at the same service station	113.00	N	0.00	113.00	115.00	N	0.00	115.00	1.8%	2.00
• Vehicle refinishers (b), any Part 2, Part 3 or Part 4 reduced fee activity	228.00	N	0.00	228.00	230.00	N	0.00	230.00	0.9%	2.00
• Any other Part B activity or any other solvent emission activity	772.00	N	0.00	772.00	775.00	N	0.00	775.00	0.4%	3.00
Medium Risk										
• Any part 1 reduced fee activity (other than those in items II and vehicle refinishers)	158.00	N	0.00	158.00	160.00	N	0.00	160.00	1.3%	2.00
• PVR I and PVR II activities carried on at the same service station	226.00	N	0.00	226.00	230.00	N	0.00	230.00	1.8%	4.00
• Vehicle refinishers (b), any Part 2, Part 3 or Part 4 reduced fee activity	365.00	N	0.00	365.00	370.00	N	0.00	370.00	1.4%	5.00
• Any other Part B activity or any other solvent emission activity	1,161.00	N	0.00	1,161.00	1,165.00	N	0.00	1,165.00	0.3%	4.00
High Risk										
• Any part 1 reduced fee activity (other than those in items II and vehicle refinishers)	237.00	N	0.00	237.00	240.00	N	0.00	240.00	1.3%	3.00
• PVR I and PVR II activities carried on at the same service station	341.00	N	0.00	341.00	345.00	N	0.00	345.00	1.2%	4.00
• Vehicle refinishers (b), any Part 2, Part 3 or Part 4 reduced fee activity	548.00	N	0.00	548.00	550.00	N	0.00	550.00	0.4%	2.00
• Any other Part B activity or any other solvent emission activity	1,747.00	N	0.00	1,747.00	1,750.00	N	0.00	1,750.00	0.2%	3.00

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Subsistence Annual Charge for installations										
Low Risk										
• 1 st & 2 nd Permit	626.00	N	0.00	626.00	630.00	N	0.00	630.00	0.6%	4.00
• 3 rd – 7 th Permit	385.00	N	0.00	385.00	390.00	N	0.00	390.00	1.3%	5.00
• 8 th and subsequent permits	198.00	N	0.00	198.00	202.00	N	0.00	202.00	2.0%	4.00
Medium Risk										
• 1 st & 2 nd Permit	1,034.00	N	0.00	1,034.00	1,038.00	N	0.00	1,038.00	0.4%	4.00
• 3 rd – 7 th Permit	617.00	N	0.00	617.00	620.00	N	0.00	620.00	0.5%	3.00
• 8 th and subsequent permits	314.00	N	0.00	314.00	320.00	N	0.00	320.00	1.9%	6.00
High Risk										
• 1 st & 2 nd Permit	1,551.00	N	0.00	1,551.00	1,555.00	N	0.00	1,555.00	0.3%	4.00
• 3 rd – 7 th Permit	924.00	N	0.00	924.00	928.00	N	0.00	928.00	0.4%	4.00
• 8 th and subsequent permits	473.00	N	0.00	473.00	475.00	N	0.00	475.00	0.4%	2.00
• Late Payment Charge	52.00	N	0.00	52.00	55.00	N	0.00	55.00	5.8%	3.00
HEALTH & SAFETY										
• Charge for each 30 minutes or part thereof of staff time	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
COSMETIC PIERCING, TATTOOING, ACUPUNCTURE & ELECTROLYSIS										
• Registration fee per application	112.00	N	0.00	112.00	115.00	N	0.00	115.00	3%	3.00
• Registration fee per individual	65.00	N	0.00	65.00	68.00	N	0.00	68.00	5%	3.00
NEIGHBOURHOOD ENFORCEMENT										
ENVIRONMENTAL INFORMATION & REGULATIONS										
• Charge for each 30 minutes, or part thereof, of staff time	50.00	N	0.00	50.00	51.50	N	0.00	51.50	3%	1.50
CHARGES FOR PHOTOCOPYING:										
• Additional charge if number of sheets exceeds 25 or if retrieval of the copies takes more than 15 minutes, based on each 30 minutes, or part thereof, of staff time	22.50	N	0.00	22.50	22.50	N	0.00	22.50	0%	0.00

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HOUSING										
SELECTIVE LICENSING	490.00	N	0.00	490.00	490.00	N	0.00	490.00	0%	0.00
HOUSES IN MULTIPLE OCCUPATION LICENCE FEE										
• Licence application fee for 5 bedroom HMO	588.00	N	0.00	588.00	590.00	N	0.00	590.00	0.3%	2.00
• Additional charge per additional bedroom	25.00	N	0.00	25.00	25.00	N	0.00	25.00	0.0%	0.00
• Compliance and enforcement fee	266.67	N	0.00	266.67	270.00	N	0.00	270.00	1.2%	3.33
PUBLIC HEALTH										
CONTAMINATED LAND INVESTIGATION										
• Provision of information from files	114.00	N	0.00	114.00	116.00	N	0.00	116.00	2%	2.00
• File/record search	233.00	N	0.00	233.00	238.00	N	0.00	238.00	2%	5.00
• Monitoring/Sampling on a time and materials charge	At cost	Y	0.00	At cost	At cost	Y	0.00	At cost	0%	0.00

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ANIMAL HEALTH LICENCES										
Selling Animals										
• Selling animals as pets application fee	306.00 (£261.00 renewal)	N	0.00	306.00 (£261.00 renewal)	306.00 (£261.00 renewal)	N	0.00	306.00 (£261.00 renewal)	0%	0.00
• Selling animals as pets grant fee - 1 year	213.00 (£168.00 renewal)	N	0.00	213.00 (£168.00 renewal)	213.00 (£168.00 renewal)	N	0.00	213.00 (£168.00 renewal)	0%	0.00
• Selling animals as pets grant fee - 2 years	264.00 (£219.00 renewal)	N	0.00	264.00 (£219.00 renewal)	264.00 (£219.00 renewal)	N	0.00	264.00 (£219.00 renewal)	0%	0.00
• Selling animals as pets grant fee - 3 years	315.00 (£270.00 renewal)	N	0.00	315.00 (£270.00 renewal)	315.00 (£270.00 renewal)	N	0.00	315.00 (£270.00 renewal)	0%	0.00
• Selling animals as pets variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00

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Animal Boarding										
• Animal boarding - Home boarding licence application fee	199.00 (£186.00 renewal)	N	0.00	199.00 (£186.00 renewal)	199.00 (£186.00 renewal)	N	0.00	199.00 (£186.00 renewal)	0%	0.00
• Animal boarding - Home boarding licence grant fee - 1 year	144.00 (£131.00 renewal)	N	0.00	144.00 (£131.00 renewal)	144.00 (£131.00 renewal)	N	0.00	144.00 (£131.00 renewal)	0%	0.00
• Animal boarding - Home boarding licence grant fee - 2 years	195.00 (£182.00 renewal)	N	0.00	195.00 (£182.00 renewal)	195.00 (£182.00 renewal)	N	0.00	195.00 (£182.00 renewal)	0%	0.00
• Animal boarding - Home boarding licence grant fee - 3 years	246.00 (£233.00 renewal)	N	0.00	246.00 (£233.00 renewal)	246.00 (£233.00 renewal)	N	0.00	246.00 (£233.00 renewal)	0%	0.00
• Animal boarding - Home boarding licence variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
• Boarding of cats or dogs - Application fee <10 animals	305.00 (£236.00 renewal)	N	0.00	305.00 (£236.00 renewal)	305.00 (£236.00 renewal)	N	0.00	305.00 (£236.00 renewal)	0%	0.00
• Boarding of cats or dogs - Application fee 10 - 29 animals	330.00 (£261.00 renewal)	N	0.00	330.00 (£261.00 renewal)	330.00 (£261.00 renewal)	N	0.00	330.00 (£261.00 renewal)	0%	0.00

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• Boarding of cats or dogs - Application fee >30 animals renewal)	355.00 (£286.00)	N	0.00	355.00 (£286.00)	355.00 (£286.00)	N	0.00	355.00 (£286.00)	0%	0.00
• Boarding of cats or dogs - Application fee >60 animals renewal)	380.00 (£311.00)	N	0.00	380.00 (£311.00)	380.00 (£311.00)	N	0.00	380.00 (£311.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 1 Year <10 animals renewal)	225.00 (£156.00)	N	0.00	225.00 (£156.00)	225.00 (£156.00)	N	0.00	225.00 (£156.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 1 Year 10 - 29 animals renewal)	337.00 (£268.00)	N	0.00	337.00 (£268.00)	337.00 (£268.00)	N	0.00	337.00 (£268.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 1 Year >30 animals renewal)	375.00 (£306.00)	N	0.00	375.00 (£306.00)	375.00 (£306.00)	N	0.00	375.00 (£306.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 1 Year >60 animals renewal)	412.00 (£343.00)	N	0.00	412.00 (£343.00)	412.00 (£343.00)	N	0.00	412.00 (£343.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 2 Year <10 animals renewal)	276.00 (£207.00)	N	0.00	276.00 (£207.00)	276.00 (£207.00)	N	0.00	276.00 (£207.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 2 Year 10 - 29 animals renewal)	388.00 (£319.00)	N	0.00	388.00 (£319.00)	388.00 (£319.00)	N	0.00	388.00 (£319.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 2 Year >30 animals renewal)	426.00 (£357.00)	N	0.00	426.00 (£357.00)	426.00 (£357.00)	N	0.00	426.00 (£357.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 2 Year >60 animals renewal)	463.00 (£394.00)	N	0.00	463.00 (£394.00)	463.00 (£394.00)	N	0.00	463.00 (£394.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 3 Year <10 animals renewal)	327.00 (£258.00)	N	0.00	327.00 (£258.00)	327.00 (£258.00)	N	0.00	327.00 (£258.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 3 Year 10 - 29 animals renewal)	439.00 (£370.00)	N	0.00	439.00 (£370.00)	439.00 (£370.00)	N	0.00	439.00 (£370.00)	0%	0.00
• Boarding of cats or dogs - Grant fee 3 Year >30 animals renewal)	477.00 (£408.00)	N	0.00	477.00 (£408.00)	477.00 (£408.00)	N	0.00	477.00 (£408.00)	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
• Boarding of cats <i>or</i> dogs - Grant fee 3 Year >60 animals	514.00 (£445.00 renewal)	N	0.00	514.00 (£445.00 renewal)	514.00 (£445.00 renewal)	N	0.00	514.00 (£445.00 renewal)	0%	0.00
• Boarding of cats <i>or</i> dogs - Variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
• Boarding of cats <i>and</i> dogs - Application fee <10 animals	355.00 (£286.00 renewal)	N	0.00	355.00 (£286.00 renewal)	355.00 (£286.00 renewal)	N	0.00	355.00 (£286.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Application fee 10 - 29 animals	380.00 (£311.00 renewal)	N	0.00	380.00 (£311.00 renewal)	380.00 (£311.00 renewal)	N	0.00	380.00 (£311.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Application fee >30 animals	405.00 (£336.00 renewal)	N	0.00	405.00 (£336.00 renewal)	405.00 (£336.00 renewal)	N	0.00	405.00 (£336.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Application fee >60 animals	430.00 (£361.00 renewal)	N	0.00	430.00 (£361.00 renewal)	430.00 (£361.00 renewal)	N	0.00	430.00 (£361.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 1 Year <10 animals	250.00 (£181.00 renewal)	N	0.00	250.00 (£181.00 renewal)	250.00 (£181.00 renewal)	N	0.00	250.00 (£181.00 renewal)	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
• Boarding of cats <i>and</i> dogs - Grant fee 1 Year 10 - 29 animals	262.00 (£193.00 renewal)	N	0.00	262.00 (£193.00 renewal)	262.00 (£193.00 renewal)	N	0.00	262.00 (£193.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 1 Year >30 animals	275.00 (£206.00 renewal)	N	0.00	275.00 (£206.00 renewal)	275.00 (£206.00 renewal)	N	0.00	275.00 (£206.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 1 Year >60 animals	289.00 (£220.00 renewal)	N	0.00	289.00 (£220.00 renewal)	289.00 (£220.00 renewal)	N	0.00	289.00 (£220.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 2 Year <10 animals	301.00 (£232.00 renewal)	N	0.00	301.00 (£232.00 renewal)	301.00 (£232.00 renewal)	N	0.00	301.00 (£232.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 2 Year 10 - 29 animals	352.00 (£283.00 renewal)	N	0.00	352.00 (£283.00 renewal)	352.00 (£283.00 renewal)	N	0.00	352.00 (£283.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 2 Year >30 animals	403.00 (£334.00 renewal)	N	0.00	403.00 (£334.00 renewal)	403.00 (£334.00 renewal)	N	0.00	403.00 (£334.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 2 Year >60 animals	454.00 (£385.00 renewal)	N	0.00	454.00 (£385.00 renewal)	454.00 (£385.00 renewal)	N	0.00	454.00 (£385.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 3 Year <10 animals	352.00 (£283.00 renewal)	N	0.00	352.00 (£283.00 renewal)	352.00 (£283.00 renewal)	N	0.00	352.00 (£283.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 3 Year 10 - 29 animals	403.00 (£334.00 renewal)	N	0.00	403.00 (£334.00 renewal)	403.00 (£334.00 renewal)	N	0.00	403.00 (£334.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 3 Year >30 animals	454.00 (£385.00 renewal)	N	0.00	454.00 (£385.00 renewal)	454.00 (£385.00 renewal)	N	0.00	454.00 (£385.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Grant fee 3 Year >60 animals	505.00 (£436.00 renewal)	N	0.00	505.00 (£436.00 renewal)	505.00 (£436.00 renewal)	N	0.00	505.00 (£436.00 renewal)	0%	0.00
• Boarding of cats <i>and</i> dogs - Variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
Providing Day Care for Dogs										
• Day care for dogs - Application fee	340.00 (£236.00 renewal)	N	0.00	340.00 (£236.00 renewal)	340.00 (£236.00 renewal)	N	0.00	340.00 (£236.00 renewal)	0%	0.00
• Day care for dogs - Grant fee - 1 year	260.00 (£156.00 renewal)	N	0.00	260.00 (£156.00 renewal)	260.00 (£156.00 renewal)	N	0.00	260.00 (£156.00 renewal)	0%	0.00
• Day care for dogs - Grant fee - 2 years	311.00 (£207.00 renewal)	N	0.00	311.00 (£207.00 renewal)	311.00 (£207.00 renewal)	N	0.00	311.00 (£207.00 renewal)	0%	0.00
• Day care for dogs - Grant fee - 3 years	362.00 (£258.00 renewal)	N	0.00	362.00 (£258.00 renewal)	362.00 (£258.00 renewal)	N	0.00	362.00 (£258.00 renewal)	0%	0.00
• Day care for dogs - Variation fee	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
Dog Breeding										
• Breeding of dogs licence	107.00	N	0.00	107.00	107.00	N	0.00	107.00	0%	0.00
	267.00			267.00	267.00			267.00		
	(£236.00			(£236.00	(£236.00			(£236.00		
• Dog breeding licence - Residential application fee renewal)	317.00	N	0.00	317.00	317.00	N	0.00	317.00	0%	0.00
	(£286.00			(£286.00	(£286.00			(£286.00		
• Dog breeding licence - Commercial application fee renewal)	187.00	N	0.00	187.00	187.00	N	0.00	187.00	0%	0.00
	(£156.00			(£156.00	(£156.00			(£156.00		
• Dog breeding licence - Residential grant fee - 1 year renewal)	238.00	N	0.00	238.00	238.00	N	0.00	238.00	0%	0.00
	(£207.00			(£207.00	(£207.00			(£207.00		
• Dog breeding licence - Residential grant fee - 2 years renewal)	289.00	N	0.00	289.00	289.00	N	0.00	289.00	0%	0.00
	(£258.00			(£258.00	(£258.00			(£258.00		
• Dog breeding licence - Residential grant fee - 3 years renewal)	212.00	N	0.00	212.00	212.00	N	0.00	212.00	0%	0.00
	(£181.00			(£181.00	(£181.00			(£181.00		
• Dog breeding licence - Commercial grant fee - 1 year renewal)	263.00	N	0.00	263.00	263.00	N	0.00	263.00	0%	0.00
	(£232.00			(£232.00	(£232.00			(£232.00		
• Dog breeding licence - Commercial grant fee - 2 years renewal)	314.00	N	0.00	314.00	314.00	N	0.00	314.00	0%	0.00
	(£283.00			(£283.00	(£283.00			(£283.00		
• Dog breeding licence - Commercial grant fee - 3 years renewal)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
• Dog breeding licence - Variation fee (per hour)										

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	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
Hiring out Horses										
• Hiring out horses - Application fee <10 horses renewal)	281.00 (£236.00)	N	0.00	281.00 (£236.00)	281.00 (£236.00)	N	0.00	281.00 (£236.00)	0%	0.00
• Hiring out horses - Application fee <49 horses renewal)	381.00 (£336.00)	N	0.00	381.00 (£336.00)	381.00 (£336.00)	N	0.00	381.00 (£336.00)	0%	0.00
• Hiring out horses - Application fee >50 horses renewal)	481.00 (£436.00)	N	0.00	481.00 (£436.00)	481.00 (£436.00)	N	0.00	481.00 (£436.00)	0%	0.00
• Hiring out horses - Grant fee - 1 year renewal)	101.00 (£56.00)	N	0.00	101.00 (£56.00)	101.00 (£56.00)	N	0.00	101.00 (£56.00)	0%	0.00
• Hiring out horses - Grant fee <10 horses - 2 years renewal)	251.00 (£206.00)	N	0.00	251.00 (£206.00)	251.00 (£206.00)	N	0.00	251.00 (£206.00)	0%	0.00
• Hiring out horses - Grant fee <49 horses - 2 years renewal)	351.00 (£306.00)	N	0.00	351.00 (£306.00)	351.00 (£306.00)	N	0.00	351.00 (£306.00)	0%	0.00
• Hiring out horses - Grant fee >50 horses - 2 years renewal)	451.00 (£406.00)	N	0.00	451.00 (£406.00)	451.00 (£406.00)	N	0.00	451.00 (£406.00)	0%	0.00
• Hiring out horses - Grant fee <10 horses - 3 years renewal)	502.00 (£457.00)	N	0.00	502.00 (£457.00)	502.00 (£457.00)	N	0.00	502.00 (£457.00)	0%	0.00
• Hiring out horses - Grant fee <49 horses - 3 years renewal)	702.00 (£657.00)	N	0.00	702.00 (£657.00)	702.00 (£657.00)	N	0.00	702.00 (£657.00)	0%	0.00
• Hiring out horses - Grant fee >50 horses - 3 years renewal)	902.00 (£857.00)	N	0.00	902.00 (£857.00)	902.00 (£857.00)	N	0.00	902.00 (£857.00)	0%	0.00
• Hiring out horses - Variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
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Zoo Licence										
• Zoo licence - New application fee	361.00	N	0.00	361.00	361.00	N	0.00	361.00	0%	0.00
• Zoo licence - grant fee (4 year licence)	1,004.00	N	0.00	1,004.00	1,004.00	N	0.00	1,004.00	0%	0.00
• Zoo licence - renewal fee (6 year licence)	1,556.00	N	0.00	1,556.00	1,556.00	N	0.00	1,556.00	0%	0.00
• Zoo licence - transfer fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
Dangerous Wild Animals										
• Dangerous wild animals - Application fee - For dwarf cayman or serval	211.00	N	0.00	211.00	211.00	N	0.00	211.00	0%	0.00
• Dangerous wild animals - Application fee - For any other animal	311.00	N	0.00	311.00	311.00	N	0.00	311.00	0%	0.00
• Dangerous wild animals - Grant fee - 2 years	106.00	N	0.00	106.00	106.00	N	0.00	106.00	0%	0.00
• Dangerous wild animals - Variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
Keeping of Animals for Exhibition										
• Keeping of animals for exhibition - Application fee (renewal)	340.00 (£236.00 renewal)	N	0.00	340.00 (£236.00 renewal)	340.00 (£236.00 renewal)	N	0.00	340.00 (£236.00 renewal)	0%	0.00
• Keeping of animals for exhibition - Grant fee - 3 years (renewal)	262.00 (£158.00 renewal)	N	0.00	262.00 (£158.00 renewal)	262.00 (£158.00 renewal)	N	0.00	262.00 (£158.00 renewal)	0%	0.00
• Keeping of animals for exhibition - Variation fee (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
Miscellaneous Fees										
• Applicant request for re-inspection (per hour)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
The above licence fees are subject to veterinary fees incurred										

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	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
TRADING STANDARDS										
The cost of any material used will be added to each of these charges										
WEIGHING & MEASURING EQUIPMENT (VERIFICATION)										
Non Automatic weighing machines – UK verification										
The fee per instrument or (if fitted with two or more weighing tables or platforms connected to one or more indicating mechanism) the fee per weight table or platform.										
• Not exceeding 30 kg	35.00	N	0.00	35.00	35.00	N	0.00	35.00	0%	0.00
• Exceeding 30 kg but not exceeding 250 kg	60.00	N	0.00	60.00	60.00	N	0.00	60.00	0%	0.00
• Exceeding 250 kg but not exceeding 1 tonne	95.00	N	0.00	95.00	95.00	N	0.00	95.00	0%	0.00
• Exceeding 1 tonne but not exceeding 5 tonne	150.00	N	0.00	150.00	150.00	N	0.00	150.00	0%	0.00
• Exceeding 5 tonne but not exceeding 30 tonne	290.00	N	0.00	290.00	290.00	N	0.00	290.00	0%	0.00
• Exceeding 30 tonne	460.00	N	0.00	460.00	460.00	N	0.00	460.00	0%	0.00
Where labour and equipment are provided to facilitate the test the appropriate fee is reduced by 50%.										

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DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
LINEAR MEASURES (with certificate of test)										
• Not exceeding 3 metres (10 feet)	15.00	N	0.00	15.00	15.00	N	0.00	15.00	0%	0.00
• Exceeding 3 metres (10 feet)	20.00	N	0.00	20.00	20.00	N	0.00	20.00	0%	0.00
A surcharge of 10% is applicable if the submission is fewer than 5 items in total.										
OTHER										
• Request tests of trade equipment	As per verification fees	N	0.00	As per verification fees	As per verification fees	N	0.00	As per verification fees	0%	0.00
• All other weighing and measuring equipment incl. the provision of certificate of accuracy (Per person per hour)	70.00	N	0.00	70.00	70.00	N	0.00	70.00	0%	0.00
• Additional copies of certificate of accuracy	10.00	N	0.00	10.00	10.00	N	0.00	10.00	0%	0.00
Do You Pass Training Course										
• 1st attendee	55.00	N	0.00	55.00	55.00	N	0.00	55.00	0%	0.00
• 2nd and subsequent attendees from same premises	45.00	N	0.00	45.00	45.00	N	0.00	45.00	0%	0.00
• Business Advice hourly rate	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
TAXI LICENCES										
TAXI VEHICLE AND DRIVERS LICENCE										
• Hackney Vehicle Licence - Full Year One Test	172.00	N	0.00	172.00	180.00	N	0.00	180.00	5%	8.00
• Hackney Vehicle Licence - Full Year Two Tests	217.00	N	0.00	217.00	225.00	N	0.00	225.00	4%	8.00
• Hackney Vehicle Licence - Full Year Three Tests	262.00	N	0.00	262.00	270.00	N	0.00	270.00	3%	8.00
• Taxi Marshall Levy	175.00	N	0.00	175.00	175.00	N	0.00	175.00	0%	0.00
• Vehicle Change	95.00	N	0.00	95.00	95.00	N	0.00	95.00	0%	0.00
• Vehicle Re-tests (full)	45.00	N	0.00	45.00	45.00	N	0.00	45.00	0%	0.00
• Vehicle Re-tests (part)	20.00	N	0.00	20.00	20.00	N	0.00	20.00	0%	0.00
• Owner Change	16.00	N	0.00	16.00	16.00	N	0.00	16.00	0%	0.00
• Drivers Licence - Online - New (1 year)	108.00	N	0.00	108.00	114.00	N	0.00	114.00	6%	6.00
• Drivers Licence - Online - Renewal (1 year)	62.00	N	0.00	62.00	68.00	N	0.00	68.00	10%	6.00
• Drivers Licence - Online - Grant (3 year)	201.00	N	0.00	201.00	207.00	N	0.00	207.00	3%	6.00
• Drivers Licence - Online - Renewal (3 year)	155.00	N	0.00	155.00	161.00	N	0.00	161.00	4%	6.00
• Drivers Proficiency Re-tests	36.00	N	0.00	36.00	36.00	N	0.00	36.00	0%	0.00
DBS Application - Paper	44.00	N	0.00	44.00	44.00	N	0.00	44.00	0%	0.00
DBS Application - Online	Cost Recovery	N	0.00	Cost recovery	Cost Recovery	N	0.00	Cost Recovery	0%	0.00

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PRIVATE HIRE OPERATOR LICENCE - ONE YEAR FEE										
OPERATORS LICENCE - NO STARS										
• 1 Vehicle	413.00	N	0.00	413.00	413.00	N	0.00	413.00	0%	0.00
• 2 – 10 Vehicles	678.00	N	0.00	678.00	678.00	N	0.00	678.00	0%	0.00
• 11 – 30 Vehicles	1,410.00	N	0.00	1,410.00	1,410.00	N	0.00	1,410.00	0%	0.00
• 31 – 60 Vehicles	1,794.00	N	0.00	1,794.00	1,794.00	N	0.00	1,794.00	0%	0.00
• 61+ Vehicles	2,317.00	N	0.00	2,317.00	2,317.00	N	0.00	2,317.00	0%	0.00
OPERATORS LICENCE - ONE STAR										
• 1 Vehicle	332.00	N	0.00	332.00	332.00	N	0.00	332.00	0%	0.00
• 2 – 10 Vehicles	580.00	N	0.00	580.00	580.00	N	0.00	580.00	0%	0.00
• 11 – 30 Vehicles	1,242.00	N	0.00	1,242.00	1,242.00	N	0.00	1,242.00	0%	0.00
• 31 – 60 Vehicles	1,528.00	N	0.00	1,528.00	1,528.00	N	0.00	1,528.00	0%	0.00
• 61+ Vehicles	2,027.00	N	0.00	2,027.00	2,027.00	N	0.00	2,027.00	0%	0.00
OPERATORS LICENCE - TWO STARS										
• 1 Vehicle	237.00	N	0.00	237.00	237.00	N	0.00	237.00	0%	0.00
• 2 – 10 Vehicles	473.00	N	0.00	473.00	473.00	N	0.00	473.00	0%	0.00
• 11 – 30 Vehicles	994.00	N	0.00	994.00	994.00	N	0.00	994.00	0%	0.00
• 31 – 60 Vehicles	1,235.00	N	0.00	1,235.00	1,235.00	N	0.00	1,235.00	0%	0.00
• 61+ Vehicles	1,415.00	N	0.00	1,415.00	1,415.00	N	0.00	1,415.00	0%	0.00
OPERATORS LICENCE - THREE STARS										
• 1 Vehicle	197.00	N	0.00	197.00	197.00	N	0.00	197.00	0%	0.00
• 2 – 10 Vehicles	349.00	N	0.00	349.00	349.00	N	0.00	349.00	0%	0.00
• 11 – 30 Vehicles	720.00	N	0.00	720.00	720.00	N	0.00	720.00	0%	0.00
• 31 – 60 Vehicles	868.00	N	0.00	868.00	868.00	N	0.00	868.00	0%	0.00
• 61+ Vehicles	995.00	N	0.00	995.00	995.00	N	0.00	995.00	0%	0.00
OPERATORS LICENCE - FOUR STARS										
• 1 Vehicle	162.00	N	0.00	162.00	162.00	N	0.00	162.00	0%	0.00
• 2 – 10 Vehicles	269.00	N	0.00	269.00	269.00	N	0.00	269.00	0%	0.00
• 11 – 30 Vehicles	576.00	N	0.00	576.00	576.00	N	0.00	576.00	0%	0.00
• 31 – 60 Vehicles	734.00	N	0.00	734.00	734.00	N	0.00	734.00	0%	0.00
• 61+ Vehicles	900.00	N	0.00	900.00	900.00	N	0.00	900.00	0%	0.00

Paper for

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
OPERATORS LICENCE - WITHOUT STAR RATING ONE YEAR										
1 Vehicle	N/A	N	0.00	N/A	197.00	N	0.00	197.00	100%	197.00
2-10 Vehicles	N/A	N	0.00	N/A	349.00	N	0.00	349.00	100%	349.00
11-50 Vehicles	N/A	N	0.00	N/A	720.00	N	0.00	720.00	100%	720.00
51-99 Vehicles	N/A	N	0.00	N/A	995.00	N	0.00	995.00	100%	995.00
100-199 Vehicles	N/A	N	0.00	N/A	1,125.00	N	0.00	1,125.00	100%	1,125.00
200-299 Vehicles	N/A	N	0.00	N/A	1,345.00	N	0.00	1,345.00	100%	1,345.00
300-399 Vehicles	N/A	N	0.00	N/A	1,595.00	N	0.00	1,595.00	100%	1,595.00
400+ Vehicles	N/A	N	0.00	N/A	1,855.00	N	0.00	1,855.00	100%	1,855.00
OPERATORS LICENCE - WITHOUT STAR RATING FIVE YEAR										
1 Vehicle	N/A	N	0.00	N/A	505.00	N	0.00	505.00	100%	505.00
2-10 Vehicles	N/A	N	0.00	N/A	1,265.00	N	0.00	1,265.00	100%	1,265.00
11-50 Vehicles	N/A	N	0.00	N/A	3,120.00	N	0.00	3,120.00	100%	3,120.00
51-99 Vehicles	N/A	N	0.00	N/A	4,495.00	N	0.00	4,495.00	100%	4,495.00
100-199 Vehicles	N/A	N	0.00	N/A	5,145.00	N	0.00	5,145.00	100%	5,145.00
200-299 Vehicles	N/A	N	0.00	N/A	6,245.00	N	0.00	6,245.00	100%	6,245.00
300 -399 Vehicles	N/A	N	0.00	N/A	7,495.00	N	0.00	7,495.00	100%	7,495.00
400+ Vehicles	N/A	N	0.00	N/A	8,795.00	N	0.00	8,795.00	100%	8,795.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
PRIVATE HIRE OPERATOR LICENCE - FIVE YEAR FEE										
OPERATORS LICENCE - NO STARS										
• 1 Vehicle	1,955.00	N	0.00	1,955.00	1,955.00	N	0.00	1,955.00	0%	0.00
• 2 – 10 Vehicles	3,280.00	N	0.00	3,280.00	3,280.00	N	0.00	3,280.00	0%	0.00
• 11 – 30 Vehicles	6,940.00	N	0.00	6,940.00	6,940.00	N	0.00	6,940.00	0%	0.00
• 31 – 60 Vehicles	8,860.00	N	0.00	8,860.00	8,860.00	N	0.00	8,860.00	0%	0.00
• 61+ Vehicles	11,475.00	N	0.00	11,475.00	11,475.00	N	0.00	11,475.00	0%	0.00
OPERATORS LICENCE - ONE STAR										
• 1 Vehicle	1,550.00	N	0.00	1,550.00	1,550.00	N	0.00	1,550.00	0%	0.00
• 2 – 10 Vehicles	2,790.00	N	0.00	2,790.00	2,790.00	N	0.00	2,790.00	0%	0.00
• 11 – 30 Vehicles	6,100.00	N	0.00	6,100.00	6,100.00	N	0.00	6,100.00	0%	0.00
• 31 – 60 Vehicles	7,530.00	N	0.00	7,530.00	7,530.00	N	0.00	7,530.00	0%	0.00
• 61+ Vehicles	10,025.00	N	0.00	10,025.00	10,025.00	N	0.00	10,025.00	0%	0.00
OPERATORS LICENCE - TWO STARS										
• 1 Vehicle	1,085.00	N	0.00	1,085.00	1,085.00	N	0.00	1,085.00	0%	0.00
• 2 – 10 Vehicles	2,265.00	N	0.00	2,265.00	2,265.00	N	0.00	2,265.00	0%	0.00
• 11 – 30 Vehicles	4,870.00	N	0.00	4,870.00	4,870.00	N	0.00	4,870.00	0%	0.00
• 31 – 60 Vehicles	6,075.00	N	0.00	6,075.00	6,075.00	N	0.00	6,075.00	0%	0.00
• 61+ Vehicles	6,975.00	N	0.00	6,975.00	6,975.00	N	0.00	6,975.00	0%	0.00
OPERATORS LICENCE - THREE STARS										
• 1 Vehicle	885.00	N	0.00	885.00	885.00	N	0.00	885.00	0%	0.00
• 2 – 10 Vehicles	1,645.00	N	0.00	1,645.00	1,645.00	N	0.00	1,645.00	0%	0.00
• 11 – 30 Vehicles	3,500.00	N	0.00	3,500.00	3,500.00	N	0.00	3,500.00	0%	0.00
• 31 – 60 Vehicles	4,240.00	N	0.00	4,240.00	4,240.00	N	0.00	4,240.00	0%	0.00
• 61+ Vehicles	4,875.00	N	0.00	4,875.00	4,875.00	N	0.00	4,875.00	0%	0.00
OPERATORS LICENCE - FOUR STARS										
• 1 Vehicle	710.00	N	0.00	710.00	710.00	N	0.00	710.00	0%	0.00
• 2 – 10 Vehicles	1,245.00	N	0.00	1,245.00	1,245.00	N	0.00	1,245.00	0%	0.00
• 11 – 30 Vehicles	2,780.00	N	0.00	2,780.00	2,780.00	N	0.00	2,780.00	0%	0.00
• 31 – 60 Vehicles	3,570.00	N	0.00	3,570.00	3,570.00	N	0.00	3,570.00	0%	0.00
• 61+ Vehicles	4,400.00	N	0.00	4,400.00	4,400.00	N	0.00	4,400.00	0%	0.00

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DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
PRIVATE HIRE VEHICLE LICENCE										
• Private Hire Vehicle Licence - (Full year - Three Tests)	302.00	N	0.00	302.00	306.00	N	0.00	306.00	1%	4.00
• Private Hire Vehicle Licence – (Full Year Fee – Two Tests)	257.00	N	0.00	257.00	261.00	N	0.00	261.00	2%	4.00
• Private Hire Vehicle Licence - (Full Year Fee – One Test)	212.00	N	0.00	212.00	216.00	N	0.00	216.00	2%	4.00
SUPPLEMENTARY CHARGES										
• Replacement Plates (Each)	8.00	N	0.00	8.00	8.00	N	0.00	8.00	0%	0.00
• Plates Securing Bracket (L Shape)	12.00	N	0.00	12.00	12.00	N	0.00	12.00	0%	0.00
• Plates Securing Bracket (Flat Shape)	6.00	N	0.00	6.00	6.00	N	0.00	6.00	0%	0.00
• Plate holders - each	9.00	N	0.00	9.00	9.00	N	0.00	9.00	0%	0.00
• Cancelled/Failed to Attend Vehicle Test (Less than 48 hours notice given)	45.00	N	0.00	45.00	45.00	N	0.00	45.00	0%	0.00
• Cancelled/Failed to Attend Driver Proficiency Test (Less than 48 hours notice given)	36.00	N	0.00	36.00	36.00	N	0.00	36.00	0%	0.00
• Fee to be deducted for a withdrawn/refused application & amendments to licences	33.00	N	0.00	33.00	33.00	N	0.00	33.00	0%	0.00
• Pre-application advice per hour	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0%	0.00
• Hackney Carriage door signs	5.00	N	0.00	5.00	5.00	N	0.00	5.00	0%	0.00
• Star Rating door signs	1.00	N	0.00	1.00	1.00	N	0.00	1.00	0%	0.00

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STREET TRADING LICENCES										
• Street trading consents and licences - (Ice Cream / Veg) - Yearly	690.00	N	0.00	690.00	690.00	N	0.00	690.00	0%	0.00
• Street trading consents and licences - (Ice Cream / Veg) - 6 Months	345.00	N	0.00	345.00	345.00	N	0.00	345.00	0%	0.00
• Street trading consents (Other traders) - Yearly	590.00	N	0.00	590.00	590.00	N	0.00	590.00	0%	0.00
• Street trading consents (Other traders) - 6 Months	295.00	N	0.00	295.00	295.00	N	0.00	295.00	0%	0.00
• Street trading assistant	21.00	N	0.00	21.00	21.00	N	0.00	21.00	0%	0.00
• Street trading licences Town Centre - Per Quarter	995.00	N	0.00	995.00	995.00	N	0.00	995.00	0%	0.00
STREET TRADING - DAILY FEES:										
• 1st Day	57.00	N	0.00	57.00	57.00	N	0.00	57.00	0%	0.00
• 2nd and Subsequent Days	32.00	N	0.00	32.00	32.00	N	0.00	32.00	0%	0.00
STREET TRADING – MISCELLANEOUS										
• Uppermill Weekly Market	110.00	N	0.00	110.00	110.00	N	0.00	110.00	0%	0.00
CARBOOT / TABLE TOP SALES										
• Up to 20 stalls	42.00	N	0.00	42.00	42.00	N	0.00	42.00	0%	0.00
• Additional stalls - per stall	2.00	N	0.00	2.00	2.00	N	0.00	2.00	0%	0.00
SCRAP METAL LICENCES										
SCRAP METAL DEALER SITE LICENCE										
• New	630.00	N	0.00	630.00	630.00	N	0.00	630.00	0%	0.00
• Per additional site	565.00	N	0.00	565.00	565.00	N	0.00	565.00	0%	0.00
• Renewal	465.00	N	0.00	465.00	465.00	N	0.00	465.00	0%	0.00
• Renewal per additional site	400.00	N	0.00	400.00	400.00	N	0.00	400.00	0%	0.00
• Minor variation	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0%	0.00
SCRAP METAL COLLECTORS LICENCE										
• New	265.00	N	0.00	265.00	265.00	N	0.00	265.00	0%	0.00
• Renewal	225.00	N	0.00	225.00	225.00	N	0.00	225.00	0%	0.00
• Minor Variation	30.00	N	0.00	30.00	30.00	N	0.00	30.00	0%	0.00

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BETTING AND ADULT ENTERTAINMENT LICENCES										
GAMBLING ACT 2005										
BINGO PREMISES										
• New	2,450.00	N	0.00	2,450.00	2,450.00	N	0.00	2,450.00	0%	0.00
• Annual Fee	620.00	N	0.00	620.00	620.00	N	0.00	620.00	0%	0.00
• Variation	1,200.00	N	0.00	1,200.00	1,200.00	N	0.00	1,200.00	0%	0.00
• Provisional Statement	930.00	N	0.00	930.00	930.00	N	0.00	930.00	0%	0.00
• Transfer	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Reinstatement	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
BETTING PREMISES (EXCLUDING TRACKS)										
• New	2,250.00	N	0.00	2,250.00	2,250.00	N	0.00	2,250.00	0%	0.00
• Annual Fee	495.00	N	0.00	495.00	495.00	N	0.00	495.00	0%	0.00
• Variation	1,200.00	N	0.00	1,200.00	1,200.00	N	0.00	1,200.00	0%	0.00
• Provisional Statement	930.00	N	0.00	930.00	930.00	N	0.00	930.00	0%	0.00
• Transfer	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Reinstatement	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
TRACKS										
• New	1,875.00	N	0.00	1,875.00	1,875.00	N	0.00	1,875.00	0%	0.00
• Annual Fee	750.00	N	0.00	750.00	750.00	N	0.00	750.00	0%	0.00
• Variation	930.00	N	0.00	930.00	930.00	N	0.00	930.00	0%	0.00
• Provisional Statement	930.00	N	0.00	930.00	930.00	N	0.00	930.00	0%	0.00
• Transfer	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Reinstatement	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
FAMILY ENTERTAINMENT CENTRE										
• New	1,500.00	N	0.00	1,500.00	1,500.00	N	0.00	1,500.00	0%	0.00
• Annual Fee	562.00	N	0.00	562.00	562.00	N	0.00	562.00	0%	0.00
• Variation	750.00	N	0.00	750.00	750.00	N	0.00	750.00	0%	0.00
• Provisional Statement	930.00	N	0.00	930.00	930.00	N	0.00	930.00	0%	0.00
• Transfer	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Reinstatement	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
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ADULT GAMING CENTRE										
• New	1,750.00	N	0.00	1,750.00	1,750.00	N	0.00	1,750.00	0%	0.00
• Annual Fee	495.00	N	0.00	495.00	495.00	N	0.00	495.00	0%	0.00
• Variation	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Provisional Statement	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Transfer	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Reinstatement	627.00	N	0.00	627.00	627.00	N	0.00	627.00	0%	0.00
• Notification of change	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
• Sex Shop Licence	380.00	N	0.00	380.00	380.00	N	0.00	380.00	0%	0.00
• Sexual entertainment venue	760.00	N	0.00	760.00	760.00	N	0.00	760.00	0%	0.00
OTHER LICENCES										
DISTRIBUTION OF FREE PRINTED MATTER										
• Daily Licence	45.00	N	0.00	45.00	45.00	N	0.00	45.00	0%	0.00
• Quarterly Licence	220.00	N	0.00	220.00	220.00	N	0.00	220.00	0%	0.00
• Yearly Licence	440.00	N	0.00	440.00	440.00	N	0.00	440.00	0%	0.00
• Additional Badge	15.00	N	0.00	15.00	15.00	N	0.00	15.00	0%	0.00
• Replacement Badge	15.00	N	0.00	15.00	15.00	N	0.00	15.00	0%	0.00
HIGHWAYS PERMITS										
Pavement Café Licence										
• Grant	N/A	N	0.00	N/A	175.00	N	0.00	175.00	100%	175.00
• Renewal	N/A	N	0.00	N/A	98.00	N	0.00	98.00	100%	98.00
• Placing materials on	N/A	N	0.00	N/A	62.00	N	0.00	62.00	100%	62.00

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PEST CONTROL										
DOMESTIC PREMISES										
• Treatment for public health pests - rats, mice, cockroaches	35.00	Y	7.00	42.00	37.50	Y	7.50	45.00	7%	2.50
• Treatment for bed bugs	70.00	Y	14.00	84.00	72.50	Y	14.50	87.00	4%	2.50
• Treatment for non-public health pests	60.00	Y	12.00	72.00	62.50	Y	12.50	75.00	4%	2.50
• Treatment for wasps nests	45.00	Y	9.00	54.00	47.50	Y	9.50	57.00	6%	2.50
• Treatment for squirrels (including the lure of traps and one return visit)	90.00	Y	18.00	108.00	91.67	Y	18.33	110.00	2%	1.67
• Treatment for fleas	70.00	Y	14.00	84.00	72.50	Y	14.50	87.00	4%	2.50
• Subsequent visits	27.50	Y	5.50	33.00	27.50	Y	5.50	33.00	0%	0.00
The charges above are subject to a 5% discount for payment in advance										
• Callout charge - no treatment necessary	22.00	Y	4.40	26.40	22.00	Y	4.40	26.40	0%	0.00
• Pay 7 collection charge	22.00	Y	4.40	26.40	22.00	Y	4.40	26.40	0%	0.00

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	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
COMMERCIAL PREMISES										
BASIC/STARTER CONTRACT										
• Cover for rodents only. Includes 4 x visits per year	225.00	Y	45.00	270.00	225.00	Y	45.00	270.00	0%	0.00
INTERMEDIATE CONTRACT										
• Cover is for rodents and includes 6 x visits and 2 free insect treatments (Non food pests & wood boring beetles)	300.00	Y	60.00	360.00	300.00	Y	60.00	360.00	0%	0.00
INTERMEDIATE PLUS CONTRACT										
• Cover includes 6 visits per year and covers rodents and 2 insect treatments (Includes all food pests, wasps & bees, but does not include wood boring beetles)	400.00	Y	80.00	480.00	400.00	Y	80.00	480.00	0%	0.00
ADVANCED CONTRACT										
• Cover includes rodents and most insects (does not include wood boring beetles). Includes 8 visits per year	525.00	Y	105.00	630.00	525.00	Y	105.00	630.00	0%	0.00
ADDITIONAL HOURLY RATES FOR VISITS/TREATMENTS										
• Hourly rate for all treatments	80.00	Y	16.00	96.00	80.00	Y	16.00	96.00	0%	0.00
ADDITIONAL OPERATIVE										
• Hourly rate	40.00	Y	8.00	48.00	40.00	Y	8.00	48.00	0%	0.00
• Reclamation fee for the recovery of dogs from the Manchester and district home for lost dogs (price fixed by Law)	25.00	N	0.00	25.00	25.00	N	0.00	25.00	0%	0.00
• Kennelling and detention costs	45.00	N	0.00	45.00	45.00	N	0.00	45.00	0%	0.00
• Kennelling and detention costs - out of hours	55.00	N	0.00	55.00	55.00	N	0.00	55.00	0%	0.00
• Admin costs	59.00	N	0.00	59.00	59.00	N	0.00	59.00	0%	0.00
• Administrative charge for default work at a maximum of £300	25%	N	0.00	25%	25%	N	0.00	25%	0%	0.00
• Formal responses to requests for technical information from Insurance companies etc. relative to drainage investigations etc. Per letter	158.10	N	0.00	158.10	158.10	N	0.00	158.10	0%	0.00

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SECURITY										
PATROLLING AND GUARDING SERVICES										
BUILDING SERVICES										
• Opening of a building (must also be a key holder) (per opening)	22.50	Y	4.50	27.00	22.50	Y	4.50	27.00	0%	0.00
CLOSING OF A BUILDING INCLUDING SECURITY SWEEP (MUST ALSO BE A KEY HOLDER) - (PER CLOSING)										
• Small building	28.93	Y	5.79	34.72	28.93	Y	5.79	34.72	0%	0.00
• Medium building	61.08	Y	12.22	73.30	61.08	Y	12.22	73.30	0%	0.00
• Large building	122.17	Y	24.43	146.60	122.17	Y	24.43	146.60	0%	0.00
• Internal postal courier service (includes returning external post to central post room) (per pickup)	11.79	Y	2.36	14.15	11.79	Y	2.36	14.15	0%	0.00
• Annual patrolling contract (public/third sector)	2,159.35	Y	431.87	2,591.22	2,159.35	Y	431.87	2,591.22	0%	0.00
• Annual patrolling contract (private sector)	2,558.00	Y	511.60	3,069.60	2,558.00	Y	511.60	3,069.60	0%	0.00
EMERGENCY BOARDING SERVICES										
• Call out (free when paying for Patrolling Services) (per hour/part thereof)	112.52	Y	22.50	135.02	112.52	Y	22.50	135.02	0%	0.00
WINDOW BOARDING										
• Standard window	50.37	Y	10.07	60.44	50.37	Y	10.07	60.44	0%	0.00
• Large window	112.52	Y	22.50	135.02	112.52	Y	22.50	135.02	0%	0.00
• Steel sheeting (per sheet)	95.38	Y	19.08	114.46	95.38	Y	19.08	114.46	0%	0.00
DOOR BOARDING										
• Wooden cover	61.08	Y	12.22	73.30	61.08	Y	12.22	73.30	0%	0.00
• Steel door (rental per week)	28.93	Y	5.79	34.72	28.93	Y	5.79	34.72	0%	0.00
• Boarded Up Property Inspection (free when paying for patrolling services) (per weekly inspection)	126.45	Y	25.29	151.74	126.45	Y	25.29	151.74	0%	0.00

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STATIC SECURITY GUARDING										
SPOT HIRE (<7 DAYS) (PER HOURS)										
• > 28 days notice; > 24 hours per operative	12.02	Y	2.40	14.42	12.25	Y	2.45	14.70	2%	0.23
• > 28 days notice; 12-24 hours per operative	12.02	Y	2.40	14.42	12.25	Y	2.45	14.70	2%	0.23
• > 28 days notice; 4-12 hours per operative	13.12	Y	2.62	15.74	13.38	Y	2.68	16.06	2%	0.26
• > 28 days notice; 0-4 hours per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 7-28 days notice; 24 hours per operative	12.02	Y	2.40	14.42	12.25	Y	2.45	14.70	2%	0.23
• 7-28 days notice; 12-24 hours per operative	13.12	Y	2.62	15.74	13.38	Y	2.68	16.06	2%	0.26
• 7-28 days notice; 4-12 hours per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 7-28 days notice; 0-4 hours per operative	15.30	Y	3.06	18.36	15.60	Y	3.12	18.72	2%	0.30
• 2-7 days notice; > 24 hours per operative	13.12	Y	2.62	15.74	13.38	Y	2.68	16.06	2%	0.26
• 2-7 days notice; 12-24 hours per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 2-7 days notice; 4-12 hours per operative	15.30	Y	3.06	18.36	15.60	Y	3.12	18.72	2%	0.30
• 2-7 days notice; 0-4 hours per operative	17.49	Y	3.50	20.99	17.83	Y	3.57	21.40	2%	0.34
• < 48 hours notice; > 24 hours per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• < 48 hours notice; 12-24 hours per operative	15.30	Y	3.06	18.36	15.60	Y	3.12	18.72	2%	0.30
• < 48 hours notice; 4-12 hours per operative	17.49	Y	3.50	20.99	17.83	Y	3.57	21.40	2%	0.34
• < 48 hours notice; 0-4 hours per operative	18.58	Y	3.72	22.30	18.93	Y	3.79	22.72	2%	0.35
CONTRACT HIRE (> 7 DAYS) (PER HOUR)										
• > 366 days; 30-40 hours per week per operative	12.02	Y	2.40	14.42	12.25	Y	2.45	14.70	2%	0.23
• > 366 days; 20-30 hours per week per operative	12.02	Y	2.40	14.42	12.25	Y	2.45	14.70	2%	0.23
• > 366 days; 8-20 hours per week per operative	13.12	Y	2.62	15.74	13.38	Y	2.68	16.06	2%	0.26
• > 366 days; 0-4 hours per week per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 91-365 days; 30-40 hours per week per operative	12.02	Y	2.40	14.42	12.25	Y	2.45	14.70	2%	0.23
• 91-365 days; 20-30 hours per week per operative	13.12	Y	2.62	15.74	13.38	Y	2.68	16.06	2%	0.26
• 91-365 days; 8-20 hours per week per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 91-365 days; 0-4 hours per week per operative	15.30	Y	3.06	18.36	15.60	Y	3.12	18.72	2%	0.30
• 29-90 days; 30-40 hours per week per operative	13.12	Y	2.62	15.74	13.38	Y	2.68	16.06	2%	0.26
• 29-90 days; 20-30 hours per week per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 29-90 days; 8-20 hours per week per operative	15.30	Y	3.06	18.36	15.60	Y	3.12	18.72	2%	0.30
• 39-90 days; 0-4 hours per week per operative	17.49	Y	3.50	20.99	17.83	Y	3.57	21.40	2%	0.34
• 0-28 days; 30-40 hours per week per operative	14.21	Y	2.84	17.05	14.50	Y	2.90	17.40	2%	0.29
• 0-28 days; 20-30 hours per week per operative	15.30	Y	3.06	18.36	15.60	Y	3.12	18.72	2%	0.30
• 0-28 days; 8-20 hours per week per operative	17.49	Y	3.50	20.99	17.83	Y	3.57	21.40	2%	0.34
• 0-28 days; 0-4 hours per week per operative	18.58	Y	3.72	22.30	18.95	Y	3.79	22.74	2%	0.37

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ADJUSTMENTS ON SPOT/CONTRACT HIRE										
• Permanent Staff Allocation (contract hire per hour)	2.14	Y	0.43	2.57	2.14	Y	0.43	2.57	0%	0.00
• Permanent Staff Allocation (spot hire per hour)	7.61	Y	1.52	9.13	7.61	Y	1.52	9.13	0%	0.00
VEHICLE HIRE										
• Response Vehicle (per hour)	10.93	Y	2.19	13.12	11.14	Y	2.23	13.37	2%	0.21
• Unmarked Vehicle (per hour)	5.47	Y	1.09	6.56	5.57	Y	1.11	6.68	2%	0.10
• Mileage (per mile)	0.64	Y	0.13	0.77	0.64	Y	0.13	0.77	0%	0.00
DEISTER POINTS										
• Installation (per point)	39.33	Y	7.87	47.20	39.33	Y	7.87	47.20	0%	0.00
• (Hire (per day)	0.33	Y	0.07	0.40	0.33	Y	0.07	0.40	0%	0.00
• Attendance Reports (per report)	39.33	Y	7.87	47.20	39.33	Y	7.87	47.20	0%	0.00
ANY OTHER ASSISTANCE										
• Per Hour Per Operative	67.51	Y	13.50	81.01	68.86	Y	13.77	82.63	2%	1.35

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CCTV DEVELOPMENT SERVICES										
CCTV ADVICE AND CONSULTANCY										
• Private Sector (per hour)	66.44	Y	13.29	79.73	66.44	Y	13.29	79.73	0%	0.00
• Up to 4 Camera System (per camera per annum)	1,678.18	Y	335.64	2,013.82	1,678.18	Y	335.64	2,013.82	0%	0.00
• 5-8 Camera System (per annum)	5,913.30	Y	1,182.66	7,095.96	5,913.30	Y	1,182.66	7,095.96	0%	0.00
• 9-12 Camera System (per annum)	8,280.54	Y	1,656.11	9,936.65	8,280.54	Y	1,656.11	9,936.65	0%	0.00
• 13-19 Camera System (per annum)	10,646.72	Y	2,129.34	12,776.06	10,646.72	Y	2,129.34	12,776.06	0%	0.00
• 20 or over Camera System (per annum)	14,193.84	Y	2,838.77	17,032.61	14,193.84	Y	2,838.77	17,032.61	0%	0.00
• Non Public Space	Variable	Y	Variable	Variable	Variable	Y	Variable	Variable	0%	0.00
RADIO COMMUNICATIONS EQUIPMENT										
• Radio Equipment Set up & Admin Fee	27.86	Y	5.57	33.43	27.86	Y	5.57	33.43	0%	0.00
• Radio Equipment (airtime)	5.36	Y	1.07	6.43	5.36	Y	1.07	6.43	0%	0.00
REMOTE SECURITY SERVICES										
• Remote Operation of Traffic Control Barriers (per barrier)	4,372.28	Y	874.46	5,246.74	4,372.28	Y	874.46	5,246.74	0%	0.00
• Remote Operation of Visual Display Signage (including Snow Signs) (per sign)	1,858.22	Y	371.64	2,229.86	1,858.22	Y	371.64	2,229.86	0%	0.00
CONCIERGE SERVICE (IMPLEMENTATION DATE TBC)										
• Concierge Service per unit (Vetting by tenant)	204.68	Y	40.94	245.62	204.68	Y	40.94	245.62	0%	0.00
• Concierge Service per unit (Vetting by Control Room)	410.44	Y	82.09	492.53	410.44	Y	82.09	492.53	0%	0.00
EMERGENCY CONTROL CENTRE										
• Provision of Emergency Control Centre, Emergency Response and Command Rooms (per year)	8,241.96	Y	1,648.39	9,890.35	8,241.96	Y	1,648.39	9,890.35	0%	0.00

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CCTV, SECURITY AND FIRST RESPONSE SERVICES										
ALARM RECEIVING CENTRE - PROTECTOR PACKAGES										
• GOLD – Including alarm and sound monitoring, alarm response and patrols, primary key holding, Line Guard and visual verification,	4,532.24	Y	906.45	5,438.69	4,532.24	Y	906.45	5,438.69	0%	0.00
• SILVER – Including alarm and sound monitoring, alarm response and patrols, secondary key holding and Line Guard.	3,636.25	Y	727.25	4,363.50	3,636.25	Y	727.25	4,363.50	0%	0.00
• BRONZE 1 – Including conventional alarm monitoring, alarm response and patrols and secondary key holding.	2,819.00	Y	577.95	3,396.95	2,819.00	Y	563.80	3,382.80	0%	0.00
• BRONZE 2 – Including alarm and sound monitoring, alarm response and patrols and primary key holding.	3,423.00	Y	701.74	4,124.74	3,423.00	Y	684.60	4,107.60	0%	0.00
ALARM MONITORING										
• Sonitrol Alarm Monitoring	1,400.00	Y	282.70	1,682.70	1,400.00	Y	280.00	1,680.00	0%	0.00
• Galaxy Gold Alarm Monitoring	1,066.41	Y	213.28	1,279.69	1,066.41	Y	213.28	1,279.69	0%	0.00
• Conventional Alarm Monitoring	810.00	Y	164.14	974.14	810.00	Y	162.00	972.00	0%	0.00
STAFF HOME ALARM MONITORING										
• Monitoring and Advisor Only	110.00	Y	22.37	132.37	110.00	Y	22.00	132.00	0%	0.00
• Monitoring with Police Response	270.00	Y	54.58	324.58	270.00	Y	54.00	324.00	0%	0.00
• Monitoring with Police, Fire and Panic Attack Modes	420.00	Y	84.27	504.27	420.00	Y	84.00	504.00	0%	0.00
• Line Guard (was Paknet – replaced with a cheaper system)	285.00	Y	57.50	342.50	285.00	Y	57.00	342.00	0%	0.00
• Visual Verification	850.00	Y	169.79	1,019.79	850.00	Y	170.00	1,020.00	0%	0.00
• Trap Alarm Hire (per week)	28.50	Y	5.65	34.15	28.50	Y	5.70	34.20	0%	0.00
SMOKE ALARMS										
• Smoke Alarm not returned or damaged beyond repair	41.00	N	0.00	41.00	41.00	N	0.00	41.00	0%	0.00

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KEYHOLDING										
• Primary key holder	420.00	Y	85.31	505.31	420.00	Y	84.00	504.00	0%	0.00
• Secondary key holder	290.00	Y	58.13	348.13	290.00	Y	58.00	348.00	0%	0.00
• Alarm call out if FRS is secondary key holder, but primary key • holder unavailable within 30 minutes	32.50	Y	5.85	38.35	32.50	Y	6.50	39.00	0%	0.00
• Alarm call out if FRS is not a key holder and no key holder is available within 30 minutes. After 30 minutes, charged at spot hire rate for static guard.	60.00	Y	11.92	71.92	60.00	Y	12.00	72.00	0%	0.00
• Key cutting (standard key)	5.50	Y	1.05	6.55	5.50	Y	1.10	6.60	0%	0.00
• Key cutting (specialist key – including master keys)	22.00	Y	4.39	26.39	22.00	Y	4.40	26.40	0%	0.00
KEY SAFE										
• Key Safe - supply and installation (£10 discount if installed at the same time as the helpline)	65.00	N	0.00	65.00	65.00	N	0.00	65.00	0%	0.00
• Installation charges - Helpline	40.00	N	0.00	40.00	40.00	N	0.00	40.00	0%	0.00
• Base unit and pendant - recharge for equipment lost or not returned or damaged beyond repair	149.00	N	0.00	149.00	149.00	N	0.00	149.00	0%	0.00
• Replacement Pendants (lost or damaged)	50.00	N	0.00	50.00	50.00	N	0.00	50.00	0%	0.00
LONE WORKER PROTECTION										
• Mobile device set up fee	58.55	Y	11.71	70.26	58.55	Y	11.71	70.26	0%	0.00
• GOLD risk device tracking (per month)	34.50	Y	6.90	41.40	34.50	Y	6.90	41.40	0%	0.00
• SILVER risk device tracking (per month)	23.00	Y	4.60	27.60	23.00	Y	4.60	27.60	0%	0.00
• BRONZE risk device tracking (per month)	12.55	Y	2.51	15.06	12.55	Y	2.51	15.06	0%	0.00

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LIFELONG LEARNING										
LIFELONG LEARNING COURSE FEES (academic year charges from August 2019) • Some courses and room hires will be individually priced and will fall outside the hourly rate.										
TUITION FEES ADULT EDUCATION BUDGET (AEB) • Engagement courses are free • Get Oldham Working - Employability courses are free to eligible learners • Adult Skills classes per hour • Concessionary fee for Adult Skills • Basic Skills - English and Maths, Family Learning	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
	3.14	N	0.00	3.14	3.25	N	0.00	3.25	3%	0.11
	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00

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ACCREDITATION FEES - ALL PAYABLE AT ENROLMENT										
• Full fee	Actual awarding body charge	N	0.00	Actual awarding body charge	Actual awarding body charge	N	0.00	Actual awarding body charge	0%	0.00
• Concessionary fee	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
CRECHE PROVISION										
• Full fee paying learner per child, per session (crèches on main sites)	3.91	N	0.00	3.91	4.05	N	0.00	4.05	3.58%	0.14
• Concessionary fee per child per session	0.00	N	0.00	0.00	0.00	N	0.00	0.00	0%	0.00
COMMUNITY GROUP MEMBER USE										
• Full Fee Annual charge (40 weeks)	69.64	N	0.00	69.64	71.72	N	0.00	71.72	2.99%	2.08
• Concessionary fee - over 60s and includes 18yrs and under (Annual charge – 40 weeks)	34.81	N	0.00	34.81	35.86	N	0.00	35.86	3%	1.04
• Full Fee (Annual charge reduction for 20 weeks)	34.81	N	0.00	34.81	35.86	N	0.00	35.86	3%	1.04
• Concessionary Fee (Annual charge reduction for 20 weeks)	17.41	N	0.00	17.41	17.93	N	0.00	17.93	3%	0.52
• Short term rate – weekly charge	1.80	N	0.00	1.80	1.85	N	0.00	1.85	3%	0.05
ROOM HIRE: INDIVIDUALS AND EXTERNAL SERVICES										
• Weekdays (per hour)	23.64	N	0.00	23.64	24.35	N	0.00	24.35	3%	0.71
• Weekends (per hour) Saturday (Up to 5pm)	32.70	N	0.00	32.70	33.68	N	0.00	33.68	3%	0.98
• Weekends (per hour) Saturday (after 5pm) + Sunday (up to 4pm)	39.40	N	0.00	39.40	40.58	N	0.00	40.58	3%	1.18
• Specialist space hire i.e. kitchen, I.T Rooms (per hour)	29.30	N	0.00	29.30	30.18	N	0.00	30.18	3%	0.88
STUDY SUPPORT										
• Schools Linking Project Core Offer April - March	1,570.00	N	0.00	1,570.00	1,632.00	N	0.00	1,632.00	4%	62.00
Children University Annual Membership Fee September - July										
• Primary School	381.00	N	0.00	381.00	396.00	N	0.00	396.00	4%	15.00
• Secondary School	528.00	N	0.00	528.00	550.00	N	0.00	550.00	4%	22.00
Laticzone Alternative Provision										
• 1-1 Provision per student per day	216.00	Y	43.20	259.20	225.00	Y	45.00	270.00	4%	9.00
• Group of 4 (Charge per student per day)	109.00	Y	21.80	130.80	113.00	Y	22.60	135.60	4%	4.00

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OUTDOOR EDUCATION										
PROVISION OF INSTRUCTORS FOR ACTIVITIES OLDHAM SCHOOLS, ACADEMIES WITH SLA & PCS / IYS										
• Environmental Education Course fee per group excludes transport to/ from centre per day	272.00	N	0.00	272.00	278.80	N	0.00	278.80	2.5%	6.80
• Environmental Education Course fee per group excludes transport to/ from centre per half day	149.35	N	0.00	149.35	152.93	N	0.00	152.93	2.4%	3.58
• Outdoor Education activities per instructor includes equipment & minibus to/from & during activities per day	195.70	N	0.00	195.70	200.40	N	0.00	200.40	2.4%	4.70
• Outdoor Education activities per instructor includes equipment & minibus to/from & during activities per half day	123.60	N	0.00	123.60	126.57	N	0.00	126.57	2.4%	2.97
• Use of minibus by groups for activities not associated with the Service	77.25	N	0.00	77.25	79.10	N	0.00	79.10	2.4%	1.85
OTHER GROUPS INCLUDING ACADEMIES WITHOUT SLA'S										
• Environmental Education Course fee per group excludes transport to/ from centre per day	326.17	Y	65.23	391.40	335.95	Y	67.19	403.14	3%	9.79
• Outdoor Education activities per instructor includes equipment & minibus during activities but excludes transport to/ from Centre per day	326.17	Y	65.23	391.40	335.95	Y	67.19	403.14	3%	9.79
• Outdoor Education activities per instructor includes equipment & minibus during activities but excludes transport to/ from Centre per half day	184.54	Y	36.91	221.45	190.08	Y	38.02	228.09	3%	5.54

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RESIDENTIAL CHARGES PER PERSON PER NIGHT OLDHAM SCHOOLS, ACADEMIES WITH SLA & PCS / IYS										
• Castleshaw Primary pupil accommodation	4.93	N	0.00	4.93	5.08	Y	1.02	6.10	3%	0.15
• Castleshaw Secondary pupil accommodation	7.68	N	0.00	7.68	7.91	Y	1.58	9.50	3%	0.23
• Castleshaw Adult accommodation	9.87	N	0.00	9.87	10.16	Y	2.03	12.20	3%	0.30
• Castleshaw Laundry	2.79	N	0.00	2.79	2.88	Y	0.58	3.45	3%	0.08
• Castleshaw Camping - Per Person, Per night	5.00	N	0.00	5.00	5.00	Y	1.00	6.00	0%	0.00
OTHER GROUPS INCLUDING ACADEMIES WITHOUT SLA'S										
• Castleshaw - Under 12 years accommodation	7.94	Y	1.59	9.53	8.18	Y	1.64	9.82	3%	0.24
• Castleshaw - Under 16 years accommodation	9.27	Y	1.85	11.12	9.55	Y	1.91	11.46	3%	0.28
• Castleshaw - Adult accommodation	13.31	Y	2.66	15.97	13.71	Y	2.74	16.45	3%	0.40
• Castleshaw Laundry	2.79	Y	0.56	3.35	2.88	Y	0.58	3.45	3%	0.08
• Castleshaw Camping - Per Person, Per night	3.86	Y	0.77	4.64	3.98	Y	0.80	4.77	3%	0.12
CATERING PER PERSON OLDHAM SCHOOLS, ACADEMIES WITH SLA & PCS / IYS										
• Castleshaw Breakfast - Under 12 years	2.46	N	0.00	2.46	2.52	N	0.00	2.52	2.4%	0.06
• Castleshaw Packed lunch - Under 12 years	3.96	N	0.00	3.96	4.06	N	0.00	4.06	2.4%	0.10
• Castleshaw Evening meal - Under 12 years	4.75	N	0.00	4.75	4.86	N	0.00	4.86	2.4%	0.11
• Castleshaw Breakfast - Under 16 years	2.92	N	0.00	2.92	2.99	N	0.00	2.99	2.4%	0.07
• Castleshaw Packed lunch - Under 16 years	4.33	N	0.00	4.33	4.43	N	0.00	4.43	2.4%	0.10
• Castleshaw Evening meal - Under 16 years	5.00	N	0.00	5.00	5.12	N	0.00	5.12	2.4%	0.12
• Castleshaw Breakfast - Adult	3.67	N	0.00	3.67	3.76	N	0.00	3.76	2.4%	0.09
• Castleshaw Packed lunch - Adult	5.00	N	0.00	5.00	5.12	N	0.00	5.12	2.4%	0.12
• Castleshaw Evening meal - Adult	7.29	N	0.00	7.29	7.46	N	0.00	7.46	2.4%	0.17

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
OTHER GROUPS INCLUDING ACADEMIES WITHOUT SLA'S										
• Castleshaw Breakfast - Under 12 years	2.46	Y	0.49	2.95	2.52	Y	0.50	3.02	2.4%	0.06
• Castleshaw Packed lunch - Under 12 years	3.96	Y	0.79	4.75	4.06	Y	0.81	4.87	2.4%	0.10
• Castleshaw Evening meal - Under 12 years	4.75	Y	0.95	5.70	4.86	Y	0.97	5.84	2.4%	0.11
• Castleshaw Breakfast - Under 16 years	2.92	Y	0.58	3.50	2.99	Y	0.60	3.59	2.4%	0.07
• Castleshaw Packed lunch - Under 16 years	4.33	Y	0.87	5.20	4.43	Y	0.89	5.32	2.4%	0.10
• Castleshaw Evening meal - Under 16 years	5.00	Y	1.00	6.00	5.12	Y	1.02	6.14	2.4%	0.12
• Castleshaw Breakfast - Adult	3.67	Y	0.73	4.40	3.76	Y	0.75	4.51	2.4%	0.09
• Castleshaw Packed lunch - Adult	5.00	Y	1.00	6.00	5.12	Y	1.02	6.14	2.4%	0.12
• Castleshaw Evening meal - Adult	7.29	Y	1.46	8.75	7.46	Y	1.49	8.96	2.4%	0.17
• Castleshaw Cooked lunch (if available) - Adult	7.29	Y	1.46	8.75	7.46	Y	1.49	8.96	2.4%	0.17
VARIOUS OTHER CHARGES										
OLDHAM SCHOOLS, ACADEMIES WITH SLA & PCS / IYS										
• Castleshaw - Daily hire of centre	218.50	N	0.00	218.50	223.74	N	0.00	223.74	2.4%	5.24
• Castleshaw - meeting room hire per half day	65.67	N	0.00	65.67	67.25	N	0.00	67.25	2.4%	1.58
• Castleshaw - meeting room hire per day	131.42	N	0.00	131.42	134.57	N	0.00	134.57	2.4%	3.15
• Castleshaw - yurt hire per half day	65.67	N	0.00	65.67	67.25	N	0.00	67.25	2.4%	1.58
• Castleshaw - yurt hire per day	131.42	N	0.00	131.42	134.57	N	0.00	134.57	2.4%	3.15
• Under occupancy	7.96	N	0.00	7.96	8.15	N	0.00	8.15	2.4%	0.19
• Castleshaw Refreshments	2.83	N	0.00	2.83	2.90	N	0.00	2.90	2.4%	0.07
OTHER GROUPS INCLUDING ACADEMIES WITHOUT SLA'S										
• Castleshaw - Daily hire of centre	218.50	Y	43.70	262.20	223.74	Y	44.75	268.49	2.4%	5.24
• Castleshaw - meeting room hire per half day	65.67	Y	13.13	78.80	67.25	Y	13.45	80.70	2.4%	1.58
• Castleshaw - meeting room hire per day	131.42	Y	26.28	157.70	134.57	Y	26.91	161.49	2.4%	3.15
• Castleshaw - yurt hire per half day	65.67	Y	13.13	78.80	67.25	Y	13.45	80.70	2.4%	1.58
• Castleshaw - yurt hire per day	131.42	Y	26.28	157.70	134.57	Y	26.91	161.49	2.4%	3.15
• Under occupancy	7.96	Y	1.59	9.55	8.15	Y	1.63	9.78	2.4%	0.19
• Castleshaw booking deposit	154.00	Y	30.80	184.80	157.70	Y	31.54	189.24	2.4%	3.70
• Castleshaw Refreshments	2.83	Y	0.57	3.40	2.90	Y	0.58	3.48	2.4%	0.07

DESCRIPTION OF FEES	2019/20 CHARGES				PROPOSED 2020/21 CHARGES				NET VARIANCE FROM PREVIOUS YEAR EXCL. VAT	
	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	NET FEES (£)	SUBJECT TO VAT	VAT (£)	TOTAL INCL. VAT (£)	% CHANGE	£ CHANGE EXCL. VAT
OUTDOOR EDUCATION MEALS & TRANSPORT										
• Meals at day centres or luncheon clubs	4.12	N	0.00	4.12	4.22	N	0.00	4.22	2.4%	0.10
• Transport	2.88	N	0.00	2.88	2.95	N	0.00	2.95	2.4%	0.07
SCHOOL SWIMMING SERVICE										
Swimming session - 30 minutes per week x 38 weeks	2,628.00	N	0.00	2,628.00	2,690.00	N	0.00	2,690.00	2.4%	62.00
SPORTS DEVELOPMENT										
In School Coaching Programme - 1/2 Day per week x 38 weeks	3,555.00	N	0.00	3,555.00	3,750.00	N	0.00	3,750.00	5.5%	195.00

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Band	Oldham Council (Including Adult Social Care Precept) £	Mayoral Police and Crime Commissioner Precept £	Mayoral General Precept (including Fire Services) £	Saddleworth Parish Precept £	Shaw and Crompton Parish Precept £
A	1,115.28	138.86	60.63	14.50	11.02
B	1,301.16	162.01	70.73	16.92	12.85
C	1,487.04	185.15	80.84	19.34	14.69
D	1,672.92	208.30	90.95	21.76	16.53
E	2,044.68	254.58	111.16	26.59	20.20
F	2,416.44	300.87	131.37	31.43	23.87
G	2,788.20	347.16	151.58	36.26	27.55
H	3,345.84	416.60	181.90	43.52	33.06

Oldham - Inclusive of Mayoral Precepts

Band	2019/20 £	2020/21 £
A	1,266.39	1,314.77
B	1,477.46	1,533.90
C	1,688.53	1,753.03
D	1,899.61	1,972.17
E	2,321.74	2,410.42
F	2,743.87	2,848.68
G	3,166.00	3,286.94
H	3,799.22	3,944.34

Saddleworth Parish Total Council Tax

Band	2019/20 £	2020/21 £
A	1,280.89	1,329.27
B	1,494.38	1,550.82
C	1,707.87	1,772.37
D	1,921.37	1,993.93
E	2,348.33	2,437.01
F	2,775.30	2,880.11
G	3,202.26	3,323.20
H	3,842.74	3,987.86

Shaw and Crompton Parish Total Council Tax

Band	2019/20 £	2020/21 £
A	1,277.41	1,325.79
B	1,490.31	1,546.75
C	1,703.22	1,767.72
D	1,916.14	1,988.70
E	2,341.94	2,430.62
F	2,767.74	2,872.55
G	3,193.55	3,314.49
H	3,832.28	3,977.40

In 2020/21 the Oldham Council element of Council Tax includes a precept to be used for Adult Social Care. The precept per band is highlighted in the table below:

Band	Adult Social Care Precept Element £
A	100.34
B	117.06
C	133.78
D	150.51
E	183.95
F	217.40
G	250.85
H	301.02

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Budget Position 2020/21 - Post Administration Proposals

Estimated revenue position 2020/21	2020/21 £000
Prior Year Net Revenue Budget	228,412
Adjustment for new one off funding in 2019/20	(4,300)
Prior Year Adjusted Net Revenue Budget	224,112
2020/21 Adjustments to the Base Budget	
Add back one off 2019/20 Flexible Use of Capital Receipts	3,000
Adjustment for one off funding for Early Help	(750)
Adjustment for one off funding in 2019/20 Brexit Preparation Grant	(105)
Flexible use of Capital Receipts 2020/21	(3,750)
Total 2020/21 Adjustments to the Base Budget	(1,605)
Revised Base Position	222,507
Expenditure Pressures	
- Children's Social Care Operating Model	671
- Development Fund	0
- Street Cleaning	180
- Coroners Service	20
- Additional Demand Pressures Adults Social Care	1,600
- Corporate Landlord / Investment Estate	600
- Home to School Transport	750
- Annual Leave Purchase Scheme	475
- Children's Social Care Additional Demand	220
- SEND Service Pressures	300
- Traded Services	750
- Pay Inflation	1,800
- Contractual and Service Inflation	1,650
- DSG Inherited Liabilities	310
- Investment Fund	920
- Pensions	1,000
- Homelessness	164
- Rough Sleeping Initiative	37
- Passporting of Adult Social Care Precept (ASCP)	1,873
- ASCP Taxbase Growth	114
- Revised Parish Precept	2
- Early Intervention and Prevention Service	1,555
- Implementation of the transformation agenda	930
- Creating a Better Place	750
Total Expenditure Pressures	16,671
Impact of Levies	
- GMCA - Waste Disposal Levy	(654)
- GMCA - Transport Levy	(6,797)
- GMCA - Transport Statutory Charge	7,263
- Adjustment for one off funding in 2019/20 - Mayoral Bus Reform Grant	(693)
- Contributions to GM-Wide Activities	0
- Environment Agency Levy	2
Total Impact of Levies	(879)
Budget Reductions	
- 2020/21 impact of 2019/20 Budget Reduction Proposals approved 27 Feb 2019	(116)
- 2020/21 Children's Social Care Planned Efficiencies approved 27 Feb 2019	(1,660)
- Proposed Budget Reduction Proposals	(3,011)
Total Budget Reductions	(4,787)
Total Expenditure	233,512

Estimated revenue position 2020/21	2020/21 £000
Funded By:	
Government Grant	
- Business Rates Top Up	41,048
- Grants in Lieu of Business Rates	11,230
- Public Health Grant	0
- Improved Better Care Fund Grant	10,858
- 2020/21 Social Care Support Grant	6,954
- Independent Living Fund (ILF) Grant	2,580
- Flexible Homelessness Support Grant	194
- Homeless Reduction Grant	164
- Rough Sleeping Initiative Grant	37
- Housing Benefit Administration Grant	778
- Council Tax Administration Grant	360
- New Homes Bonus Grant	598
- Department for Work and Pensions (DWP) New Burdens Grant	122
- Lead Local Flood Authority Grant	12
Total Government Grant Funding	74,935
Locally Generated Income	
- Retained Business Rates	50,424
- Council Tax Income	87,787
- Adult Social Care Precept 2016/17	1,606
- Adult Social Care Precept 2017/18	1,666
- Adult Social Care Precept 2018/19	1,732
- Adult Social Care Precept 2019/20	1,801
- Adult Social Care Precept 2020/21	1,873
- Parish Precepts	280
- Collection Fund Surplus	1,400
Total Locally Generated Income	148,569
Total Funding	223,504
Budget Gap	10,008
2019/20 Business Rates Pilot Scheme Gain	(1,413)
Waste Refund	(3,113)
Business Rates Returned Funding	(1,300)
Proposed Additional Use of Reserves	(4,182)
Total Use of Reserves	(10,008)
Net Gap/Budget Reduction Requirement	0

Portfolio / Directorate Area 2020/21 Alignment	2020/21 Original Net Revenue Budget	2020/21 Budget Adjustments	2020/21 Budget Reductions	2020/21 Total Net Revenue Budget
	£000	£000	£000	£000
People and Place				
Commercial Services	4,320	1,102	0	5,422
Economy	2,512	197	(364)	2,345
Environmental Services	53,767	(66)	0	53,701
	60,599	1,233	(364)	61,468
Community Services & Adult Social Care				
Community Services & Adult Social Care	58,783	3,931	(163)	62,551
	58,783	3,931	(163)	62,551
Children's Services				
Children's Social Care	35,400	2,198	(1,660)	35,938
Education, Skills & Early Years	3,237	1,629	0	4,866
Preventative Services	1,966	386	0	2,352
	40,603	4,213	(1,660)	43,156
Reform				
Communications and Research	860	29	0	889
People	2,205	170	0	2,375
Public Health & Heritage, Libraries and Arts	22,687	230	0	22,917
Strategy and Performance	1,049	(295)	0	754
Youth, Leisure & Communities	5,263	104	0	5,367
	32,064	238	0	32,302
Commissioning				
Commissioning and Procurement	273	11	0	284
Finance	8,874	157	(400)	8,631
	9,147	168	(400)	8,915
Chief Executive				
Chief Executive Management	1,616	(62)	0	1,554
Executive Office	572	11	0	583
Legal Services	3,164	47	0	3,211
	5,352	(4)	0	5,348
Capital, Treasury, Corporate and Technical Accounting Budgets				
Capital, Treasury, Corporate and Technical Accounting Budgets	17,268	4,406	(2,200)	19,474
	17,268	4,406	(2,200)	19,474
Parish Precepts				
Parish Precepts	296	2	0	298
	296	2	0	298
Net Revenue Expenditure Budget	224,112	14,187	(4,787)	233,512

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Summary MTFs 2020/21 to 2024/25 - Post Administration Proposals

Estimated revenue position 2020/21 to 2024/25	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Prior Year Net Revenue Budget	228,412	223,504	227,310	233,919	240,794
Adjustment for new one off funding in 2019/20	(4,300)				
Prior Year Adjusted Net Revenue Budget	224,112	223,504	227,310	233,919	240,794
2020/21 Adjustments to the Base Budget	(1,605)	2,963	0	0	0
Revised Base Position	222,507	226,467	227,310	233,919	240,794
Expenditure Pressures	16,671	14,320	19,279	20,195	19,717
Impact of Levies	(879)	(242)	346	248	358
Budget Reductions	(4,787)	0	0	0	0
Total Expenditure	233,512	240,545	246,935	254,362	260,869
Government Grant Funding	74,935	86,645	87,534	88,441	89,368
Locally Generated Income	148,569	140,665	146,385	152,353	158,579
Total Funding	223,504	227,310	233,919	240,794	247,947
Budget Gap	10,008	13,235	13,016	13,568	12,921
Use of Reserves	(10,008)	10,008	0	0	0
Net Gap/Budget Reduction Requirement	0	23,243	13,016	13,568	12,921

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Appendix 12

Pay Policy

Statement

2020/21

Pay Policy

PAY POLICY STATEMENT 2020/21

Introduction & Purpose

1. Under section 112 of the Local Government Act 1972, the Council has the 'power to appoint officers on such reasonable terms and conditions as the Authority thinks fit'. This Pay Policy Statement (the 'Statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011.
2. The purpose of the Statement is to provide transparency and accountability with regard to the Council's approach to setting the pay of its employees (excluding teaching and other school staff working for the Local Authority under the purview of the School Governing Body) by identifying;
 - the methods by which salaries of employees are determined;
 - the detail and level of remuneration of its most senior staff, i.e. 'chief officers', as defined by the relevant legislation; and
 - the Committee(s) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Publication

3. This statement will be reviewed and prepared for each financial year then approved by full Council, usually by the end of March each year, or at the earliest Council in the financial year for which it applies. It will be published on the Council's website as soon as it is reasonably practical following any amendment and approval. For 2020/21 the approval will be at the Budget Council meeting of 26 February 2020.
4. Alongside this statement will be full details of all senior employees in the Council (excluding teachers and school-based staff) that have a salary over the threshold outlined in the Localism Act 2011 and any associated Codes of Practice, including the Local Government Transparency Code 2015. The Pay Policy Statement is linked to Council's Annual Statement of Accounts where we are required to publish the full-time equivalent salaries which are at least £50,000 per annum. It should be noted that an updated version of this statement may be published during 2020/21 to allow for any pay award that is agreed at a national level and therefore, other roles across the organisation may be subject to inclusion at a later stage.

Other Legislation Relevant To Pay And Remuneration

5. In determining the pay and remuneration for its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, inclusive of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which specifies Gender Pay Gap Reporting for public bodies with 250 employees or more, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).
6. The Council is committed to the principles of equal pay for all employees, and to ensure consistency and fairness within its pay structures. Differentials in grades can be objectively justified through the use of job evaluation mechanisms, which determine the relativities between posts according to the requirements, demands, skills and responsibilities of the role.

Pay Structure

7. The Council uses nationally negotiated pay spines with a defined list of salary points as the basis for its local pay structure. These salary scales determine the salaries of the majority of its non-schools workforce, together with the use of locally determined grades where these do not apply. The current salary scales in use by the Council are available to view on the Council's website.
8. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spines. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
9. Most staff at Oldham Council are employed under the National Joint Council (NJC) terms and conditions (Green Book) and salaries for job roles are determined by the points score associated with the job role through the appropriate job evaluation scheme. For employees within grades 1 to 10, the NJC Job Evaluation Scheme is used, created specifically for jobs within Local Government. Employees on senior management grades are evaluated through the HAY Scheme, widely used for evaluating senior jobs, in both the private and public sector, nationally and internationally. Single Status, harmonising former officers and former manual workers, was implemented by the Council on 1 January 2011.
10. In determining its grading structure and setting remuneration levels for any posts which fall outside this scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times when those services are required.
11. New appointments will normally be made at the minimum of the grade for the relevant pay scale, although this can be varied where the successful candidate is

currently on a spinal column point/salary that is higher than minimum of the grade/salary of the job being recruited to. Where this occurs, there is guidance in the Council's Starting Salary Policy to ensure consistency of application across the organisation.

12. From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capability. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators and benchmark information, using data sources available from within the Local Government sector and outside, as appropriate.

Pension Contributions

13. Where employees have exercised their statutory right to membership of the Local Government Pension Scheme, the Council is required to contribute to the scheme representing a percentage of the pensionable remuneration due under the contract of employment for that employee. The rate of contribution is set by Actuaries advising the Greater Manchester Pension Fund and is reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The new triennial period starts from 1 April 2020, and rates for employer's contributions can be found in the Actuarial Valuation Reports on the Greater Manchester Pensions Fund (GMPF) website. The employee contribution rates are banded at 5.5% to 12.5%, depending on the level of annual salary.
14. Oldham Council has a flexible retirement scheme which is run in accordance with the Local Government Pension Scheme and Regulation 18 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) as amended by the Local Government Pension Scheme (Miscellaneous) Regulations 2012 (SI 2012/1989).
15. There are other pension schemes which are in operation at the Council. There is a separate pension scheme for Teachers and a separate pension scheme for transferred NHS staff that still remain on their existing TUPE terms and conditions.

Senior Management Remuneration

16. For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act. This includes the Chief Executive and all senior management posts on Joint National Council (JNC) Chief Officer Terms and Conditions of Employment. The posts falling within these definitions are set out in Table 1, with details of their basic salary, typically shown within five thousand pound bandings.
17. Chart 1 shows the organisational chart of the job roles set out in Table 1, which are linked using a number referencing system and common job titles. Table 1 states for Directors and above; their grade, type of contract, salary, allowances,

services directed, budget held and the approximate number of staff they are responsible for. For other senior managers covered in the scope of this Pay Policy Statement, Table 1 gives details regarding their pay, services managed and their contract type.

18. It is the policy of the Council to establish a salary for each chief officer post that is sufficient to attract and retain an employee with the appropriate knowledge, experience, skills and abilities that are needed, at that time, by the Council.
19. The arrangements and factors considered in determining, where appropriate, an individual's progression through the relevant grade pay scale are set out at the time of appointment, with the individual 'chief officer'. The level of remuneration does not vary depending on the achievement of defined targets, although progression through the incremental scale of the relevant grade is subject to satisfactory performance, which is assessed on an annual basis. If a cost of living increase is awarded to JNC Chief Officers through national collective bargaining, then it is fully applied at that time.
20. To meet specific operational requirements, it may be necessary for an individual chief officer to temporarily take on additional duties to their identified role. The Council authorises such additional payments which may be relevant to those duties through the Selection Committee, or other constitutionally approved mechanism.
21. Some chief officer posts carry additional payments. These additional payments are supplementary to basic salary and may represent a contractual obligation. The amounts and types of additional payments are shown in Table 1.
22. The Chief Executive's salary does include payment for local election duties and no additional payment is made for those duties. Separate payments are received for any returning officer duties arising from parliamentary elections and referendums. It should be noted that payments for such elections are not funded by the Council.
23. Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council may, where necessary, consider engaging individuals under a 'contract for service' rather than making a temporary appointment. These individuals will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money in securing the relevant service. In assessing such it should be noted that in respect of such engagements the Council will be fully compliant with the 'off payroll' working rules and will only engage such workers where an arrangement is in place to deduct tax and national insurance contributions in line with 'off payroll' working rules. The contractual arrangements for each of our chief officers are highlighted within Table 1.

Recruitment Of Chief Officers

24. The Council's procedure with regard to the recruitment of chief officers is outlined within Part 4, Officer Employment Procedure Rules within the Council's Constitution and is undertaken by a Selection Committee, or other constitutionally approved mechanism. There is a copy of the Council's Constitution on the Council's website to view for further details.
25. When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment and equality law and its own Recruitment and Redeployment Policies.
26. When recruiting to a chief officer vacancy the Council may engage a recruitment agency to provide external objectivity to the process. In that event, the agency may be used to: determine the market rate for the role, in the market quartile the Council is seeking to compete in at that time; generate interest in the role from potential applicants from inside and outside the sector; conduct the long listing exercise; co-ordinate any personality assessment, group and technical exercises; conduct the short listing exercise with members of the Selection Committee, or other constitutionally approved mechanism, and facilitate the interview sessions, providing a technical advisor to the interview panel when necessary.
27. The selection of a chief officer is made by a panel of Elected Members and the Selection Committee, or other constitutionally approved mechanism, who have delegated authority to appoint through the Council's Scheme of Delegation. The only exception to this is the appointment of the Chief Executive (Head of Paid Service) whose appointment must be recommended to and approved by full Council. The Selection Committee, or other constitutionally approved mechanism, is supported by the line manager of the post being recruited to and/or advised where necessary by a technical adviser on the service area in addition to the Director of Workforce & Organisational Development (Council & CCG) (or their nominee).
28. Full Council will consider the case for any salary in excess of £100,000, prior to any appointment to the 'chief officer' posts that it relates. The salary package will be defined as basic salary, any performance related pay, fees, routinely payable allowances and benefits in kind, that are due under the contract.

Payments On Termination

29. The Council's approach to statutory and discretionary payments on termination of employment of chief officers and its other employees, prior to reaching normal retirement age, and is covered within the Redundancy Policy, in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007. This excludes teachers where there are different pension arrangements. The Council's current Redundancy Policy is available to view on the Council's website.

30. Any payments falling outside these provisions or the relevant periods of notice within the contract of employment shall be subject to a rigorous risk assessment, as they would be for any member of staff within the Council, and a formal decision will be made by the Director of Workforce and Organisational Design (Council & CCG) and the Director of Legal Services of the Council. The Council is fully compliant on regulations and frameworks regarding exit payments, which ensures a fair and appropriate level of compensation is provided for employees who are required to leave public sector jobs.

Lowest Paid Employees

31. Oldham Council is committed to tackling positively the socio-economic and health inequalities associated with low pay. The Council has chosen to pay the Living Wage since April 2015 and has recently been accredited as a Living Wage Employer by the Living Wage Foundation. Increases in the Foundation Living Wage are announced each November, in line with the latest research, and the Council implements the rise in its minimum hourly rate (if required) within six months.
32. Full time hours at Oldham Council are 36 hours and 40 minutes per week for employees on NJC terms and conditions.
33. The relationship between the rate of pay for the lowest paid and the Chief Executive is determined by the processes used for determining pay and grading structures, as set out earlier in this policy statement. This relationship is expressed as a ratio in Table 2, which also shows the multiple between the median full-time equivalent earnings and the earnings of the Chief Executive. Oldham Council has a commitment that the ratio between its highest earner, the Chief Executive, and those who are the lowest paid, will not exceed 1:11.

Accountability And Decision Making

34. In accordance with the constitution of the Council, the Selection Committee, or other constitutionally approved mechanism, is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to chief officers. Accountability and decision making for all other employees of the Council is the responsibility of the Deputy Chief Executive, Strategic and Managing Directors through the Council's Scheme of Delegation.

Re-Employment / Re-Engagement Of Former Employees

35. Oldham Council has an obligation to ensure that it is managing public monies responsibly against any requirements to achieve savings and reductions in posts through voluntary or compulsory redundancy, efficiency release or employer consent retirement which results in a cost to the Council.

36. The Council will not re-engage ex-employees who have left their prime employment with the Council on the grounds of voluntary or compulsory redundancy, efficiency release or employer consent retirement (where there is a cost to the Council) for a period of 12 months with effect from the date of leaving. This policy does not cover those employees who access their pension via the Council's Flexible Retirement Scheme, as those employees remain employed by the Council, or to employees who early retire where there is no cost to the Council.

Table 1 - Senior Management Remuneration

Senior Management Team							January 2020
No. on Chart	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:	No. of Employees
1	Chief Executive, Oldham Council and Accountable Officer (NHS Oldham CCG) Note: the Council only funds 50% of this post, with 50% funded by NHS Oldham CCG	Chief Executive	£180,213	Permanent	–	Executive direction for the Council to achieve its co-operative vision through: <ul style="list-style-type: none"> ▪ Accountable for the overall performance of the Council and the Council's net revenue budget ▪ Head of Paid Service ▪ Returning Officer for the Elections 	2,735
2	Deputy Chief Executive	Executive Director	£130,001 - £135,000	Permanent	£150 - Election Payment	Executive direction for the following services: <ul style="list-style-type: none"> ▪ Environmental Management ▪ Economy ▪ Regeneration ▪ Interim Managing Director for Unity Partnership Ltd 	1,057
3	Strategic Director of Communities & Reform	Chief Officer	£120,001 - £125,000	Permanent	£150 - Election Payment	Executive direction for the following services: <ul style="list-style-type: none"> ▪ Transformation, Human Resources & Organisational Development ▪ Public Health ▪ Communities, Youth & Leisure Services ▪ Libraries, Heritage & Arts ▪ Strategy, Communications & Performance 	377
4	Managing Director for Children and Young People (DCS)	Chief Officer	£120,001 - £125,000	Permanent	–	Executive direction for the following services: <ul style="list-style-type: none"> ▪ Statutory officer for Children's Services (DCS) ▪ Children's social services & Early Help ▪ Education & Early Years, plus Employment & Skills 	835
5	Managing Director for Community Health & Adult Social Care (DASS)	Chief Officer	£105,001 - £110,000	Permanent	£130 - Election Payment	Executive direction for the following services: <ul style="list-style-type: none"> ▪ Statutory officer for Adult Social Care (DASS) ▪ Community health and social care services including specialist services, i.e. Learning Disabilities & Mental Health ▪ Integrated Commissioning of Adult Social Care (Joint responsibility) ▪ Community Business Services 	251
6	Director of Legal Services	Director	£95,001 - £100,000	Permanent	–	Executive direction for the following services: <ul style="list-style-type: none"> ▪ Legal Service ▪ Statutory Monitoring Officer ▪ Constitutional & Democratic Services ▪ Registrars ▪ Elections & Member Services 	53
7	Strategic Director Joint Commissioning / Chief Operating Officer (CCG) Note: the Council only funds 50% of this post, with 50% funded by NHS Oldham CCG	NHS	£112,000	Permanent	–	Executive direction for the following services: <ul style="list-style-type: none"> ▪ Corporate Finance, Corporate Financial Planning & Corporate Financial Management ▪ Corporate Governance & Procurement ▪ Integrated Commissioning of Adult Social Care (Joint responsibility) 	108

Senior Management Team

January 2020

No. on Chart	Directorate	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:	No. of Employees
8	People & Place	Director of Environmental Management	Director	£90,001 - £95,000 Actual Salary £72,733	Permanent	£150 - Election Payment	Strategic direction for the following services: <ul style="list-style-type: none"> Waste, Fleet & Highways Operation Street Scene & Parks Strategic Transportation, Highways (Unity Client) & Street Lighting (Client) Public Protection & Building Control 	445
9	People & Place	Director of Economy	Director	£85,001 - £90,000	Permanent	£150 - Election Payment	Strategic direction for the following services: <ul style="list-style-type: none"> Physical regeneration development (including Joint Ventures & Education Capital Programme) Asset management (Client) Corporate Landlord (including Facilities Management) & Car Parking Catering & Cleaning Strategic Housing, Development & Homelessness Strategic Planning & Development Control 	602
10	Communities and Reform	Director of Public Health	Director	£85,001 - £90,000	Permanent	-	Holds the Statutory role for the Director of Public Health, plus: <ul style="list-style-type: none"> Youth, Leisure, Sports Development & Communities Heritage, Libraries & Arts 	235
Page 288	Communities and Reform	Director of Workforce & Organisational Design (Council & CCG)	Director	£95,001 - £100,000	Permanent	-	Strategic direction for the following services: <ul style="list-style-type: none"> Workforce Strategy Transformation and Reserve Unity Client for Human Resource Services Organisational Development and Design 	56
12	Children and Young People	Director of Education, Skills & Early Years	Director	£90,001 - £95,000	Permanent	-	Strategic direction for the following services: <ul style="list-style-type: none"> Education Improvement Inclusion SEND & SEN Support Employment & Skills Education Provision - Post 16 Post 16 & Business Development 	425
13	Children and Young People	Director of Children's Social Care	Director	£90,001 - £95,000	Permanent	-	Strategic direction for the following services: <ul style="list-style-type: none"> Early Help & Family Connect Children's Social Care Management Children's Commissioning Children's Safeguarding 	335
14	Commissioning	Director of Finance	Director	£95,001 - £100,000	Permanent	£120 - Election Payment	Holds the Statutory role for the Chief Finance and Section 151 Officer and Strategic direction for the following services: <ul style="list-style-type: none"> Financial Planning & Financial Management Traded service for Schools Budget Support Internal Audit, Fraud, Risk Management & Insurance Corporate Complaints Information Governance Client function for Unity Exchequer Services Welfare Rights 	96

Senior Managers

January 2020

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
15	People & Place	Environmental Management	Head of Public Protection	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance £3,000 - Standby	Management direction for the following services: <ul style="list-style-type: none"> Environmental Health Health & Safety Trading Standards Licencing Building Control
16	People & Place	Environmental Management	Head of Environmental Services	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance £450 - Standby	Management direction for the following services: <ul style="list-style-type: none"> Parks and open spaces Street Cleansing Countryside Service Cemeteries and crematorium
17	People & Place	Environmental Management	Head of Operational Services	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance £450 - Standby	Management direction for the following services: <ul style="list-style-type: none"> Waste management services including trade waste & recycling Highways operations Fleet management Delivery of contracts for the Greater Manchester Waste Disposal Authority
18	People & Place	Environmental Management	Environmental Health Manager	SM2	£50,001 - £55,000	Permanent	£500 - Car Allowance £1,425 - Standby £2,560 - Plain Time	Operational direction for the following services: <ul style="list-style-type: none"> Environmental Health Health & Safety
19	People & Place	Economy	Head of Planning & Development Control	SM1	£60,001 - £65,000	Interim	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Planning applications & development control Enforce planning contraventions Strategic Planning Policy & Transport strategy
20	People & Place	Economy	Head of Strategic Regeneration & Development	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Delivery of key projects identified within the Council's capital programme Delivery of major high quality regeneration projects, covering both the Town Centre and the Borough of Oldham
21	People & Place	Economy	Head of Housing & Property Partnerships	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Delivery of successful private sector development & other physical investment in the Borough Leading on appraisals for major property development, obtain property evaluations and advise on all property matters in connection to the Council's physical regeneration programme
22	People & Place	Economy	Head of Strategic Asset Management & Facilities Management	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Leading on "One Public Estate" work on behalf of the Council Client Manager for Unity Partnership Ltd function including Corporate Landlord Facilities Management, Cleaning, Catering & Car Parking

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
23	People & Place	Economy	Team Leader: Capital Projects	SM2	£50,001 - £55,000	Permanent	£500 - Car Allowance	Operational direction for the following services: <ul style="list-style-type: none"> Managing the Capital Projects team Assisting in the development of the Council's regeneration strategies and managing their implementation through the delivery of a programme of physical regeneration projects
24	People & Place	Economy	Team Leader: Town Centre Masterplan	SM2	£50,001 - £55,000	Vacant	£500 - Car Allowance	Operational direction for the following services: <ul style="list-style-type: none"> Managing the Town Centre Regeneration team Assisting in the development of the Council's regeneration strategies and managing their implementation through the delivery of a programme of physical regeneration projects
25	People & Place	Economy	Team Leader: Housing Strategy	SM2	£50,001 - £55,000	Permanent	£500 - Car Allowance	Operational direction for the following services: <ul style="list-style-type: none"> Managing the Strategic Housing team Assisting to development the Council's housing strategies and managing their implementation through the delivery of a variety of programmes, contracts and initiatives
Page 290	Communities and Reform	Public Health	Consultant in Public Health	Asst. Director	£75,001 - £80,000	Fixed Term	-	Management direction for the following services: <ul style="list-style-type: none"> Providing expert public health advice and leadership Developing and utilising information and intelligence systems to underpin public health action across Oldham Development and delivery of national, regional and local policies, and interdisciplinary strategic plans and programmes
27	Communities and Reform	Public Health	Consultant in Public Health (Healthcare & Public Health)	Asst. Director	£75,001 - £80,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Providing expert public health advice and leadership Developing and utilising information and intelligence systems to underpin public health action across Oldham Development and delivery of national, regional and local policies, and interdisciplinary strategic plans and programmes
28	Communities and Reform	Public Health	Consultant in Public Health (Health & Wellbeing)	Asst. Director	£70,001 - £75,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> Providing expert public health advice and leadership Developing and utilising information and intelligence systems to underpin public health action across Oldham Development and delivery of national, regional and local policies, and interdisciplinary strategic plans and programmes
29	Communities and Reform	Public Health	Public Health Specialist - Primary Care, Community Services, Respiratory	SM2	£50,001 - £55,000	Permanent	-	Management of the following areas: <ul style="list-style-type: none"> Plan, design and lead the development and delivery of public health programmes of work Public health promotion Manage a significant portfolio of commissioned services, setting budgets and ensuring value for public money

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
30	Communities and Reform	Public Health	Public Health Specialist - Vascular	SM2	£50,001 - £55,000* Actual salary £47,930	Permanent	-	Management of the following areas: <ul style="list-style-type: none"> Plan, design and lead the development and delivery of public health programmes of work Public health promotion Manage a significant portfolio of commissioned services, setting budgets and ensuring value for public money
31	Communities and Reform	Public Health	Senior Nurse - Health Protection	SM2	£50,001 - £55,000	Permanent	£500 - Car Allowance	Contributing to the development and effective implementation of robust plans for health protection within Oldham, act as the lead source of information for: Health Protection issues, infection control, communicable disease, non-communicable environmental hazards and screening & immunisation
32	Communities and Reform	Public Health	Public Health Specialist - Primary Care, Community Services, Respiratory	SM2	£50,001 - £55,000	Permanent	-	Management of the following areas: <ul style="list-style-type: none"> Plan, design and lead the development and delivery of public health programmes of work Public health promotion Manage a significant portfolio of commissioned services, setting budgets and ensuring value for public money
Page 291	Communities and Reform	Public Health	Assistant Director for Youth, Leisure & Communities	Asst. Director	£70,001 - £75,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Youth Services Sports Development and Coaching Outdoor Education Study Support Stronger Communities & Community Cohesion Community Safety District Partnerships
34	Communities and Reform	Public Health	Service Manager: Outdoor Education	Soulbury	£55,001 - £60,000 Actual Salary £46,426	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Castleshaw Centre - The Council's outdoor education centre Act as Outdoor Education Advisor for Oldham Schools, Youth Service and other settings, including Looked After Children
35	Communities and Reform	Public Health	Study Support Manager	Soulbury	£50,001 - £55,000	Permanent	-	Management direction for creative, innovative and bespoke outreach education programmes at Laticzone. Contributing to raising aspirations and standards in both attainment and personal/social achievement
36	Communities and Reform	Public Health	Head of Libraries, Heritage & Arts	SM1	£60,001 - £65,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Library & Lending Services Local Studies & Archives Gallery Oldham Arts development & delivery
37	Communities and Reform	Public Health	Head of Music Service	Soulbury	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Music in Schools Music services delivered at the Lyceum Music Centre

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
38	Communities and Reform	Public Health	Arts & Heritage Manager	SM2	£50,001 - £55,000 Actual Salary £30,510	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Strategic management of Arts & Heritage teams Seek external funding and identify income generating/efficiency opportunities Build effective public, private and voluntary sector partnerships
39	Communities and Reform	Public Health	Libraries & Information Manager	SM2	£50,001 - £55,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Strategic management of Library Services Management of the central and district libraries Management of specialist library services, e.g. Home Library service and Children's Library
40	Communities and Reform	Transformation & Reform	Assistant Director for Transformation & Reform	Asst. Director	£70,001 - £75,000	Interim	-	Management direction for the following services: <ul style="list-style-type: none"> Communications & Marketing Strategy & Policy Executive Support
41	Communities and Reform	Transformation & Reform	Transformation Programme Manager	SM2	£50,001 - £55,000	Permanent	£2,877 - Pay Protection £125 - Election Payment	Responsible for both designing and delivering transformational change projects within a designated area of responsibility to ensure benefits realisation for the communities of Oldham and achieve value for money
Page 292	Communities and Reform	Transformation & Reform	Transformation Programme Manager	SM2	£50,001 - £55,000	Permanent	-	Responsible for both designing and delivering transformational change projects within a designated area of responsibility to ensure benefits realisation for the communities of Oldham and achieve value for money
43	Communities and Reform	Transformation & Reform	Transformation Programme Manager	SM2	£50,001 - £55,000	Permanent	-	Responsible for both designing and delivering transformational change projects within a designated area of responsibility to ensure benefits realisation for the communities of Oldham and achieve value for money
44	Communities and Reform	Transformation & Reform	Head of Reform	SM2	£50,001 - £55,000	Permanent	-	Lead and manage the Council's Public Service Reform programme including the development and delivery of Oldham's integrated, place-based delivery approach
45	Communities and Reform	People Services	Head of Shared & Collaborative Services	SM1	£60,001 - £65,000	Permanent	-	Operational Management for the following services: <ul style="list-style-type: none"> People Contract Management People Metrics
46	Communities and Reform	People Services	Head of Organisational Development	SM1	£60,001 - £65,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> People Change Organisational Development Development Academy delivery team
47	Communities and Reform	People Services	Head of People Services	SM1	£60,001 - £65,000	Permanent	£2,009 - Honorarium	Management direction for the following services: <ul style="list-style-type: none"> People Relations Business Partners Pay & Reward
48	Communities and Reform	Communications, Strategy & Performance	Assistant Director for Communications, Strategy & Performance	Asst. Director	£75,001 - £80,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Communications & Marketing Strategy & Policy Executive Support

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
49	Communities and Reform	Communications, Strategy & Performance	Head of Communications & Research	SM2	£50,001 - £55,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> Corporate communications, research, marketing and media management
50	Communities and Reform	Communications, Strategy & Performance	Head of Strategy & Performance	SM1	£60,001 - £65,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Business intelligence relating to the Borough of Oldham Performance monitoring of services & service improvement Support for external inspections & assessment Strategic policy and business planning
51	Communities and Reform	Communications, Strategy & Performance	Thriving Communities Hub Lead	SM2	£50,001 - £55,000	Fixed Term	-	Responsible for developing and leading the strategic development of the Thriving Communities Hub, and the development and implementation of it's priorities and plans, in conjunction with, and co-production with, the Voluntary, Community, Faith and Social Enterprise (VCFSE) and public sector partners
52	Children and Young People	Education, Skills & Early Years	Education Partnership Lead	Soulbury	£70,001 - £75,000	Fixed Term	£500 - Car Allowance	Working in conjunction with the Oldham Education Partnership (OEP) to improve outcomes for children and young people by leading school improvement functions, developing a central intelligence base and championing high standards of attainment in all Oldham schools
Page 293	Children and Young People	Education, Skills & Early Years	Challenge & Support Officer	Soulbury	£50,001 - £55,000	Permanent	-	Operational management for the following services: <ul style="list-style-type: none"> Key Local Authority link and support for primary schools before and during OFSTED inspections Leading on raising standards, attainment and quality in Oldham's schools Provide advice, support and challenge to schools to raise standards of achievement and improve the quality of education they provide
54	Children and Young People	Education, Skills & Early Years	Education Improvement Manager - Primary	Soulbury	£55,001 - £60,000	Permanent	-	Championing high standards of attainment, progression in schools and academies to improve outcomes for primary-aged children and young people in Oldham. The role supports the Oldham Educational Partnership (OEP) with meeting their targets
55	Children and Young People	Education, Skills & Early Years	Head of Schools & Learning	Soulbury	£70,001 - £75,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Early Years Improvement School Improvement Virtual School for Looked After Children
56	Children and Young People	Education, Skills & Early Years	Head of Inclusion & Post 16 Service	SM2	£50,001 - £55,000	Permanent	-	Operational management for the following services: <ul style="list-style-type: none"> Championing inclusive practices in schools Leading on policy, practice and funding for post 16 - 25 agenda for SEND Oversight of the Careers Education, Information, Advice and Guidance agenda
57	Children and Young People	Education, Skills & Early Years	Head of School Support Services	SM2	£50,001 - £55,000	Permanent	-	Operational management for the following services: <ul style="list-style-type: none"> Education information and advice Academy Conversions Governor support services

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
58	Children and Young People	Education, Skills & Early Years	Head of Lifelong Learning, Employment & Skills	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> ▪ Get Oldham Working ▪ Strategies on reducing unemployment ▪ Support for Business Growth ▪ LifeLong Learning service development & delivery
59	Children and Young People	Education, Skills & Early Years	Education Improvement Manager	Soulbury	£60,001 - £65,000	Permanent	-	Management of the following areas: <ul style="list-style-type: none"> ▪ Challenging schools & Early Years/Childcare settings to improve results at Early Years Foundation Stage ▪ Developing plans to improve school readiness ▪ Leading the development/delivery of Oldham's Early Years Foundation Stage Profile Moderation programme ▪ Monitoring and evaluating the performance of schools and early years/childcare settings
60	Children and Young People	Education, Skills & Early Years	Challenge & Intervention Officer - Early Years & Primary	Soulbury	£50,001 - £55,000	Permanent	-	Provision of advice, support and challenge to schools & Early Years settings on teaching and learning strategies to help them track and raise standards of achievement. Put in place systems for the statutory moderation of teacher assessments
61	Children and Young People	Education, Skills & Early Years	Challenge & Intervention Officer - Early Years & Primary	Soulbury	£50,001 - £55,000* Actual Salary £25,892	Fixed Term	-	Provision of advice, support and challenge to schools & Early Years settings on teaching and learning strategies to help them track and raise standards of achievement. Put in place systems for the statutory moderation of teacher assessments
62	Children and Young People	Education, Skills & Early Years	SEMHS Team Manager	Asst. Head-teacher	£55,001 - £60,000	Permanent	-	Management of the following areas: <ul style="list-style-type: none"> ▪ Supporting schools to build on their capacity to support children presenting behaviour challenges so that they can access learning and make appropriate progress ▪ Reducing levels of poor behaviour, fixed term or permanent exclusions in targeted schools ▪ Promotion of effective education for pupils with special educational needs/social emotional & behavioural difficulties (SEMHS - Social, Emotional and Mental Health Support)
63	Children and Young People	Education, Skills & Early Years	Headteacher - Virtual School	Soulbury	£55,001 - £60,000	Permanent	£500 - Car Allowance	Responsible for improving educational attainment and outcomes for Looked After Children
64	Children and Young People	Education, Skills & Early Years	Deputy Learning & Improvement Manager	Soulbury	£55,001 - £60,000	Fixed Term	-	Management direction for the following services: <ul style="list-style-type: none"> ▪ Early Years team ▪ Compliance with statutory duties in respect of Early Years
65	Children and Young People	Education, Skills & Early Years	Assistant Director for SEND	Asst. Director	£70,001 - £75,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> ▪ Special Educational Needs & Disabilities (SEND) ▪ Inclusion ▪ SEN support

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
66	Children and Young People	Education, Skills & Early Years	Principal Educational Psychologist & Preventative Lead	Soulbury	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management of the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
67	Children and Young People	Education, Skills & Early Years	Senior Educational Psychologist	Soulbury	£55,001 - £60,000	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
68	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£50,001 - £55,000 Actual Salary £37,438	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
69	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£50,001 - £55,000 Actual Salary £21,389	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
Page 295	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£50,001 - £55,000 Actual Salary £26,744	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
71	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£50,001 - £55,000 Actual Salary £27,520	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
72	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£50,001 - £55,000 Actual Salary £48,148	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
73	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£55,001 - £60,000	Permanent	£500 - Car Allowance	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
74	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£55,001 - £60,000	Permanent	£500 - Car Allowance £628 - Honorarium	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
75	Children and Young People	Education, Skills & Early Years	Educational Psychologist	Soulbury	£55,001 - £60,000	Permanent	£500 - Car Allowance £512 - Honorarium	Contribution to the Educational & Child Psychology Service (ECPS) - psychological services which promote the attainment and healthy emotional development of children and young people from 0 - 19 in partnership with their families, carers and other relevant agencies
76	Children and Young People	Education, Skills & Early Years	SEND Service Manager	SM2	£50,001 - £55,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> SEN Assessment SEN Transport Visual Impairment, Hearing Impairment, Physical Impairment & QEST teams
77	Children and Young People	Children's Social Care	Assistant Director for Safeguarding	Asst. Director	£70,001 - £75,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> Independent Reviewing Officers Safeguarding Partnerships Practice Hub - Including the Principal Social Worker
78	Children and Young People	Children's Social Care	Assistant Director for Children's Services Integration	Asst. Director	£70,001 - £75,000	Vacant	-	Leading the transformation to reshape services being delivered in the community and embedding services around designated community assets for service delivery. To lead the enablers programme and deliver agile teams that can work flexibly across Oldham
Page 296	Children and Young People	Children's Social Care	Assistant Director for Commissioning	Asst. Director	£75,001 - £80,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Placements & Sufficiency Lead Development & Performance Planning & Commissioning
	Children and Young People	Children's Social Care	Assistant Director for Children in Care	Asst. Director	£70,001 - £75,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> Fostering Adoption Care Leavers Residential Children's Services
81	Children and Young People	Children's Social Care	Assistant Director for Social Work Services	Asst. Director	£70,001 - £75,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> Children's Social Work Assessment Children's Social Work Fieldwork Multi-Agency Safeguarding Hub Children with Disabilities
82	Children and Young People	Children's Social Care & Early Help	Assistant Director for Family Connect	Asst. Director	£75,001 - £80,000	Permanent	£200 - Election Payment	"Oldham Family Connect" is the pre-statutory family support that contributes to the wider Early Help offer across Oldham, which is a placed based approach that strengthens the co-ordination and integration of service delivery with schools, partnerships and community assets
83	Children and Young People	Children's Social Care & Early Help	Head of Looked After Children	SM1	£60,001 - £65,000	Permanent	-	Management direction for the following services: <ul style="list-style-type: none"> Fostering Adoption Care Leavers Residential Children's Services
84	Children and Young People	Children's Social Care	Head of Assessment	SM2	£50,001 - £55,000	Permanent	£500 - Car Allowance £1,275 - Standby	Operational direction for the following services: <ul style="list-style-type: none"> Service provision for children subject to assessment (including Section 47), Children in Need and children subject to a Child Protection Plan

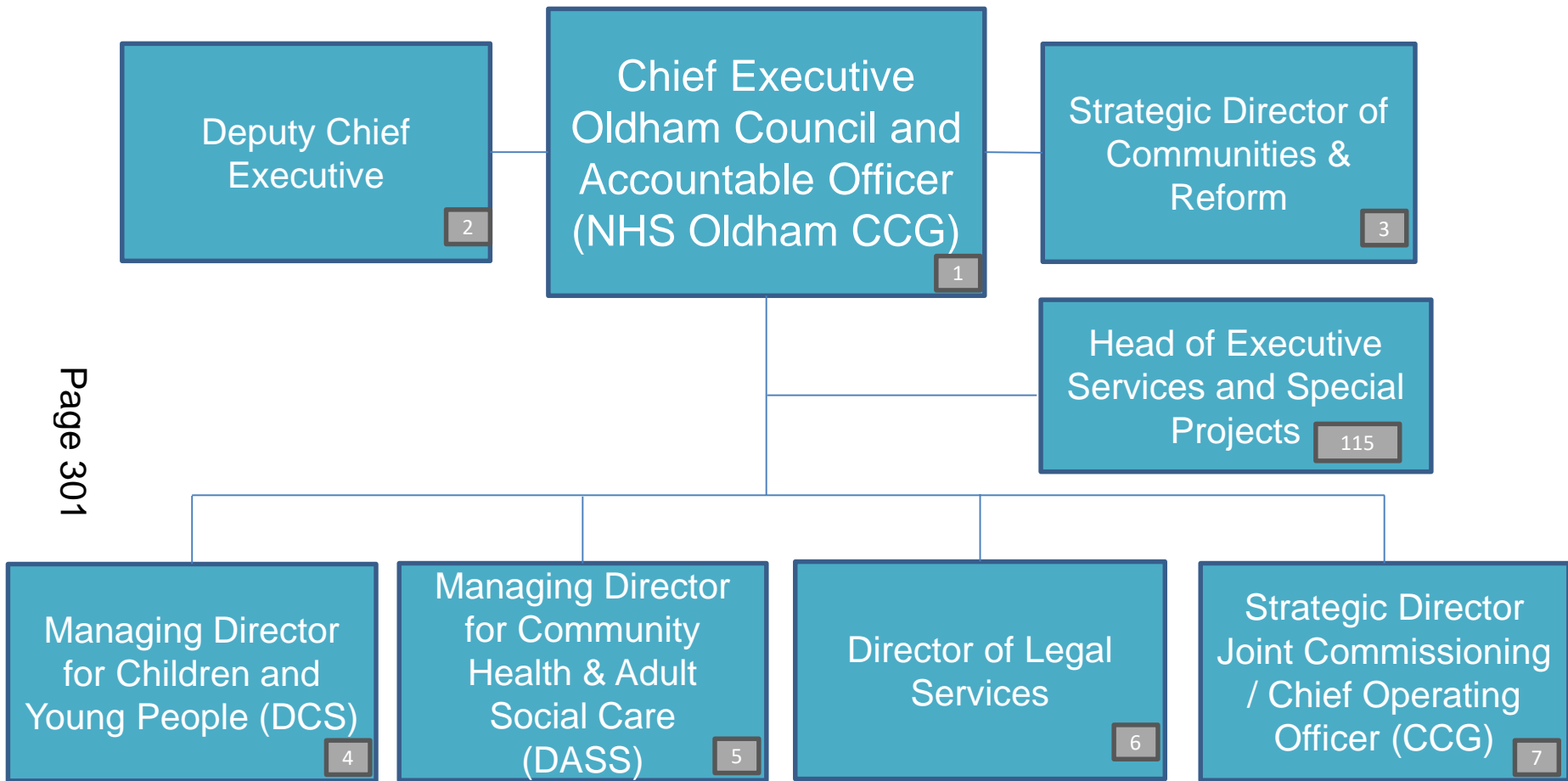
No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
85	Children and Young People	Children's Social Care	Head of Fieldwork	SM2	£50,001 - £55,000	Permanent	-	Operational direction for the following services: <ul style="list-style-type: none"> Service provision for children subject to assessment (including Section 47), Children in Need and children subject to a Child Protection Plan
86	Children and Young People	Children's Social Care	Head of MASH, Phoenix & EDT	SM2	£50,001 - £55,000	Vacant	-	Operational direction for the following services: <ul style="list-style-type: none"> Multi Agency Safeguarding Hub (MASH) Phoenix team Emergency Duty Team (EDT)
87	Community Health & Adult Social Care	Adult Social Care	Head of Community Business Services	SM1	£60,001 - £65,000	Permanent	£3,610 - Honorarium £500 - Standby	Management direction for the following services: <ul style="list-style-type: none"> Client Support Service Maximisation of income from social care and other related charges
88	Community Health & Adult Social Care	Adult Social Care	Deputy Managing Director - Community Health & Adult Social Care	Asst. Director	£75,001 - £80,000	Permanent	-	Strategic direction for the following services: <ul style="list-style-type: none"> Adult Social Care Learning Disabilities & Mental Health Strategic Safeguarding
89	Community Health & Adult Social Care	Adult Social Care	Head of Community Health & Adult Social Care	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance £375 - Standby	Management direction for the following services: <ul style="list-style-type: none"> Mental Health Integrated Community Services
90	Community Health & Adult Social Care	Adult Social Care	Head of Learning Disabilities & Autism	SM1	£60,001 - £65,000	Permanent	£500 - Car Allowance	Management direction for the following services: <ul style="list-style-type: none"> Learning Disabilities and Autism Hospital team
91	Community Health & Adult Social Care	Adult Social Care	Head of Strategic Safeguarding	SM1	£60,001 - £65,000	Vacant	-	Management direction for the following services: <ul style="list-style-type: none"> Adults Safeguarding function across Adults Community Health & Social Care Services Overseeing the Local Safeguarding Adults Board Responsibility for Deprivation of Liberty safeguards
92	Community Health & Adult Social Care	Adult Social Care	Interim Assistant Director for Joint Commissioning	Asst. Director	£75,001 - £80,000	Acting	-	Management direction for the following services: <ul style="list-style-type: none"> Joint commissioning Develop comprehensive range of evidence based services commissioned with available resource
93	Community Health & Adult Social Care	Adult Social Care	Head of Special Projects - Adult Social Care	SM1	£60,001 - £65,000	Permanent	-	Management of the following areas: <ul style="list-style-type: none"> Implementation of the Supported Housing & Learning Disability Programme Management of the iBCF Adult Social Care link to Thriving Communities MioCare review and oversight of action plan Change management & general transformation programmes, i.e. Community enablement
94	Legal Services	Legal Services	Head of Democratic Services	SM2	£50,001 - £55,000	Permanent	£420 - Election Payment	Management direction for the following services: <ul style="list-style-type: none"> Constitutional Services Member Support Mayoral Support

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
95	Legal Services	Legal Services	Assistant Borough Solicitor	Asst. Director	£75,001 - £80,000	Permanent	£5,000 Honorarium for Greater Manchester Waste Disposal Authority responsibilities £420 - Election Payment	Management direction for the following services: <ul style="list-style-type: none"> Policy Legal team Community Legal team Environment Legal team Family Legal team
96	Legal Services	Legal Services	Group Solicitor (Corporate)	SM2	£50,001 - £55,000	Permanent	£120 - Election Payment	Management of the following team: <ul style="list-style-type: none"> Corporate Legal team
97	Legal Services	Legal Services	Group Solicitor (Environment)	SM2	£50,001 - £55,000	Permanent	£320 - Election Payment	Management of the following team: <ul style="list-style-type: none"> Environment Legal team
98	Legal Services	Legal Services	Group Solicitor (Family)	SM2	£50,001 - £55,000	Permanent	£500 - Car Allowance	Management of the following team: <ul style="list-style-type: none"> Family Legal team
99	Legal Services	Legal Services	Group Solicitor (Policy)	SM2	£50,001 - £55,000	Permanent	£320 - Election Payment	Management of the following team: <ul style="list-style-type: none"> Policy Legal team
100	Commissioning	Procurement	Senior Sourcing Manager	SM2	£50,001 - £55,000	Vacant	-	Management support for the following services: <ul style="list-style-type: none"> Development of procurement practice compliant with associated legislation Manage all aspects of the Sourcing Lifecycle Delivery of the Sourcing Strategy
Page 298	Commissioning	Finance Service	Senior Finance Manager	SM1	£60,001 - £65,000	Permanent	£120 - Election Payment	Management support for the following services: <ul style="list-style-type: none"> Facilitating the effective use of financial resources to meet corporate objectives Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making Technical advice and guidance to the Council's Senior Leadership Team and Elected Members
102	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	£130 - Election Payment	Contribute to: <ul style="list-style-type: none"> Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making Giving technical advice and guidance to senior managers within the Council Supporting the development of innovative solutions to safeguard the long-term financial position of the Council
103	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	£100 - Election Payment	Contribute to: <ul style="list-style-type: none"> Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making Giving technical advice and guidance to senior managers within the Council Supporting the development of innovative solutions to safeguard the long-term financial position of the Council

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
104	Commissioning	Finance Service	Senior Finance Manager	SM1	£60,001 - £65,000	Permanent	£130 - Election Payment	<p>Management support for the following services:</p> <ul style="list-style-type: none"> ▪ Facilitating the effective use of financial resources to meet corporate objectives ▪ Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making ▪ Technical advice and guidance to the Council's Senior Leadership Team and Elected Members
105	Commissioning	Finance Service	Finance Manager - Schools	SM2	£50,001 - £55,000	Permanent	-	<p>Contribute to:</p> <ul style="list-style-type: none"> ▪ Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making ▪ Giving technical advice and guidance to senior managers within the Council ▪ Supporting the development of innovative solutions to safeguard the long-term financial position of the Council
106	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	£100 - Election Payment	<p>Contribute to:</p> <ul style="list-style-type: none"> ▪ Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making ▪ Giving technical advice and guidance to senior managers within the Council ▪ Supporting the development of innovative solutions to safeguard the long-term financial position of the Council
107	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	-	<p>Contribute to:</p> <ul style="list-style-type: none"> ▪ Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making ▪ Giving technical advice and guidance to senior managers within the Council ▪ Supporting the development of innovative solutions to safeguard the long-term financial position of the Council
108	Commissioning	Finance Service	Assistant Director - Corporate Finance	Asst. Director	£75,001 - £80,000	Permanent	£120 - Election Payment	<p>Management direction for the following services:</p> <ul style="list-style-type: none"> ▪ Development of the Council's Medium Term Financial Strategy ▪ Capital & Treasury team ▪ Corporate Control team ▪ Technical/Systems Finance team
109	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	£100 - Election Payment	<p>Contribute to:</p> <ul style="list-style-type: none"> ▪ Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making ▪ Giving technical advice and guidance to senior managers within the Council ▪ Supporting the development of innovative solutions to safeguard the long-term financial position of the Council

No. on Chart	Directorate	Division	Job Title	Grade	Salary Banding	Contract Type	Additional Payments	Responsibilities:
110	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	£250 - Election Payment	Contribute to: <ul style="list-style-type: none"> Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making Giving technical advice and guidance to senior managers within the Council Supporting the development of innovative solutions to safeguard the long-term financial position of the Council
111	Commissioning	Finance Service	Finance Manager	SM2	£50,001 - £55,000	Permanent	-	Contribute to: <ul style="list-style-type: none"> Ensuring a robust framework is in place to implement, monitor and report the financial implications for decision making Giving technical advice and guidance to senior managers within the Council Supporting the development of innovative solutions to safeguard the long-term financial position of the Council
112	Commissioning	Finance Service	Head of Revenues & Benefits	SM1	£60,001 - £65,000	Permanent	£100 - Election Payment	Management direction for the following services: <ul style="list-style-type: none"> Client function for Unity Partnership Ltd for Revenue & Benefits Corporate Complaints Welfare Rights service
113	Commissioning	Finance Service	Head of Corporate Governance	SM1	£60,001 - £65,000	Permanent	£5,000 Honorarium for Greater Manchester Waste Disposal Authority responsibilities £120 - Election Payment	Management direction for the following services: <ul style="list-style-type: none"> Audit team Counter Fraud team Risk & Insurance Information Governance Financial advice and guidance for the Greater Manchester Waste Authority
114	Commissioning	Finance Service	Audit & Counter Fraud Manager	SM1	£60,001 - £65,000	Permanent	£130 - Election Payment	Operational management for the following services: <ul style="list-style-type: none"> Audit team Counter Fraud team
115	Chief Executive	Executive Office	Head of Executive Services and Special Projects (Council and NHS Oldham CCG)	SM1	£60,001 - £65,000	Permanent	-	Management direction of: <ul style="list-style-type: none"> Executive Office / Executive Support Corporate Affairs and support (CCG)

Appendix 12b - Chart 1 – Family Tree of Officers Earning over £50,000 Chief Executive's

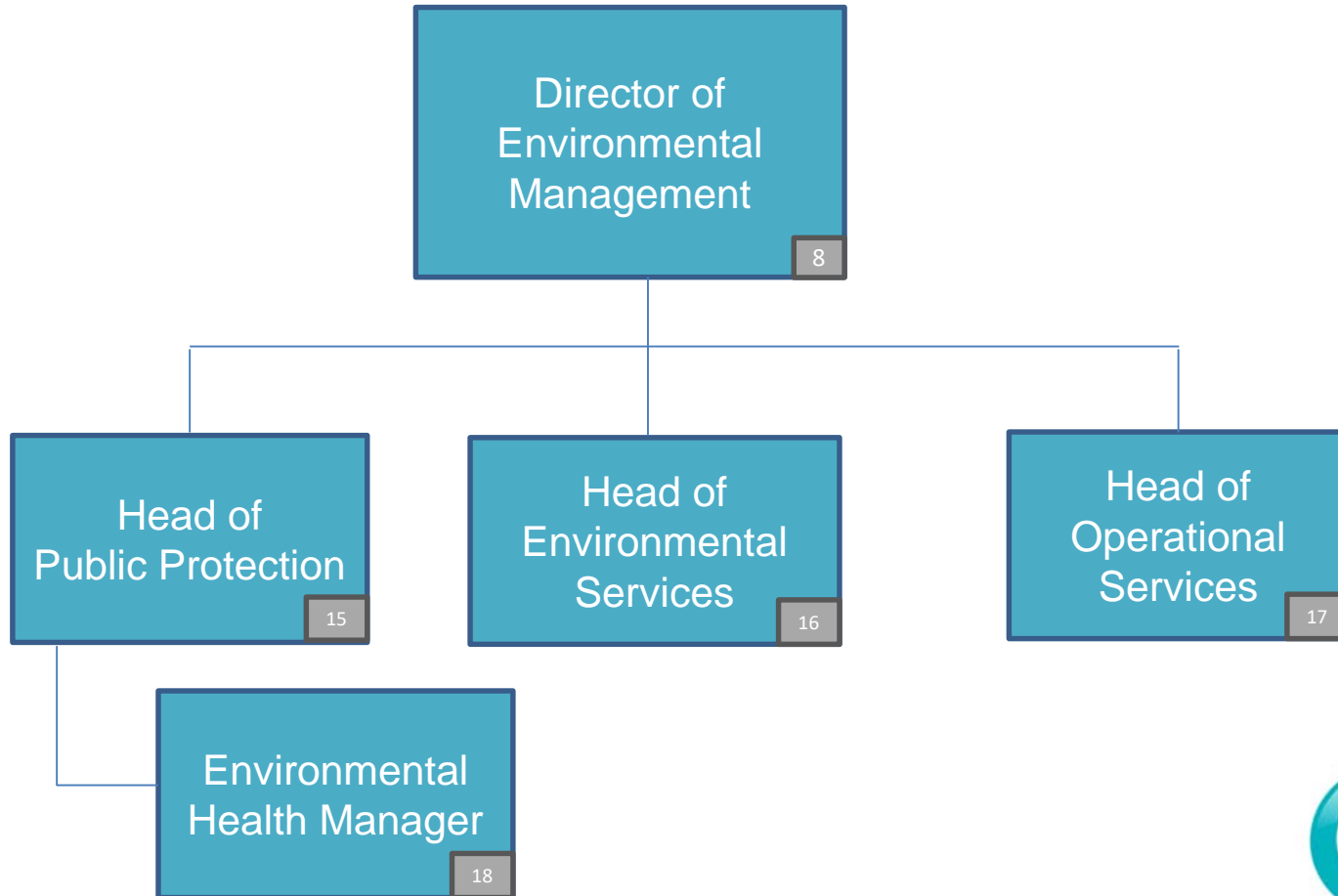


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Last update: January 2020

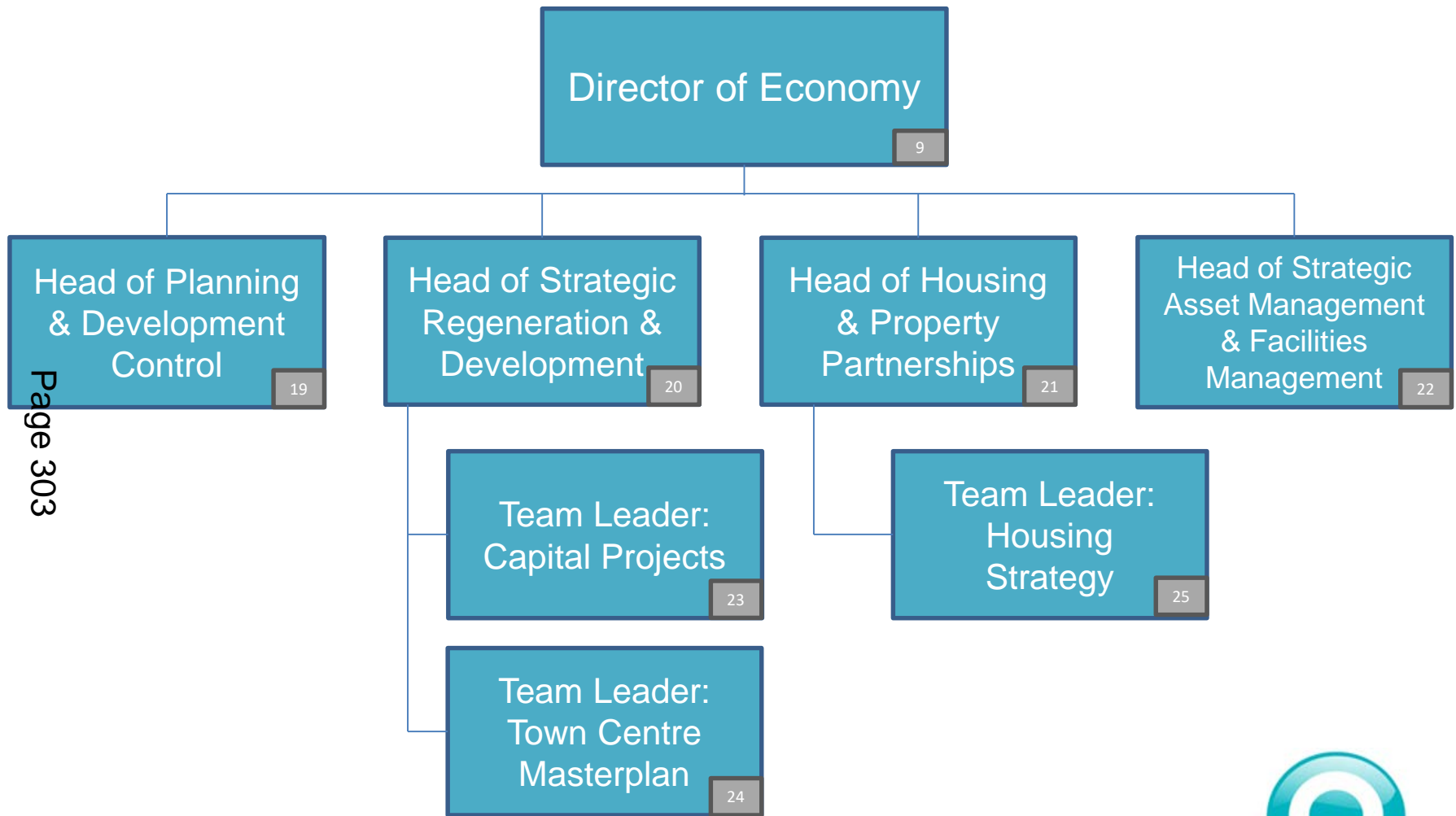
Roles within the People & Place Directorate earning £50,000+ (Page 1 of 2)

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Last update: January 2020

Roles within the People & Place Directorate earning £50,000+ (Page 2 of 2)

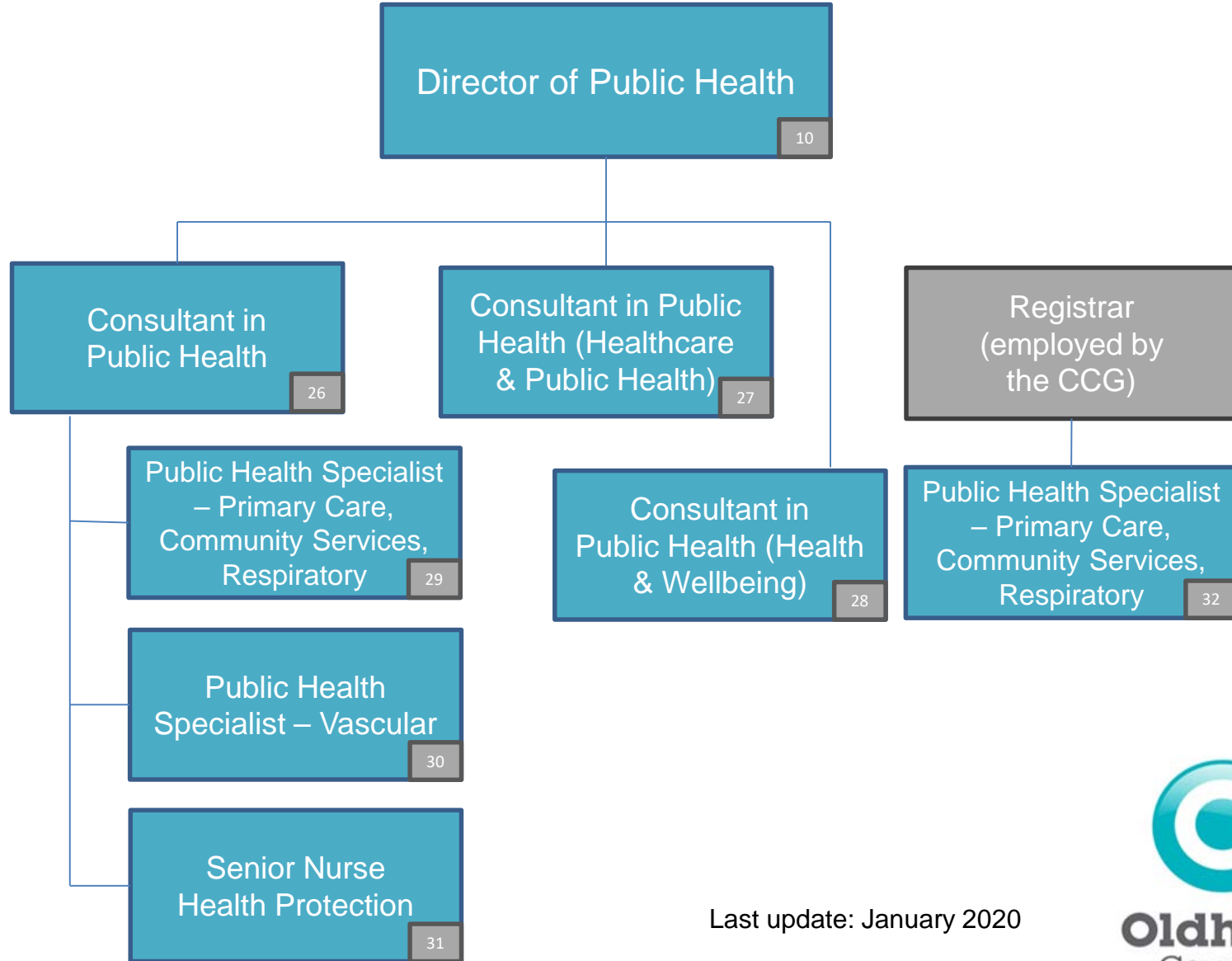


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Last update: January 2020

Roles within the Communities and Reform Directorate earning £50,000 + (Page 1 of 4)

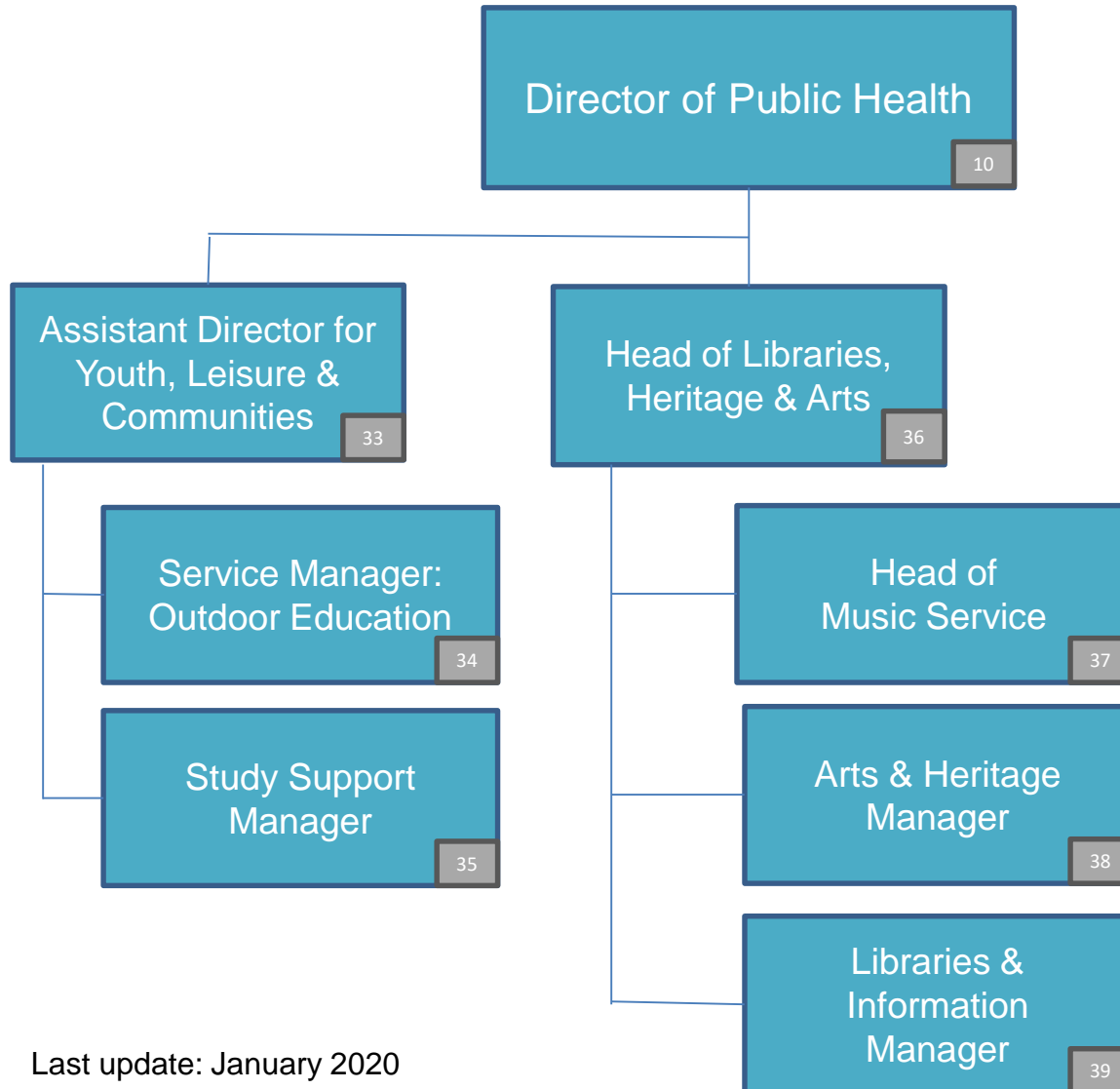
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Last update: January 2020

Roles within the Communities and Reform Directorate earning £50,000 + (Page 2 of 4)

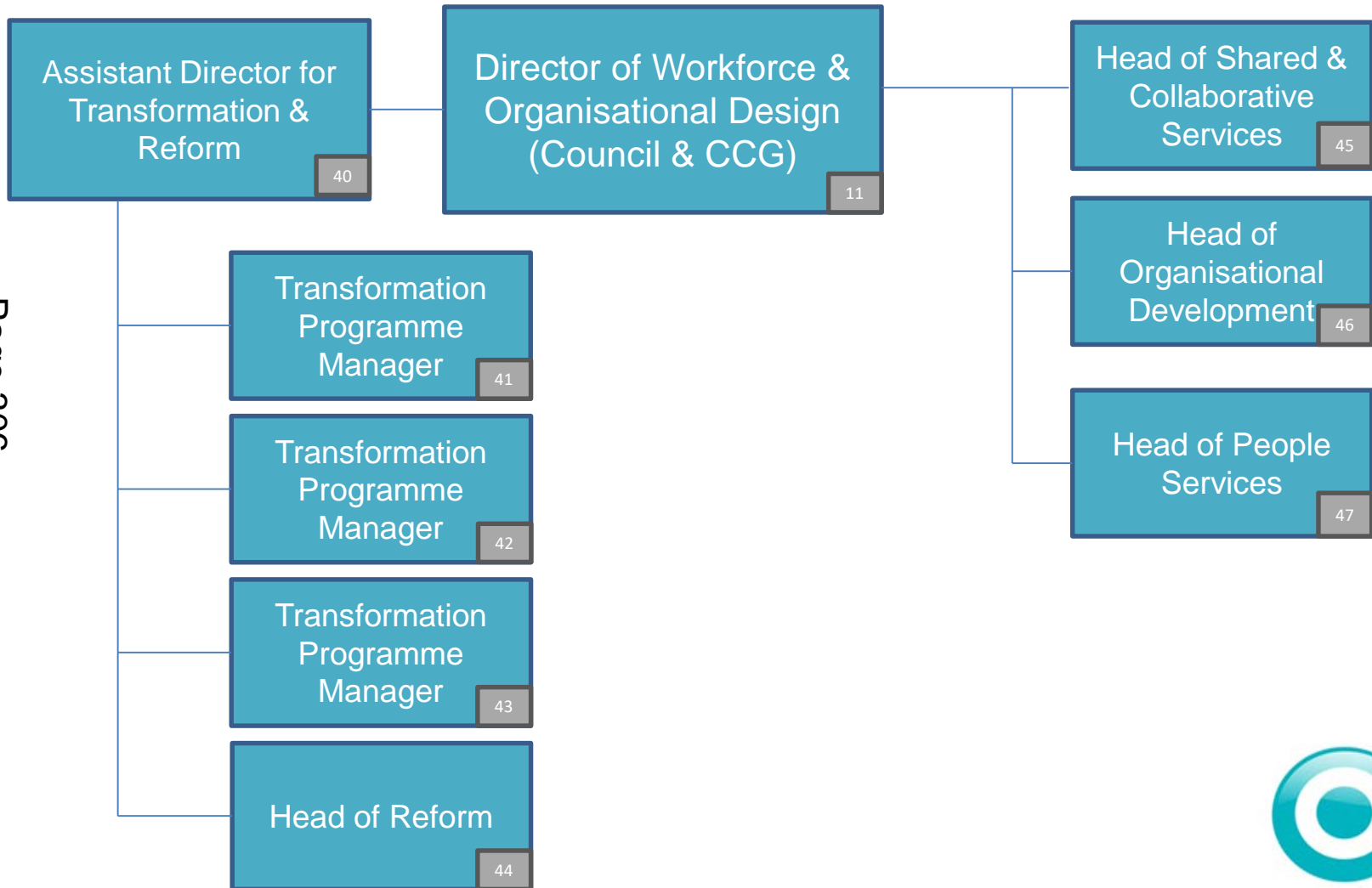
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Last update: January 2020

Roles in the Communities and Reform Directorate earning £50,000+ (Page 3 of 4)

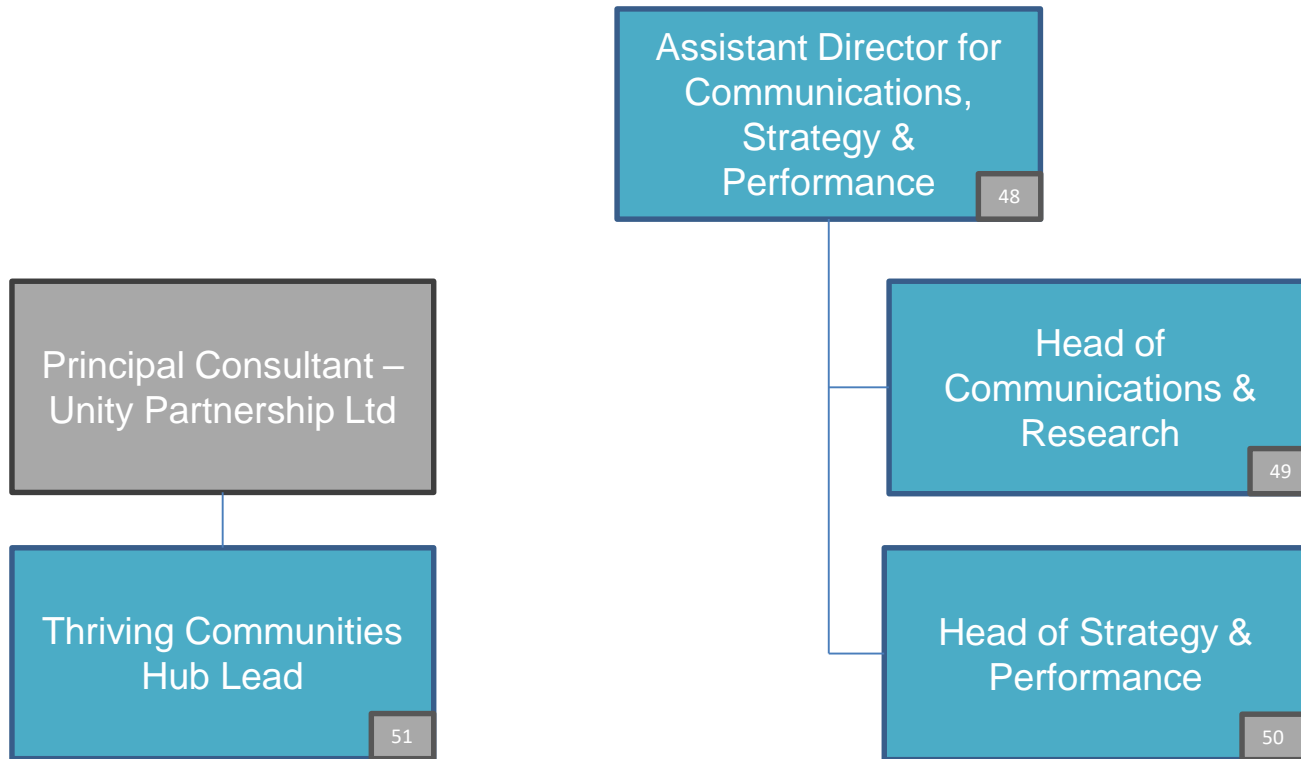
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Last update: January 2020

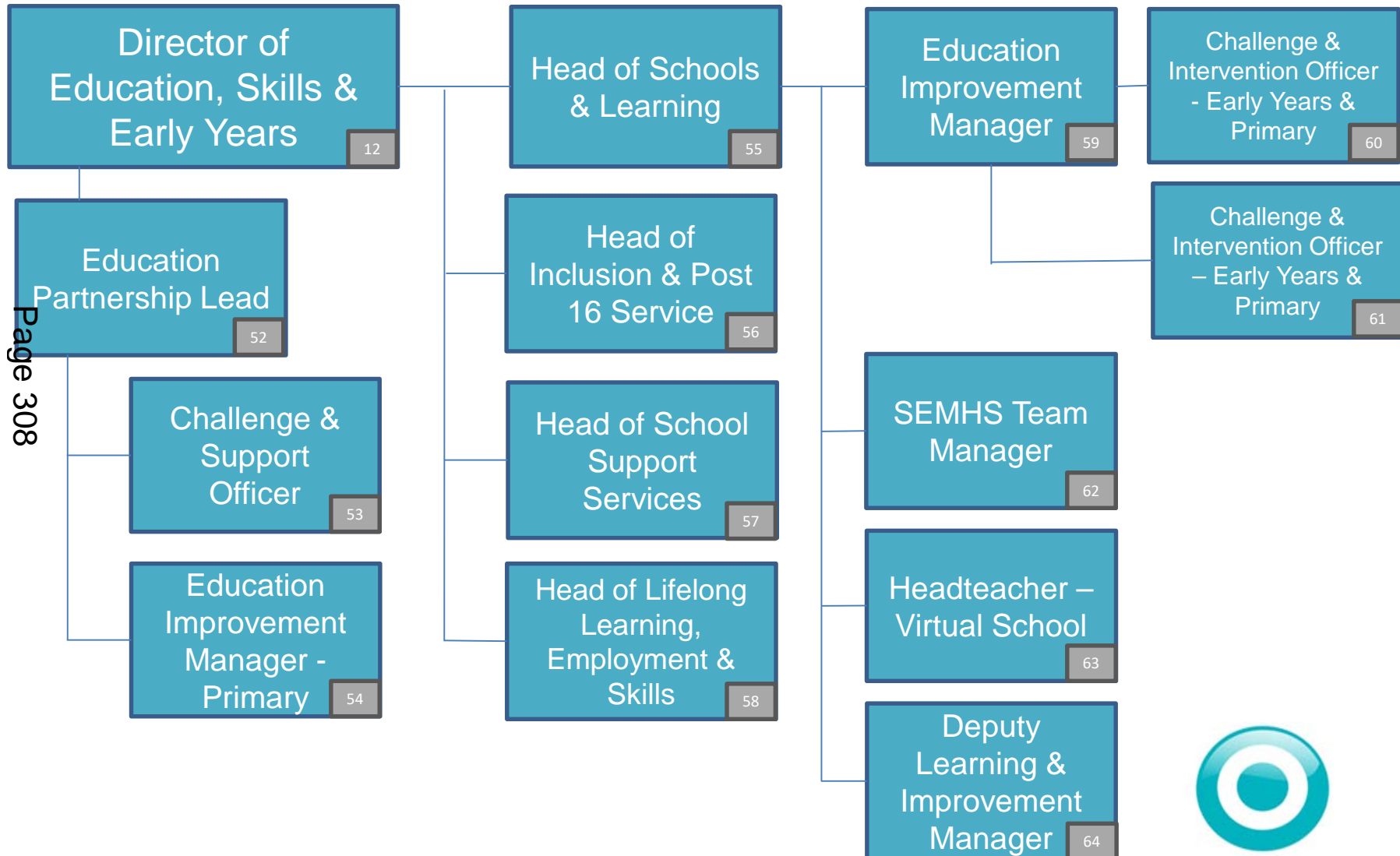
Roles in the Communities and Reform Directorate earning £50,000+ (Page 4 of 4)

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Last update: January 2020

Roles within the Children and Young People Directorate earning £50,000+ (Page 1 of 3)

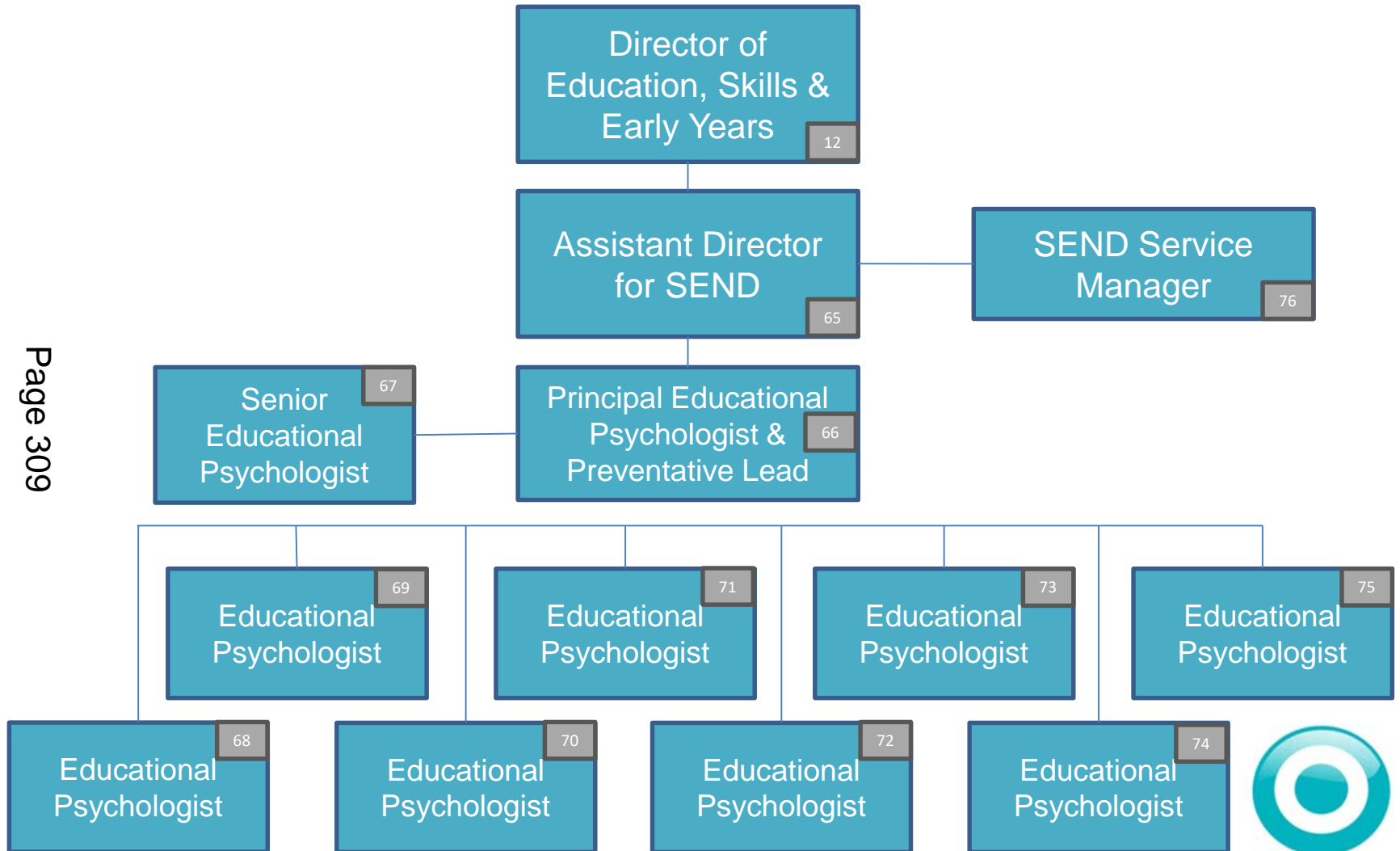


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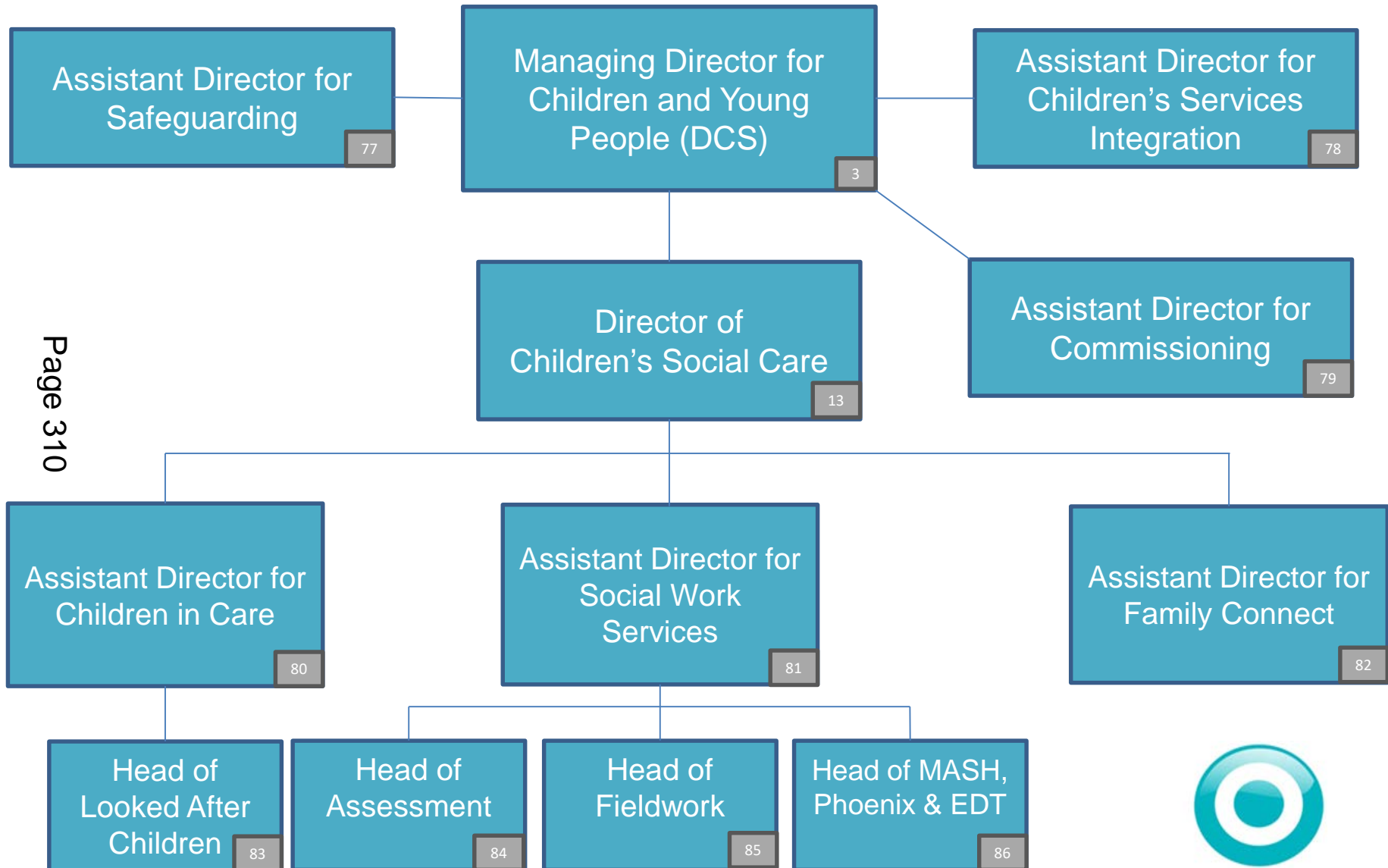
Last update: January 2020

Roles within the Children and Young People Directorate earning £50,000+ (Page 2 of 3)

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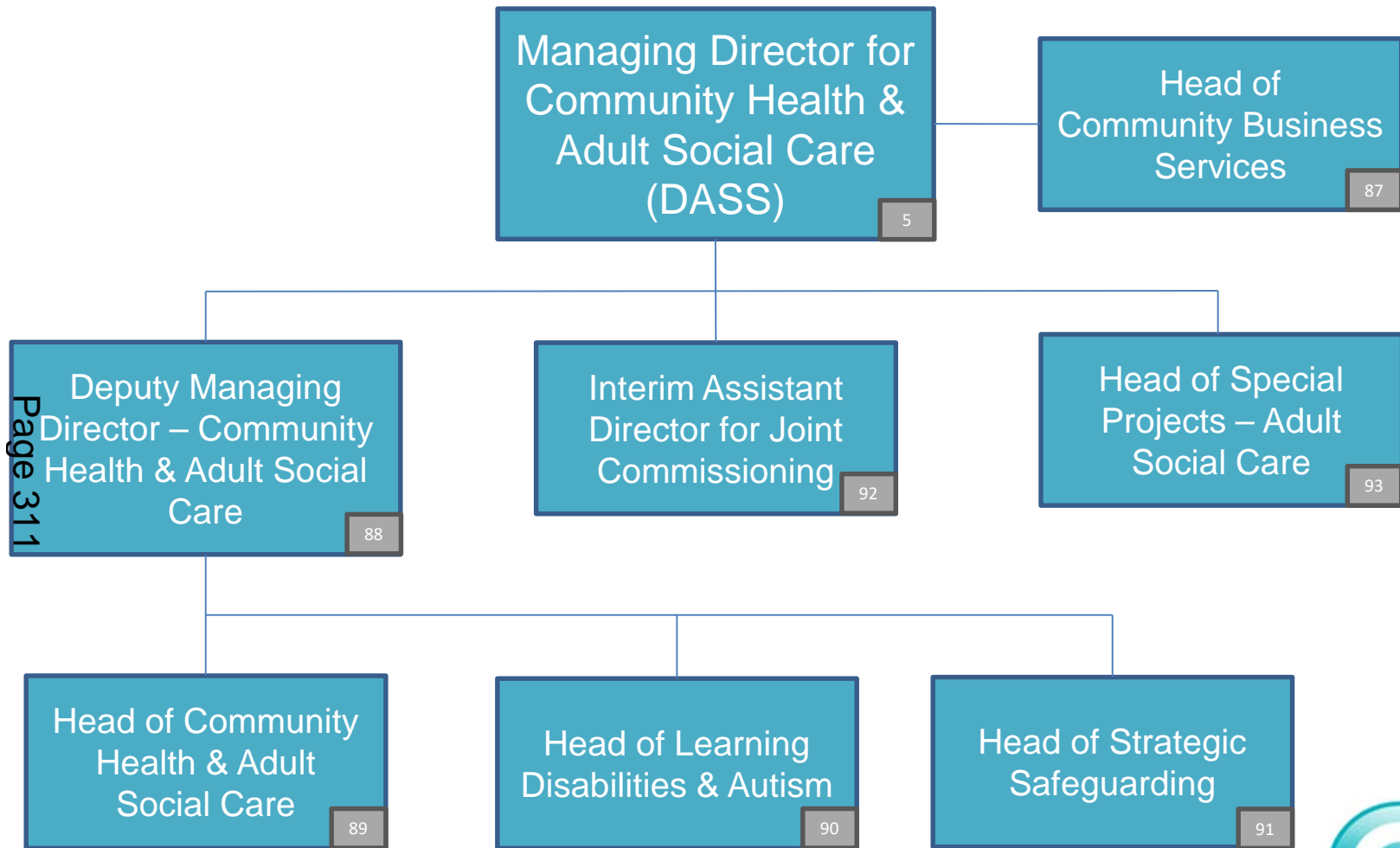
Roles within the Children and Young People Directorate earning £50,000+ (Page 3 of 3)



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Last update: January 2020

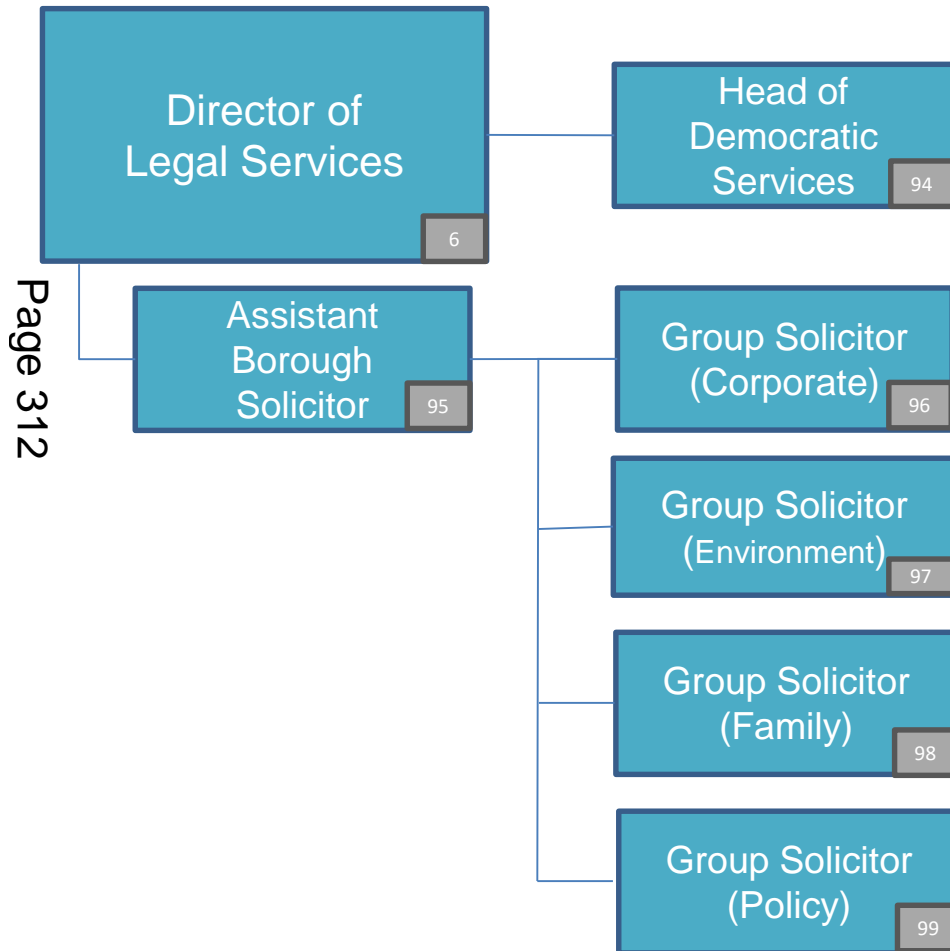
Roles within Community Health & Adult Social Care earning £50,000+



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Last update: January 2020

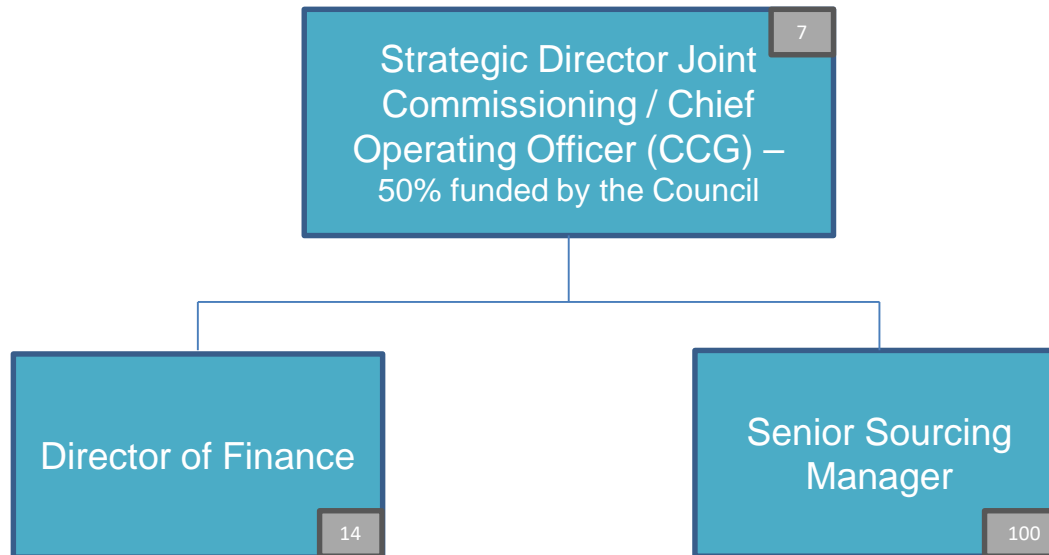
Roles within Legal Directorate earning £50,000+



Last update: January 2020

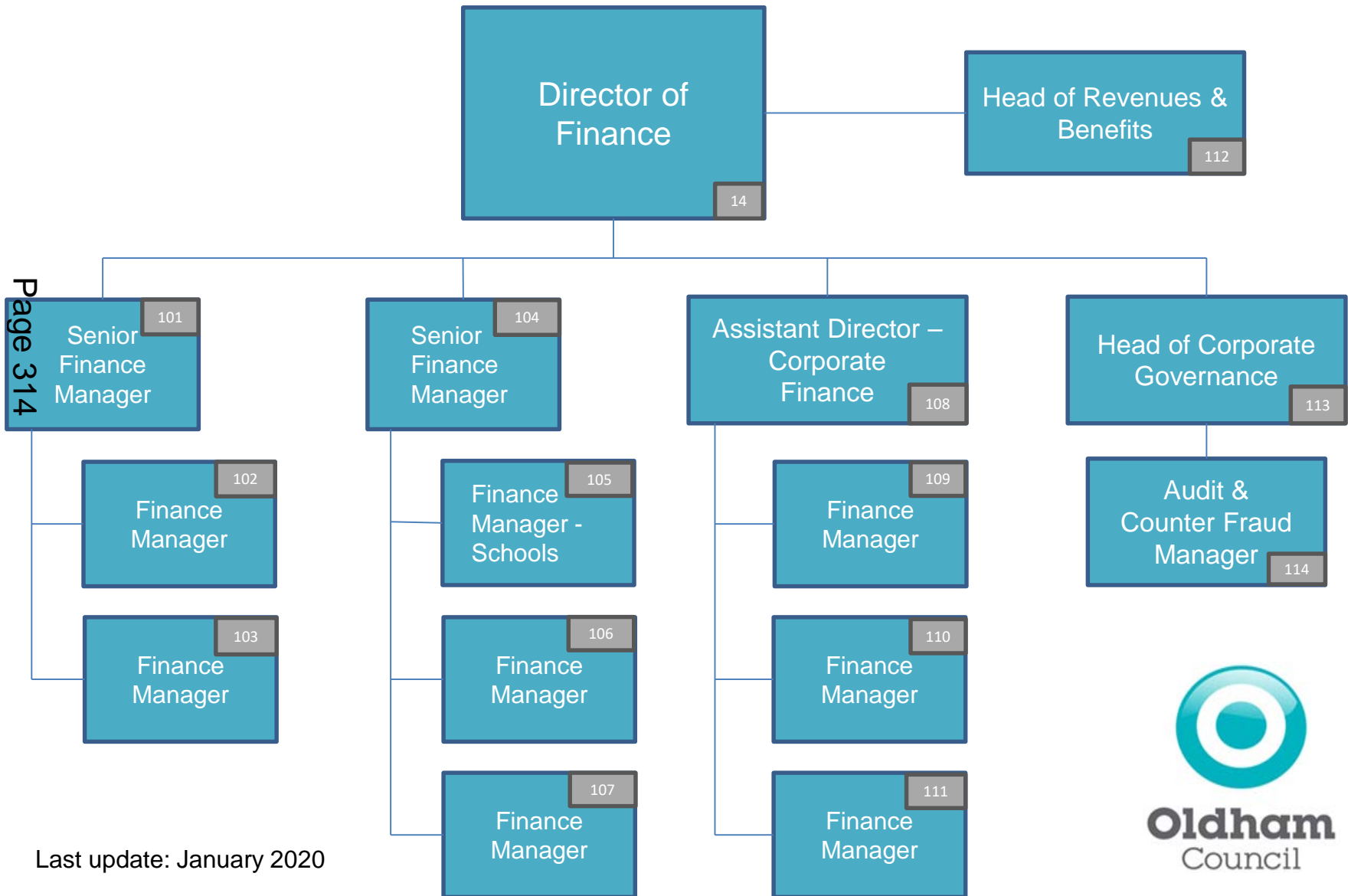
Roles within Commissioning Directorate earning £50,000+ (Page 1 of 2)

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Last update: January 2020

Roles within the Commissioning Directorate earning £50,000+ (Page 2 of 2)



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Last update: January 2020



Pay Policy Statement Table Two: Salaries expressed as a ratio of the Chief Executive

Table Two

SALARIES EXPRESSED AS A RATIO OF THE CHIEF EXECUTIVE

	£	RATIO
CHIEF EXECUTIVE OLDHAM COUNCIL & ACCOUNTABLE OFFICER (NHS OLDHAM CCG)	£180,213	-
MEDIAN SALARY	£23,836	1 : 7.56
MEAN SALARY	£27,522	1 : 6.55
LOWEST SALARY	£17,364	1 : 10.38

Figures are based on full time equivalent salaries and last updated 1 December 2019



Report to Cabinet

Housing Revenue Account Estimates for 2020/21 to 2024/25 and Proposed Outturn for 2019/20

Portfolio Holder:

Joint Report of the Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member (Finance and Corporate Services) and Councillor Hannah Roberts, Cabinet Member (Housing)

Officer Contact: Anne Ryans, Director of Finance

Report Author: John Hoskins, Finance Manager
Ext. 1323

10 February 2020

Reason for Decision

The report sets out the latest Housing Revenue Account (HRA) outturn estimate for 2019/20, the detailed budget for 2020/21 and strategic estimates for the four years 2021/22 through to 2024/25. The report also sets out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2020.

Executive Summary

The report sets out the HRA proposed 2020/21 original budget and the forecast outturn for 2019/20. The opportunity is also taken to present the provisional strategic budgets for 2021/22 through to 2024/25.

HRA activities are a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aims to provide a diverse Oldham Housing offer that is attractive and meets the needs of different sections of the population at different stages of their lives.

After taking all relevant issues into account, the projected financial position for 2019/20 is estimated to be a £2.273m positive variance when compared to the original budget forecast for 2019/20 approved at the Budget Council meeting, 27 February 2019. Most of this variance is attributable to the re-profiling of HRA funded capital schemes into later

years due to revisions to planned spending profiles. The balance at the end of 2019/20 is projected at £21.750m.

The financial position for 2020/21 shows an estimated HRA closing balance of £18.230m which is sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2020/21 position has been presented after allowing for an increase in dwelling rents of 2.7%, the increase in non-dwelling rents in line with individual contracts, the freezing of all service charges and the setting of Extra Care Housing and Holly Bank concierge charges to fully recover costs.

Members will recall that the Government had previously advised that PFI properties were exempt from Central Government's 1% Social Rent Reduction policy. This policy is due to end on 31 March 2020. In preparation, Central Government has recently issued updated guidance for the period 2020-2025 for all properties, confirming a return to rents being set based on the Consumer Price Index (CPI) rate at September of the preceding year plus 1%. All Oldham's budget projections for the 2020/21 budget will follow the rent setting guidance of CPI plus 1%, resulting in an increase of 2.7% (CPI is taken as at September 2019).

The financial projections for the HRA over the period 2019/20 to 2024/25 show an overall reduction in the level of balances from £21.750m at the end of 2019/20 to £7.713m at the end of 2024/25. This is because HRA resources are to be used to support several major approved housing capital projects including development at Princes Gate Site C, developing temporary accommodation to meet homelessness demands, developing purchase and repair / lease and repair pilot schemes in the private rented sector and financing the purchase of additional housing to add to the Council's HRA stock.

The HRA detailed budget for 2020/21 and strategic estimates for the four years 2021/22 to 2024/25 and the outturn estimate for 2019/20 were presented to the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020. The Select Committee was content to commend the report to Cabinet without amendment.

Recommendations

That Cabinet approves and commends to Council the:

1. Forecast HRA outturn for 2019/20 (as per Appendix A)
2. Proposed HRA budget for 2020/21 (as per Appendix B)
3. Strategic estimates for 2020/21 to 2024/25 (as per Appendix D)
4. Proposed increase to dwelling rents for all properties of 2.7%.
5. Proposed increase to non-dwelling rents as per individual contracts.
6. Proposal that service charges are unchanged.
7. Proposal to set Extra Care Housing and Holly Bank concierge charges to fully recover actual costs.

Housing Revenue Account Estimates 2020/21 to 2024/25 and Proposed Outturn for 2019/20**1 Background**

- 1.1 The budget and policy framework set out an annual timetable for the HRA budget process. Production of this report and the ability to scrutinise the budget are key features of that framework, along with consultation with tenants. The HRA Budget report for 2020/21 is presented here with the intention that it will be considered by Council on 26 February 2020.
- 1.2 HRA activities are a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aims to provide a diverse Oldham Housing offer that is attractive and meets the needs of different sections of the population at different stages of their lives.

2 Current Position**Housing Stock**

- 2.1 The Council's housing stock currently comprises 2,079 properties with most properties being managed and maintained within two Private Finance Initiative (PFI) schemes.

PFI 2 Sheltered Housing

- 2.2 The PFI 2 Contract between the Council and Housing 21 was signed in 2006 to provide 1,431 (plus 1 additional property subsequently added in 2016) sheltered accommodation dwellings in a mixture of bungalows and group schemes with construction finishing in May 2012. The operational contract runs to September 2036. The total construction value was £105m, all of which is payable through an annual unitary charge and funded by the annual PFI grant from Government alongside rental income received.

PFI 4 Gateways to Oldham

- 2.3 The Gateways to Oldham PFI 4 scheme reached financial close in November 2011 and has seen the refurbishment of 317 existing properties and the creation of 317 new homes, with a total capital value of £77m. The Council has entered into a 25 year contract with Inspiral Oldham who utilised private finance to fund the construction works and to manage and maintain the properties for the duration of the contract through to October 2036. Construction was completed in December 2014 (317 refurbishments and 317 new homes in total) with all the required highway works and public open space improvements finalised in November 2015. The Council has subsequently sold 7 properties under the Right to Buy Scheme (RTB).

2.4 Holly Bank Apartments

Holly Bank Apartments is a brand new 20-unit supported housing facility for Adults with Learning Disabilities. The scheme has been built for a total capital value of approximately £4.3m. The scheme was completed in November 2019 with its first tenants being housed during the early part of 2020.

The Self-Financing Housing Revenue Account

- 2.5 The HRA is a self-sufficient ring-fenced account which retains and utilises rental income, and in the case of Oldham, PFI credits, to meet all its management, maintenance and repairs commitments, including the respective unitary charges to provide social housing.

The ringfencing arrangements ensure Councils manage their housing stock for the benefit of its residents in a transparent, accountable and in a cost-effective way.

2.6 In non-PFI arrangements depreciation is charged to ensure Councils are accumulating appropriate balances in order to have sufficient resources to allow for any repairs needed to their housing stock.

2.7 However, as most of Oldham's housing stock is contained within two PFI schemes, there already exists an allocation of funding for ongoing repairs and maintenance within the unitary charge paid. Despite some uncertainty as to the approach over recent years, the Ministry of Housing, Communities and Local Government (MHCLG) has confirmed that depreciation need not be charged to the HRA in respect of Oldham's PFI housing stock.

Government Guidance for Rent Increases

2.8 Members will recall that the Government had previously advised that PFI properties were exempt from Central Government's 1% Social Rent Reduction policy. This policy is due to end on 31 March 2020. The level of rents recommended for approval for 2020/21 and included in the 2020/21 budget projections follow current Government guidance which states rents should increase by the Consumer Price Index (CPI) plus 1%. The 2020/21 proposed annual rents for all HRA tenants will therefore see rents increase by 2.7% (based on CPI as at September 2019 of 1.7% plus 1%). It is therefore estimated that the average rent increase from April 2020 will be £2.37 per week (from £87.72 to £90.09).

The Revised HRA Budget 2019/20

2.9 The 2019/20 estimated outturn is attached at Appendix A and shows an estimated year end working balance of £21.750m, £2.273m higher than the original budget approved at the February 2019 Budget Council meeting. Current estimates align to forecasts in the Council's Month 8 Revenue Monitoring report. The majority of the 'in-year' variance of £2.335m can be attributed to the re-profiling of the planned spending on HRA funded capital schemes into later years. Members will also note that the final outturn position for 2018/19 resulted in HRA Balances brought forward of £21.304m, £0.062m lower than the position reported at the February 2019 Budget Council Meeting.

2.10 The composition of the balance is summarised below:

Analysis of HRA Balances 2019/20	Original Budget £000	Revised Budget £000	Variance £000
HRA Balances b/fwd	(21,366)	(21,304)	62
(Surplus)/Deficit for the year on HRA Services	1,889	(446)	(2,335)
HRA Balances c/fwd	(19,477)	(21,750)	(2,273)

The HRA Budget 2020/21

2.11 The proposed HRA budget for 2020/21 is attached at Appendix B including all income and expenditure due to be financed from HRA Balances.

2.12 As previously advised, most of the housing within the HRA is managed within two PFI arrangements which are in part funded by Government grant known as PFI credits. PFI credits for the two schemes are paid on an annuity basis; that is, they remain constant

throughout the life of the contracts. In the early years of the schemes, these credits exceed the unitary charges and other costs payable. These early year surpluses, together with any interest earned, are retained to meet later year deficits as unitary charge payments to the service provider are increased year on year by an inflationary factor. HRA balances are specifically earmarked to finance these contracts and other planned HRA capital schemes, as identified in Appendix B.

2.13 Other key assumptions made in determining the HRA revenue budget are that:

- 1) Average rents are 2.7% higher than for 2019/20 for all HRA tenants;
- 2) Void levels have been assumed at 2% per annum on PFI 4 properties and at 3% per annum on PFI 2 properties and Holly Bank Apartments. PFI 2 void percentages have historically been higher as a result of the ongoing tenancy placement work, ensuring tenant mixes in the six extra care schemes are appropriate to the levels of care provision required. The 3% void levels have been considered to be a more prudent assessment of the PFI 2 and Holly Bank Apartment property void position;
- 3) There are 48 chargeable rent weeks in 2020/21;
- 4) Service Charges and Extra Care Housing charges are continued/applied from 1 April 2020 in line with previous approvals.

2.14 The estimated 2020/21 HRA closing balance is £18.230m and is sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment. Appendix B presents the projected 2020/21 HRA budget based on the proposed position.

2.15 The estimated HRA budget for 2020/21 to 2024/25 is summarised below and presented in more detail at Appendix D. Forecast expenditure includes the use of Revenue Contributions to Capital Outlay (RCCO) to support the financing of the HRA Capital Programme (see the Capital Strategy report elsewhere on the agenda). For the period 2020/21 to 2024/25 the HRA has £23.395m allocated as Revenue Contributions to Capital Outlay.

HRA Income and Expenditure Account 2020/21 to 2024/25 Strategic Forecast	2020/21	2021/22	2022/23	2023/24	2024/25
Income (including interest and investment income)	(29,228)	(29,478)	(29,734)	(30,140)	(30,414)
Expenditure	32,748	31,481	34,121	36,022	28,659
Net (surplus)/Deficit	3,520	2,003	4,387	5,882	(1,755)
HRA Balances b/fwd	(21,750)	(18,230)	(16,227)	(11,840)	(5,958)
HRA Balances c/fwd	(18,230)	(16,227)	(11,840)	(5,958)	(7,713)

Dwelling Rent, Non-Dwelling Rents and Services Charges Increases 2020/21

2.16 The proposed 2020/21 HRA budget is based on dwelling rents increasing in line with current Government rent setting guidance as outlined in paragraph 2.8 above. Non-dwelling rents will be increased in line with individual agreements.

2.17 Central heating charges remain for some of the PFI properties and it is proposed to continue recharging tenants on the basis of actual costs incurred.

- 2.18 From the Council's perspective, service charges are deemed necessary as it helps minimise long term risk to the Council's HRA Business Plan, whilst also allowing the establishment of a more stable and realistic financial environment in which to manage the housing stock.
- 2.19 The Council has recognised the financial pressure that a 2.7% rent uplift will have on tenants and for this reason it has chosen to freeze service charges for all tenants.

Extra Care Housing (ECH) and Holly Bank Apartments

- 2.20 All six ECH schemes (Trinity House, Aster House, Charles Morris House, Tandle View Court, Old Mill House and Hopwood Court) incur a service charge for concierge services. It is proposed that the weekly charge is increased in line with Housing 21's pay inflation to £20.85 per week reflecting the actual cost incurred by the Council.
- 2.21 The new facility for adults with learning disabilities, Holly Bank Apartments, will also include a concierge service. As with Extra Care Housing outlined above, the weekly charge for concierge services at Holly Bank will be set at a level to fully recover actual costs incurred.

Increase in Borrowing Limits

- 2.22 In the Budget Announcement of October 2018, the Government announced plans to remove the borrowing cap for all Authorities. A determination statement was issued by The Secretary of State for Housing, Communities and Local Government at the time, the Rt Hon James Brokenshire MP stating that Councils would be able to borrow for new build, provided they followed current prudential borrowing guidelines. The determination came into force on 1 November 2018. Whilst this offered greater potential for funding larger projects, consideration was still needed around the length of time it would take to repay the principal sum borrowed along with the interest payable. Current lending and borrowing interest rates make it prudent to use any HRA balances held before any loan is sought. There are already several planned capital projects which will utilise some of the HRA balances and detailed consideration is needed to determine, what if any, prudential borrowing is appropriate, given the requirement to finance the cost of any such borrowing from the HRA.

Increases to The Cost of Borrowing

- 2.23 On 9 October 2019 the UK Debt Management Office (DMO) increased the cost of borrowing from the Public Loans Work Board (PWLB) by 1%. This increase saw a return of PWLB lending rates to levels last seen in 2018. The Government recently issued a letter to all Local Authorities confirming their need to increase rates to "normal" lending rates considering significant increases in low level borrowing driven by more commercial investment by Local Authorities. Many Local Authorities are now expected to reassess their investment decisions particularly around areas such as housing and infrastructure. Alternative sources of finance may now be sought to help fund capital projects. Alternative sources of finance may include pension funds, insurers and investors willing to lend to public bodies. The Council will continue to assess its requirement for external borrowing and available lending rates and review the use of its HRA balances for all current and future proposed housing capital projects.
- 2.24 There are several major approved housing capital projects that the Council wishes to implement over the medium to long term to support the delivery of the overall Housing Strategy. Approved capital projects that will specifically rely on use of HRA balances include:

- **Princes Gate Site C** - A key element of the vision for the Town Centre is the development of new affordable housing including development of this Princes Gate site.
- **Developing temporary accommodation to meet homelessness demands** - There has been a significant increase in the number of homeless households who need help and support. To address this, a range of sustainable options are being considered including the purchasing of a building which could accommodate 18 self-contained flats, and a long-term lease on a building which could accommodate 25 units of mixed accommodation (self-contained and shared). Pursuing these types of long-term arrangements would not only address a definite need but also support the revenue budget by reducing the high levels of reactive costs such as bed & breakfast accommodation charges.
- **Developing the Purchase and Repair and Lease and Repair pilot schemes in the private rented sector** - The Council has launched a pilot empty homes intervention project to work with owners of empty homes to bring their properties back into use through one of the two options available from the Council. A combination of HRA funding and Homes England Grant funding has enabled the development of Purchase & Repair and Lease & Repair options; designed to financially support landlords in bringing their properties back into use. It is envisaged that this scheme will be widened post the pilot phase. This accommodation will be used to prevent homelessness by offering suitable, long term accommodation for those in need. This accommodation will also assist with the 'move-on' options from those households in temporary accommodation by providing a suitable, longer term, settled abode.
- **Future Housing Purchases** – The Council has made provision to purchase additional housing which will be added to the Council's HRA stock and will provide a new social housing option for families within Oldham.

2.25 In addition to the approved major housing projects outlined above, the strategic estimates for 2021/22 onwards (see Appendix D) contain some indicative RCCO projections for aspirational housing projects. These projects are included within the Capital Strategy which is elsewhere on the agenda. They were also incorporated within a Cabinet report entitled "Creating A Better Place" which was approved by Cabinet on 27 January 2020.

Strategic HRA Estimates 2021/22 to 2024/25

2.26 The projected forecasts for 2021/22 to 2024/25 are attached at Appendix D. As per paragraph 2.1, most of the properties within the HRA are managed under two PFI contracts. Based on current estimates, it is expected that the HRA balance will be £16.227m at the end of 2021/22, £11.840m at the end of 2022/23, £5.958m at the end of 2023/24 and £7.713m at the end of 2024/25.

2.27 It should be noted that in both PFI schemes a proportion of the unitary charge is indexed with reference to inflation based on the Retail Prices Index (RPI) rather than the Consumer Price Index (CPI).

3 Options/Alternatives

3.1 For the Council to comply with legislative requirements, it must consider and approve an HRA budget for 2020/21.

3.2 Three options with regard to rent are presented below.

- proposed rent increase of 2.7%
- proposed rent increase of 1.7%
- rents are frozen for 2020/21.

Compared to a 2.7% increase, the loss to the HRA for 2020/21 in terms of rental income would be, £0.084m at a 1.7% rent increase and £0.229m with no rent increase, as shown below.

Average Increase in Rent	1.7% £000	0% £000
Impact in 2020/21	84	229
Impact over remaining life of Business Plan	3,837	10,359

3.3 Although losses in income for 2020/21 could be considered manageable, it is the cumulative impact of sustained losses of income that would have a lasting and significant impact on the long-term financial strength of the HRA and potentially its ability to meet its current and future financial commitments. This is emphasised with the inflation factor built into the Unitary Charge. A proportion of the Unitary Charge expenditure currently increases by an inflation factor linked to the Retail Price Index (RPI), therefore were the Council not to introduce the proposed rent increase, or to increase rents at a level below the current proposal, it would limit the ability of the HRA to meet its future financial commitments and support the aspirations of the Council's wider Housing Strategy.

4 Preferred Option

4.1 Given the need to maintain a sustainable HRA financial position over the business plan period and support the aspirations of the wider Housing Strategy, the preferred option is that a dwelling rent increases of 2.7% is implemented together with other recommendations related to charges included in the report.

5 Consultation

5.1 Consultation has taken place with Executive Members, Service Providers and Tenants throughout the year. Where schemes have had a significant impact on a particular group of tenants or subsequently had a material impact on the HRA budget, the Council has endeavoured to undertake a thorough consultation with tenants. For example the Council has staged additional, more frequent drop-in sessions and Court Voices meetings where tenants are encouraged to raise any concerns thus allowing a forum for further consultation. It was through Court Voices that tenants, in conjunction with Housing Officers, compiled a list of specific wants which were then considered and approved as part of the HRA element of the Council's Capital Strategy.

5.2 The HRA detailed budget for 2020/21 and strategic estimates for the four years 2021/22 to 2024/25 and the outturn estimate for 2019/20 was presented to the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020. The Select Committee was content to commend the report to Cabinet without amendment.

6 Financial Implications

6.1 The proposals set out in this report are based upon the best assessment of the likely financial position of the Council's HRA for 2019/20 to 2024/25. Prudent assessments have been included within these estimates and the financial impact of any variances is identified in the Risk Assessments undertaken.

- 6.2 HRA balances are sufficient to meet known obligations for the foreseeable future.
- 6.3 The Housing Revenue Account Estimates report has direct links to both the Council's Housing Strategy and the Capital Strategy.
- 6.4 The Housing Strategy was approved at the Council meeting of 10 July 2019. The Strategy's key objective has been to reset the housing delivery governance framework that can then begin to start to tackle the challenges identified in the evidence based Local Housing Needs Assessment. Some of these challenges will have direct financial and stakeholder implications for HRA tenants.
- 6.5 The Council's Capital Strategy follows the same approval pathway as this Housing Revenue Account Estimates report. This report is aligned with the Capital Strategy and Capital Programme and includes all HRA funded capital projects as summarised under Revenue Contribution to Capital Outlay (RCCO) as contained in Appendices A to D.
- (John Hoskins)

7 Legal Services Comments

- 7.1 It is a statutory requirement that the Authority set a balanced HRA budget, having due regard to an appropriate level of working balances and giving due consideration to the risks involved.
- (Colin Brittain)

8 Co-operative Agenda

- 8.1 The HRA budget has been prepared so that resources are utilised to support the aims, objectives and co-operative ethos of the Council.

9 Human Resources Comments

- 9.1 None.

10 Risk Assessments

- 10.1 The HRA budget set out in this report is based on the best assessment of the likely financial position of the HRA in 2019/20 to 2024/25. Attached at Appendix C is a risk register as at February 2020. Forecasting remains challenging and there are a number of key issues that, should they change, affect the proposed budget.
- (Mark Stenson)

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 There are non-specific at this stage.

15 Equality, community cohesion and crime implications

15.1 Continuation of a robust consultation process open to all tenants and tenants representatives will ensure maximum engagement and provide the opportunity for the views of all groups to be considered in setting the HRA budget and the provision of services to tenants.

16 Equality Impact Assessment Completed?

16.1 Not Applicable

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCS-11-19

19 Background Papers

19.1 The following is a list of the 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 that Act.

File Ref: Background papers are attached as Appendices A to D
Officer Name: John Hoskins, David Leach and Anne Ryans
Contact No: 0161 770 1323/6679/4902

20 Appendices

Appendix A Revised HRA Income & Expenditure Account 2019/20.
Appendix B Original HRA Income & Expenditure Account 2020/21.
Appendix C 2020/21 – 2024/25 Risk Assessment as at February 2020.
Appendix D HRA Income & Expenditure Account 2020/21 to 2024/25 Strategic Forecasts.

Revised HRA Income & Expenditure Account 2019/20	Original Budget	Latest Forecast	Variance to Budget
	£000	£000	£000
Income			
Dwellings Rents (gross)	(8,464)	(8,541)	(77)
Non Dwelling Rents	(38)	(35)	3
Charges for Services and Facilities	(1,076)	(1,082)	(6)
Contributions towards Expenditure	(39)	(399)	(360)
PFI Grant	(18,799)	(18,799)	
Total Income	(28,416)	(28,856)	(440)
Expenditure			
Unitary Charge Payments (PFI2 and PFI4)	23,639	23,638	(1)
Supervision & Management	465	465	-
Depreciation and Impairment of Fixed Assets	146	146	-
Rent, Rates and Other Charges	2,425	2,526	101
Revenue Contribution to Capital Outlay (RCCO)	3,849	1,854	(1,995)
Total Expenditure	30,524	28,629	(1,895)
Net Cost of HRA Services	2,108	(227)	(2,335)
Interest and Investment Income	(219)	(219)	-
(Surplus)/Deficit for the year on HRA Services	1,889	(446)	(2,335)
HRA Balances brought forward	(21,366)	(21,304)	62
HRA Balances carried forward	(19,477)	(21,750)	(2,273)

<u>Original HRA Income & Expenditure Account 2020/21</u>	Original Budget
	£000
Income	
Dwellings Rents (gross)	(8,928)
Non-Dwelling Rents	(38)
Charges for Services and Facilities	(1,224)
Contributions towards Expenditure	(20)
PFI Grant	(18,799)
Total Income	(29,009)
Expenditure	
Unitary Charge Payments (PFI2 and PFI4)	23,876
Supervision & Management	499
Depreciation and Impairment of Fixed Assets	146
Rent, Rates and Other Charges	2,689
Revenue Contribution to Capital Outlay (RCCO)	5,538
Total Expenditure	32,748
Net Cost of HRA Services	3,738
Interest and Investment Income	(219)
(Surplus)/Deficit for the year on HRA Services	3,520
HRA Balances brought forward	(21,750)
HRA Balances carried forward	(18,230)

HOUSING REVENUE ACCOUNT

2020/21 – 2024/25 RISK ASSESSMENT AS AT FEBRUARY 2020

<u>RISK EVENT/ DESCRIPTION</u>	<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RESERVE POSITION</u>
1. The void level assumed on dwelling properties increases.	The proposed budget assumes a void rate of 2% on PFI 4 properties and a 3% void rate on PFI 2 and Holly Bank Apartment properties. These are believed to be realistic estimates at this time. However, arising from the impact of welfare reform a limit on Housing Benefits may force more tenants out of social housing and increase void levels.	A change in the void percentage of 1% (approximately 21 properties) has the impact, in a full year, of £0.090m.	The loss of income arising from movement in void levels would need to be met from HRA balances. The HRA has sufficient balances to absorb small movements on voids.
2. Impact of changes in rental income collection rates.	The collection of rental income is a key performance indicator and one in which the PFI providers have performed at the highest level. Historically it has been considered a low risk that this collection rate will deteriorate to a level to the point where it has a significant impact on the HRA budget. However, welfare reform has the potential to impact on rent collection levels.	Rental income is accounted for within the HRA on a rents receivable not received basis. Continuous monitoring of the levels of uncollected income will help inform the provisions position needed for bad or doubtful debts.	The current HRA bad debt provision is considered to be prudent for the levels of uncollected income currently being held/forecast within the HRA. The HRA bad debt provision is subject to review each year.
3. Service Charge Recovery	Service charges are currently eligible for Housing Benefits so it is relatively low risk that the majority of service charge costs will be unrecovered. Self-payers may incur some level of difficulty. However, the percentage of self-payers as part of the overall tenancy profile is relatively small.	In 2020/21 the total level of service charges is budgeted in excess of £0.800m (excluding concierge and court manager costs). Any reduction in this could impact the HRA's ability to maintain and develop new schemes and services.	Tenants failing to pay their service charges will have a detrimental effect on the HRA reserve, although given the high number of tenants in receipt of Housing Benefit, the level of collection is still expected to remain high.
4. Extra Care Housing (ECH) Charge Recovery	ECH charges are eligible for Housing Benefits so it is of relatively low risk that the majority of ECH charge costs will be unrecovered. Self-payers may incur some level of difficulty.	In 2020/21 it is expected each qualifying tenant i.e. a tenant within one of the six approved Extra Care Housing Group Schemes, will need to pay approximately £1,000 p.a.	Tenants failing to pay their ECH charge will have a detrimental effect on the reserve, although given the close correlation to Housing Benefit, the levels of

<u>RISK EVENT/ DESCRIPTION</u>	<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RESERVE POSITION</u>
	However the percentage of self-payers as part of the overall tenancy profile is relatively small.	towards ECH charges. Costs of chasing recovery will also need to be considered.	collection are expected to remain high.
5.Rent Restructuring	Currently, Government guidelines suggest rents should increase by CPI + 1%. Any future changes to these guidelines may introduce additional financial pressures to the HRA, particularly if rent increases fail to keep pace with contractual increases in unitary charges (indexed by RPI + 0.5%)	As of September 2019, the month used for all rent calculations, the difference between the two indices was under 1.0%. The business plan has been modelled on the basis that the Council continues to follow Government guidance for rent setting.	The movement in the respective indices will be monitored on an on-going basis, it is however considered that there is sufficient tolerance within the predicted cumulative HRA balances to manage this risk

HRA Income & Expenditure Account 2020/21 to 2024/25 Strategic Forecasts

Appendix D

HRA Income & Expenditure Account 2020/21 to 2024/25 Strategic Forecasts	Original 2020/21	Original 2021/22	Original 2022/23	Original 2023/24	Original 2024/25
	£000	£000	£000	£000	£000
Income					
Dwellings Rents (gross)	(8,928)	(9,169)	(9,417)	(9,671)	(9,932)
Non-Dwelling Rents	(38)	(39)	(39)	(39)	(40)
Charges for Services and Facilities	(1,224)	(1,232)	(1,240)	(1,249)	(1,259)
Contributions towards Expenditure	(20)	(20)	(20)	(163)	(165)
HRA Subsidy ~ PFI Credits	(18,799)	(18,799)	(18,799)	(18,799)	(18,799)
Total Income	(29,009)	(29,259)	(29,515)	(29,921)	(30,195)
Expenditure					
Unitary Charge Payments (PFI2 and PFI4)	23,876	24,175	24,477	24,782	25,091
Supervision & Management	499	508	517	526	535
Depreciation and Impairment of Fixed Assets	146	146	146	146	146
Rent, Rates and Other Charges	2,689	2,730	2,781	2,833	2,887
Revenue Contribution to Capital Outlay (RCCO)	5,538	3,922	6,200	7,735	0
Total Expenditure	32,748	31,481	34,121	36,022	28,659
Net Cost of HRA Services	3,739	2,222	4,606	6,101	(1,536)
Interest Payable and Other Similar Charges					
Interest and Investment Income	(219)	(219)	(219)	(219)	(219)
(Surplus)/Deficit for the year on HRA Services	3,520	2,003	4,387	5,882	(1,755)
HRA Balances brought forward	(21,750)	(18,230)	(16,227)	(11,840)	(5,958)
HRA Balances carried forward	(18,230)	(16,227)	(11,840)	(5,958)	(7,713)

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Report to Cabinet

Capital Strategy and Capital Programme 2020/21 to 2024/25

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

Report Author: Anne Ryans, Director of Finance

Officer Contact: Lee Walsh, Finance Manager

Ext. 6608

10 February 2020

Reason for Decision

To set out the Capital Strategy for 2020/21 to 2024/25 and thereby the proposed 2020/21 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2021/22 to 2024/25, having regard to the resources available over the life of the programme.

Executive Summary

The Capital Strategy

The Council's Capital Strategy and Capital Programme are set over a five year timeframe. The proposed Capital Strategy and Programme for 2020/21 to 2024/25 takes the essential elements of the 2019/24 and previous years' strategies and programmes and moves them forward in the context of the financial and political environment for 2020/21.

The Strategy does however include a longer term vision, a forward look at those projects that are likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2025/26 to 2034/35.

The format of the Capital Strategy reflects the requirements of the latest Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Strategy therefore presents:

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- An overview of how the associated risk is managed;
- The implications for future financial sustainability.

The Capital Strategy is presented at Appendix 1. It is prepared in 15 sections and ensures that all Council Members are presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. The sections are:

1. The Aims of the Capital Strategy and linkages to other key Strategies
2. The Principles of the Capital Strategy
3. Priority Areas for Investment
4. Supporting Greater Manchester Devolution
5. Affordability, Delivery and Risk Associated with the Capital Strategy
6. Knowledge and Skills
7. Treasury Management
8. Long Term Loans
9. Other Non-Treasury Investments
10. Capital Resources to Support Capital Expenditure
11. Capital Investment and Disposal Appraisal
12. How the Capital Requirements will be Prioritised
13. How the Council will procure its Capital Projects
14. How the Council will Measure the Performance of the Capital Programme
15. The Capital Investment Programme Board

The Strategy incorporates the refreshed and updated elements of the Medium-Term Property Strategy, the Creating a Better Place Strategy, Commercial Property Investment Strategy and Fund, Housing Strategy and Income Strategy.

Annex C of Appendix 1 sets out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2020/21 to 2024/25.

The Strategy also advises that the Council is proposing to continue the use of the flexibility provided by the Ministry of Housing, Communities and Local Government (MHCLG) to use capital receipts to fund the revenue cost of transformation. The 2020/21 revenue budget will rely on up to £3.750m of such funding from capital receipts. Annex D sets out the required Flexible Use of Capital Receipts Strategy which advises of the summary of planned receipts, use and savings.

Capital Programme 2019/20 to 2023/24

The 2019/20 month 8 capital monitoring position is elsewhere on the agenda and the projections included in that report are a key determinant of the 2020/21 programme. As many schemes span more than one year, the anticipated level of reprofiling between years sets the underlying position.

The projected outturn spending position for 2019/20 is £63.945m. The People and Place Directorate which manages all of the major regeneration projects, constitutes the main area of expenditure (£33.406m). Ringfenced and Un-ringfenced grants (£29.888m) followed by Prudential Borrowing provide the main source of financing (£18.967m).

Actual expenditure to 30 November 2019 was £33.031m (51.63% of forecast outturn). This spending profile is in line with previous years, however the position will be kept under review and budgets will continue to be managed in accordance with forecasts.

Capital Programme 2020/21 to 2024/25

The Council has set out its Capital Programme for the period 2020/21 to 2024/25 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy have been influenced by the level of resources considered available. The level of prudential borrowing included reflects the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at the time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

The Capital Strategy 2020/21 to 2024/25 has seen a significant increase in the level of investment compared to that previously projected. This is due to the incorporation of the spending plans associated with the recently approved Creating a Better Place strategy (at the Cabinet meetings of 16 December 2019 and 27 January 2020) which encompasses housing initiatives together with town centre and borough wide regeneration. It also includes the findings of the independent review of the Medium-Term Property Strategy.

The Capital Strategy also reflects the refreshed Commercial Property Investment Strategy and the Income Strategy as well as the approved Housing Strategy.

As at the month 8 capital monitoring position, the anticipated expenditure over the five year life of the 2019/20 to 2023/24 strategy was £272.939m, taking 2019/20 aside (£63.945m) leaves £208.994m for the remainder of the approved 2020/21 to 2023/24 Capital Programme. Following the approval of the new and refreshed strategies including Creating a Better Place, and moving forward the planning period by one year, the Capital Strategy for 2020/21 to 2024/25 totals £479.108m. The significant increase in investment to deliver change for Oldham is therefore evident.

A review of the Capital Programme has highlighted that there is already a full range of commitments for the period 2020/21 to 2024/25 but additional funding allocations totalling £270.114m have been added to support the ambitious regeneration programme.

The Capital Programme includes proposed expenditure for 2020/21 of £147.159m, with the largest area of expenditure being on regeneration, transport and infrastructure projects within the People and Place Directorate. Total expenditure decreases to £131.467m in 2021/22, then to £102.510m and £40.999m in 2022/23 and 2023/24 respectively, and in the final year of the current programme 2024/25 spend increases to an estimated £56.973m.

Resources Available to Support the Capital Programme

The Government is continuing to provide significant levels of grant funding, after an initial reduction at the start of the austerity period. The main source of grant income remains education-related with Basic Need Capital grant funding allocations totalling £25.535m over the life of the programme.

The grant funding provided by Government can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy. The majority of capital Government Grant funding is un-ringfenced. Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2020/21 capital programme relies on £22.031m of un-ringfenced and £11.209m of ringfenced grants.

As in previous years, a major source of financing remains prudential borrowing. The amount required in 2020/21 (£99.070m) includes borrowing attributed to schemes that have slipped from prior years and the new borrowing associated with the regeneration programme. It is expected that £30m of this Prudential borrowing will be financed by income provided from property acquisition and investment. In addition, the timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

On-going Review of the Capital Programme

There will be a continued review of capital spending requirements as the Council has further regeneration ambitions but affordability and deliverability will be a key consideration in this regard. It is, however, possible that the capital position may change prior to the start of 2020/21 and during the year as:

- There may be further Government funding allocations announced prior to the start of 2020/21;
- The outcome of specific grant bids will be announced during 2020/21;
- It is also likely that there will be new initiatives announced later in the financial year;
- There may also be the opportunity to bid for additional funding;
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

Therefore, the overall Capital Programme position will be kept under review and any new information about funding allocations will be presented to Members in future reports.

Consultation

There has been consultation on the proposed Capital Strategy and Capital Programme for 2020/21 to 2024/25, including the Capital Investment Programme Board on 20 December 2019 and the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020. The Select Committee was content to commend the report to Cabinet.

Recommendations

Cabinet approves and commends to Council:

- i) The Capital Strategy for 2020/21 to 2024/25 at Appendix 1 of this report and summarised at section 2.1.
- ii) The Capital Programme for 2020/21 and indicative programmes for 2021/22 to 2024/25 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of this report.
- iii) The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1.

Capital Strategy and Capital Programme 2020/21 to 2024/25**1. Background**

- 1.1 In accordance with good practice, the Council has traditionally prepared a Capital Strategy, the overarching aim of which is to provide a framework within which the Council's capital investment plans will be delivered. This Capital Strategy for 2020/21 to 2024/25 has been prepared to cover an initial five year time-frame to align with the Medium Term Financial Strategy of which it is an integral part. Recognising that there is some uncertainty, especially in relation to funding in later years, the Strategy therefore focuses on 2020/21 and 2021/22 in detail.
- 1.2 The Strategy does however include a longer term vision, which also covers the time frame for 10 years from 2025/26 to 2034/35. This takes a forward look at those projects that are likely to run beyond the initial five year strategy and programme period.
- 1.3 The format of the Capital Strategy reflects the requirements of the latest Prudential and Treasury Management Codes issued by CIPFA. The Strategy therefore presents:
- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - An overview of strategic policy objectives, governance procedures and how associated risks are managed; and
 - The implications for future financial sustainability.
- 1.4 This report therefore summarises the key elements of the Capital Strategy which are outlined in more detail at Appendix 1.
- 1.5 The report also presents the proposed 2020/21 to 2024/25 capital spending plans of the Council which have significantly increased due to the range of initiatives that are included in the Creating a Better Place strategy. This taken together with an update on spending in 2019/20, has a significant influence over the profiling of expenditure into future years.
- 1.6 The proposed Capital Strategy and Capital Programme for 2020/21 to 2024/25 therefore take the essential elements of previous Capital Strategies and Programmes and moves them forward in the context of the financial and political environment for 2020/21 onwards. The Capital Strategy is attached at Appendix 1, with the Capital Programme, which reflects the principles of the Strategy, attached at Annex C of Appendix 1.

2 Current Position**2.1 Capital Strategy 2020/21 to 2024/25**

- 2.1.1 The overarching aim of the Oldham Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered over a five-year timeframe, 2020/21 to 2024/25, but as advised above, the format and content of the Capital Strategy reflects the latest guidance issued by CIPFA as part of the Prudential and Treasury Management Codes. The Strategy also has reference to the latest guidance issued in November 2019 entitled Prudential Property Investment.
- 2.1.2 The Capital Strategy and spending plans of the Council are driven by the ethos of the Co-operative Council and the objectives of the Corporate Plan. The Plan is now being

refreshed and updated to take account of progression of the Oldham Model as set out in the Oldham Plan 2017-2022. The Corporate Plan reflects current organisational priorities and key changes resulting from Greater Manchester devolution as well as informing decision making and budget priorities, as the Council continues to navigate a period of transition and transformation. The new Corporate Plan will be launched in May 2020.

Creating a Better Place

- 2.1.3 The Capital Programme for 2019/20 (as at Month 8, elsewhere on the agenda) does not reflect the impact of the Creating a Better Place strategy. The Capital Strategy and Capital Programme for 2020/21 to 2024/25 have been prepared to include additional investment; largely stemming from the £306m linked to the Creating a Better Place strategy (approved at the Cabinet meetings of 16 December 2019 and 27 January 2020). It should however be noted that whilst in overall terms investment will total £306m, it will be split between capital projects of £102m and investment projects of £204m. It is also important to note that the £306m encompasses spending already within the 2019/20 Capital Programme, planned spending in the 2020/21 to 2024/25 period of the Capital Strategy as well as in the ten years beyond 2024/25.
- 2.1.4 This strategy reprofiles existing property service priorities and places corporate land and property at the centre of an ambitious plan for building new homes, creating job opportunities, and re-engaging communities and partners through property / estate co-location and collaboration. As well as these objectives, the strategy aims to significantly reduce the net cost of managing and maintaining corporate land and property assets; the savings from which are expected to make a major contribution towards closing the Council's budget reduction requirement over the medium-term as part of a wider programme of transformation.
- 2.1.5 The development of this major new strategy stemmed from an independent review of the Medium-Term Property Strategy and envisages a major programme of property led change, including town centre regeneration with a new 'homes' focus as set out in the Town Centre Vision and Housing Strategy, and a desire to review and expand property investments to help secure revenue funding.
- 2.1.6 As a result, schemes within the proposed Capital Programme relating to the Creating a Better Place strategy include:
- Investment in New Homes – The aim of the Housing Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focuses on the dynamics between people, homes and the wider economy. A key strand of this approach is the availability of a Flexible Housing Fund (FHF) designed to support external partners to self-develop housing in less viable areas of the borough to help deliver the required number of new homes. Overall investment in new homes will total £157m.
 - Town Centre Regeneration – The Council is continuing to invest in the town centre with expected spend of £103m through the strategic acquisition of properties, housing initiatives, the relocation/integration of public sector services, the delivery of a theatre / performance space within the Town Centre and transformation of the Market.
 - Borough-Wide Regeneration – The Council is investing £46m across the borough. Projects include the development of housing and employment sites at Broadway Green, Hollinwood and Salmon Fields. The Council will also take advantage of

suitable investment and income generation opportunities across Oldham in order to advance regeneration objectives and provide additional revenue streams to support service delivery as part of the Commercial Property Investment Strategy.

- 2.1.7 Creating a Better Place also encompasses existing schemes in the programme such as the Oldham Museum & Archives (OMA) scheme which is currently in the delivery stage.

Supporting Strategies (Housing and Commercial Property Investment)

- 2.1.8 Complementing the Creating a Better Place strategy is a refreshed Housing Strategy for Oldham. It was developed in line with the Oldham Plan, the GM Spatial Framework and the GM Housing Strategy. The strategy recognises the function that housing plays in supporting health and social care integration and wider public sector reform. A key objective of the development of the new housing strategy has been to reset the housing delivery framework that can start to tackle the challenges identified in the evidence based Local Housing Needs Assessment and help meet the housing priority identified over the short, medium and long term.

- 2.1.9 An updated Commercial Property Investment Strategy and Fund (CPIS) was approved by Cabinet alongside the Creating a Better Place strategy in December 2019. The CPIS facilitates the development of a robust, property investment portfolio in order to generate a sustainable future income stream to contribute to the financing of Council service delivery. The CPIS has regard to the revised Prudential Code issued in 2017 and the CIPFA document Prudential Property Investment issued in November 2019. In the context of the Capital Strategy, the CPIS provides the necessary approval to use capital resources to invest in property assets to create a revenue return.

Non-Treasury Investments

- 2.1.10 The Capital Strategy incorporates specific information on non-treasury investments. This is aligned, to but reported separately, from the Treasury Management Strategy Statement (elsewhere on the agenda). This ensures the separation of commercial investment, usually driven by expenditure on an asset, from the core treasury function which operates under the principles of security of capital, liquidity, yield and taking an ethical approach.

- 2.1.11 Specifically in relation to non-treasury investments, the Capital Strategy includes, where appropriate:

- The corporate governance arrangements;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution to support the Council's budget;
- The debt related to the activity and the associated interest costs;
- The payback period (Minimum Revenue Provision policy);
- For non-loan type investments, the cost against the current market value; and
- The risks associated with each activity.

The Principles of the Capital Strategy

- 2.1.12 The Capital Strategy has 16 principles outlined in Appendix 1 Section 2. These are largely unchanged from previous years and emphasise the role of the Capital Investment Programme Board (CIPB) in leading the strategic direction for capital investment with

the Terms of Reference of the CIPB included at Annex B of Appendix 1. The principles include:

- The requirement for all capital schemes to have a sponsor and to undergo a rigorous options appraisal process;
- The pooling of all un-ringfenced funds but having regard to specific obligations;
- No local ringfencing of capital receipts but with some specified exceptions;
- Utilising resources to work collaboratively with the Greater Manchester Combined Authority (GMCA) and other public sector agencies to support the evolving devolution agenda; and
- Supporting greater integration with Oldham Clinical Commissioning Group (CCG) and other NHS partners by making Council capital resources available for joint projects.

2.1.13 These principles frame decision making on capital expenditure and underpin the Council's approach to capital investment.

Priority Areas for Investment

2.1.14 Section 3 of Appendix 1 advises of the priority investment areas identified for the 2020/21 to 2024/25 period that will be taken forward subject to the availability of resources and the approval of a full business case.

2.1.15 There is a requirement for continued funding of existing programmes of work on:

- Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function);
- School Condition Works;
- ICT Strategy;
- Social Care;
- Environmental Services.

2.1.16 In addition to the projects specifically referred to above, the following is a list of further/new projects for which funding may be required:

- a) Social Care
- b) Better Care Fund (Disabled Facilities Grant)
- c) Oldham Green New Deal Strategy
- d) Surplus Sites
- e) Working with NHS Partners
- f) School Investment
- g) GM investment Fund Loans
- h) Medium Term Property Strategy/Creating a Better Place
- i) Development of Housing Initiatives
- j) GM Devolution and Related Initiatives
- k) Matched Funding for Grant Bids
- l) Northern Roots
- m) Royton Town Centre Development
- n) Transport Capital Programme

2.1.17 Included within the Capital Strategy is an unallocated resource for funding for emerging priorities. This resource can be deployed to support existing priority schemes or new initiatives. This is considered a prudent approach to allow flexibility, revision and reassessment of priorities.

- 2.1.18 The Strategy does however include a longer term vision, a forward look at those projects that are likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2025/26 to 2034/35.

Supporting Greater Manchester Devolution

- 2.1.19 Section 4 of Appendix 1 advises that devolution continues to transfer more powers and responsibilities from Central Government to Greater Manchester and that Greater Manchester's local Councils have a history of working together. Therefore, the Council will strive through its Capital Programme, to continue to support devolution activities.

Affordability, Delivery and Risk Associated with the Capital Schemes

- 2.1.20 In accordance with the requirements of the Prudential and Treasury Management Codes the Council must state how it will ensure that its capital spending plans are affordable, how projects will be delivered and how risks associated with the Capital Programme are managed. This is outlined at Section 5 of Appendix 1. This Section also demonstrates how the Council has presented the concept of proportionality with regard to reliance on income from property acquisition and investment supporting the net revenue budget. The reliance on such income is minimal.

Knowledge and Skills

- 2.1.21 It is essential to advise of the knowledge and skills of the staff who have responsibility for the preparation and on-going management of the capital and treasury management strategies and other key activities in relation to the management of the Capital Programme. Members can be assured that the Council has suitably skilled and experienced staff and appropriate governance arrangements are in place, as set out more fully in Section 6 of Appendix 1.

Treasury Management

- 2.1.22 The Capital and Treasury Management Strategies of the Council are closely linked and Section 7 of Appendix 1 therefore sets out how each are prepared to have regard to the key issues and ensuring a complementary and fully aligned approach.

Long Term Loans

- 2.1.23 Section 8 of Appendix 1 advises that the Council has the ability, should it choose to exercise its powers, to enter into loan arrangements to support delivery of strategic corporate priorities. It also advises that the Council has chosen to make some but limited use of its ability to enter into loan arrangements. Two loans have recently been advanced, both to key partners on commercial terms at commercial interest rates. Members can be assured that there is strong governance in place to ensure robust due diligence and decision making.

Other Non-Treasury Investments

- 2.1.24 Section 9 of Appendix 1 advises that the Corporate Property Investment Strategy gives the Council approval to invest in property solely to generate additional income to support the Council's mainstream service delivery and that the Council also has Treasury Management investments that generate an income stream from property. However, Members can be assured that any such investments are only undertaken after an appropriate due diligence exercise.

Capital Resources to Support Capital Expenditure

- 2.1.25 Section 10 of Appendix 1 sets out the range of resources that the Council will rely on to support capital spending. In addition to prudential borrowing and Government grants, which together are the main financing source for the Capital Programme, the Council will, depending on the circumstances, consider using a range of resources and opportunities to finance capital expenditure and will continue to monitor the availability and suitability of alternative sources of financing. Financing decisions will, however, be made in the context of the schemes being considered for approval and the financial position of the Council at the time a decision is required.
- 2.1.26 This section also highlights the circumstances where capital receipts will be ringfenced to support specific purposes. This includes ringfencing of up to £3.750m to support the Council's use of flexibility in the utilisation of the capital receipts (see section 2.1.32).

Capital Investment and Disposal Appraisal

- 2.1.27 Section 11 of Appendix 1 advises that all capital investment will be commissioned on the recommendation of the CIPB which will enable any expenditure and its funding to be better aligned with corporate priorities, partners and funding sources. It also advises that the:
- Governance of the Council's land and property portfolio is provided via the Land and Property Protocols which form part of the Council's Constitution; and
 - Corporate Property Board oversees acquisition and disposal of land and property assets and monitors the progress of the asset rationalisation programme and performance of the investment portfolio.

How the Capital Requirements will be Prioritised

- 2.1.28 Section 12 of Appendix 1 advises that once a bid for capital expenditure has passed through the Gateway process, has demonstrated that it meets Council Objectives, and links to the Greater Manchester Strategy (if appropriate), and it has been agreed that it is suitable for capital investment, the strategic requirements will be prioritised using a range of criteria which are not mutually exclusive or in ranking order. Detailed in full at Section 12, these include:
- The relationship to mandatory, contractual or legislative service delivery requirements.
 - Whether the project is required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process.

How the Council will Procure its Capital Projects

- 2.1.29 Section 13 of Appendix 1 advises that the structure of the Council's procurement and strategic relationship management function includes designated Commercial Procurement Managers whose focus is to support all capital projects and can therefore take advantage of opportunities for greater efficiency by selection of the most effective procurement processes to ensure the best commercial solution.

How the Council will Measure the Performance of the Capital Programme

- 2.1.30 Section 14 of Appendix 1 highlights the approach to managing the performance of the Capital Programme. It advises that the Council's strong programme management

approach is modelled on the PRINCE 2 project management methodology and the Office of Government Commerce (OGC) Gateway Review System. This ensures that investments are planned, managed and delivered prudently. In addition, the CIPB has a remit to review the financial performance of the Capital Programme and it receives a monthly monitoring report and undertakes a detailed annual review of the Capital Programme.

The Capital Investment Programme Board

- 2.1.31 Section 15 of Appendix 1 advises that the CIPB will continue in its role as an Advisory Board chaired by the Deputy Leader and Cabinet Member for Finance and Corporate Services. The Board is supported by a range of key officers. The CIPB will make recommendations which can be approved under delegated powers as appropriate. Its terms of reference are presented at Annex B to Appendix 1.

Flexible Use of Capital Receipts Strategy

- 2.1.32 The Council is proposing to utilise the flexibility provided by the Ministry of Housing, Communities and Local Government (MHCLG) to use capital receipts to fund the revenue cost of transformation. The 2020/21 revenue budget will rely on up to £3.750m of such funding from capital receipts. Annex D sets out the required Flexible Use of Capital Receipts Strategy which advises of the summary of planned receipts and summary of planned use and future savings.

2.2 Capital Programme 2020/21 to 2024/25

- 2.2.1 The Council is required to set out its Capital Programme for the period 2020/21 to 2024/25 based on the principles of the Capital Strategy. As previously advised, an initial timeframe of five years has been adopted. The Capital Programme and Capital Strategy have, at this stage, been influenced by the Creating a Better Place strategy and level of resources considered available. The level of prudential borrowing included reflects the financing available in the revenue budget and through anticipated income streams, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

- 2.2.2 Clearly, the Capital Programme for 2020/21 is influenced by the performance of the Capital Programme for 2019/20. A review has taken place of planned spending in 2019/20 and the programme has been re-profiled as necessary with future years estimates updated.

Update on the 2019/20 Capital Programme

- 2.2.3 The 2019/20 month 8 capital monitoring position (elsewhere on the agenda) includes projections that are a key determinant of the 2020/21 programme. As many schemes span more than one year, the anticipated level of re-profiling between years sets the underlying position.
- 2.2.4 The Capital Programme for 2019/20 was approved at the Council meeting of 27 February 2019, with expenditure of £84.332m and supporting financing. This has been reduced downwards throughout the year and has subsequently been amended month on month to reflect agreed changes. This includes the actions arising from the findings of the 2019/20 annual review of the Capital Programme, a comprehensive project by project

scrutiny of all schemes in the programme. This was conducted over the summer months of 2019 for the CIPB.

- 2.2.5 The latest available capital monitoring position for the 2019/20 to 2023/24 Capital Programme at month 8 includes projected capital expenditure totalling £63.945m for 2019/20 matched with corresponding financing. The People and Place Directorate which manages all of the major regeneration projects, constitutes the main area of expenditure (£33.406m). Ringfenced and Un-ringfenced Grants provides the main source of financing (£29.888m) followed by Prudential Borrowing (£18.967m).
- 2.2.6 Actual expenditure to 30 November 2019 was £33.031m (51.63% of forecast outturn). This spending profile is in line with previous years, however the position will be kept under review and budgets will continue to be managed in accordance with forecasts.
- 2.2.7 The 2019/20 month 8 capital spending and financing position is set out in the table below.

Table 1 - Revised 2019/20 Capital Programme

Directorate Expenditure	Capital Programme as at M08 £000
Corporate Services	6,738
Children's Services	18,781
Community Services & Adult Social Care	2,029
Housing Revenue Account	1,854
People and Place	33,406
Reform	39
Funding for Emerging Priorities	1,098
Total Expenditure	63,945
Ringfenced Grants	(8,310)
Un-ringfenced Grants	(21,578)
Capital Receipts	(13,143)
Other Contributions	(87)
Prudential Borrowing	(18,967)
Revenue (HRA & General Fund)	(1,860)
Total Resources	(63,945)

- 2.2.8 The capital receipts position as at 30 November 2019 is as follows:

Table 2 - Capital Receipts Position

Capital Receipts Position	£000
Forecast Capital Receipts Available by 31/3/19	(9,163)
Expenditure to be Funded from Capital Receipts	13,143
Forecast Capital Receipts shortfall	3,980

- 2.2.9 The revised Capital Programme requires the availability of £13.143m of capital receipts in 2019/20 for financing purposes. The total net usable capital receipts at month 8 is £6.627m. It is anticipated that additional capital receipts will be received during the

remainder of the year and it is expected that the current programme of asset rationalisation will identify further assets that are or will become surplus to requirements within the Capital Strategy timeframe. However, if required, any variance to the revised Capital Programme will be made up from other resources.

2.2.10 As referred to at 2.2.4 above, the annual review of the Capital Programme examined all schemes to give Members confidence that planned expenditure remained relevant and aligned with corporate objectives. The Capital Programme for 2020/21 (and future years) reflects the results of the review.

2.2.11 It is anticipated that the 2019/20 position will still continue to change as Cabinet reports are approved and with amendments reviewed by the CIPB and approved under delegated authority as a result of the on-going monitoring process.

2.3 Proposed Expenditure for 2020/21 to 2024/25

2.3.1 The table below sets out a summary of the anticipated expenditure and matched financing of £479.108m, which incorporates resources expected to be carried forward from 2019/20. The proposed 2020/21 to 2024/25 programme reflects the 2019/20 month 8 position (summarised previously) together with an enhanced projection of expenditure for 2020/21 to 2024/25 incorporating anticipated spending on planned initiatives and an allowance, at Funding for Emerging Priorities to support new initiatives. The detailed programme is set out at Annex C of Appendix 1 on a Portfolio basis.

Table 3 - Capital Programme 2020/21 to 2024/25

Proposed Capital Spending	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Corporate Services	6,010	-	-	-	-
Children's Services	15,590	12,305	5,000	-	-
Community Services & Adult Social Care	3,400	703	400	400	400
People and Place	112,835	110,562	86,710	29,664	55,073
Housing Revenue Account	5,538	3,922	6,200	7,735	-
Reform	346	400	-	-	-
Funding for Emerging Priorities	3,440	3,575	4,200	3,200	1,500
Total Expenditure	147,159	131,467	102,510	40,999	56,973

Funding	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Ringfenced Grants	(11,209)	(2,397)	(1,250)	-	-
Un-ringfenced Grants	(22,031)	(14,258)	(3,202)	(1,973)	(1,973)
Capital Receipts	(9,306)	(7,855)	(7,352)	(3,949)	-
Other Resources	(5)	(3,935)	-	-	-
Prudential Borrowing	(99,070)	(99,100)	(84,506)	(27,342)	(55,000)
Revenue (HRA & General Fund)	(5,538)	(3,922)	(6,200)	(7,735)	-
Total Funding	(147,159)	(131,467)	(102,510)	(40,999)	(56,973)

2.3.2 Members should be aware that the planned expenditure detailed in the table above does not align to the Month 8 Monitoring report elsewhere on the agenda, which reflects the currently approved capital position for 2019/20 to 2023/24. The above table sets out the proposed capital programme for 2020/21 to 2024/25 (subject to approval) having regard to the Creating a Better Place strategy.

2.4 Resources Available to Support the Capital Programme

2.4.1 The Government is continuing to provide significant levels of grant funding, after an initial reduction at the start of the previous decade. Some new funding initiatives have been introduced, some of which carry through to 2020/21 and beyond. Grants have been awarded/anticipated for Education, Social Care and Transport projects. The Council has not yet received all grant allocation notifications for 2020/21. The grants will be incorporated into the Capital Programme when the announcements have been made.

2.4.2 The main source of grant income remains education-related with Basic Need Capital grant funding allocations totalling £12.021m for 2020/21. The School Condition Allocation grant is anticipated with an indicative allocation of £1.000m for 2020/21 in addition to £1.800m forecast to be carried forward from 2019/20. This acknowledges that some funding will be lost as more schools convert to academy status. The resources available to support the programme are described in more detail in the following sections.

Government Grant Funding

2.4.3 The Government resources available to the Council can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy.

2.4.4 Some Government grant resources have been moved between financial years in order to support re-profiled expenditure as detailed in Annex C of Appendix 1.

2.4.5 The resources available can also be split between those which do not have revenue consequences and those that do have revenue consequences and therefore require financing through the revenue budget.

Funding With No Revenue Consequences

1) Government Grants and other external grants and contributions

This is funding provided directly by Government or other external providers. It can be ringfenced, specific and un-ringfenced. Un-ringfenced resources are those that can be utilised to finance any project (albeit there is usually an expectation of use for a specific purpose). The majority of capital Government Grant funding is un-ringfenced. Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2020/21 Capital Programme relies on £22.031m of un-ringfenced and £11.209m of ringfenced grants.

2) Capital Receipts

This is income received from the sale of Council assets and is usually un-ringfenced. The 2020/21 programme relies on £9.306m of capital receipts.

In general it should be noted that a prudent approach has been taken in relation to the anticipated level of receipts with no resources assumed in excess of the requirement to support already approved schemes. However, taking advantage of flexibilities around the use of capital receipts introduced by the Government, the

Council anticipates using up to £3.750m of capital receipts in 2020/21 to support transformational projects which would otherwise be financed by revenue resources.

Funding With Revenue Consequences

1) Prudential Borrowing

This is borrowing undertaken by the Council for specific projects. It is financed by revenue resources and is entirely at the discretion of the Council. Prudential borrowing has been used to support the major investment programmes which could not otherwise have been funded. The 2020/21 programme relies on £99.070m of prudential borrowing which has been fully financed.

- 2.4.6 As in previous years, the major source of financing remains prudential borrowing; the amount required in 2020/21 includes borrowing attributed to schemes that have slipped from prior years. The Council will aim to reduce the amount of borrowing and associated financing costs by maximising grant income and capital receipts. Some borrowing, in relation to commercial activities, will be financed by increased income and revenue streams generated at the point when projects are completed and become operational. In addition, the timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

2.5 Capital Requirements for 2020/21

Resources Committed in 2020/21 to 2024/25

- 2.5.1 A review of the Capital Programme has highlighted that there is already a full range of commitments for the period 2020/21 to 2024/25 with net additional funding allocations totalling £270.114m. The table below shows the associated financing:

Table 4 – Change in Resources Included in the Capital Programme 2020/21 to 2024/25

Financing	2020-2024 Capital Strategy Position (@ M08) £000	2020-2025 Capital Strategy Position (Proposed) £000	Movement £000
Prudential Borrowing	(108,937)	(365,017)	(256,080)
Capital Receipts	(31,293)	(28,464)	2,829
Revenue Contributions	(11,887)	(23,395)	(11,508)
Grants & Contributions	(56,877)	(62,232)	(5,355)
Total	(208,994)	(479,108)	(270,114)

- 2.5.2 The capital commitments are set out in the following paragraphs and are shown in detail at Annex C of Appendix 1 of this report. There will be a continued review of capital spending requirements as the Council has further regeneration ambitions. This will however require a further phase of investment and the preparation of a new investment programme.

Corporate Services

- 2.5.3 Corporate Services expenditure is not specifically assigned or under the direct control of a service department. It relates to schemes that are corporate in nature rather than service specific. Total projected spending on Corporate Services projects is £6.010m over the strategy period. A total of £2.260m relates to Investment/Income Generation Opportunities. The funding for Investment/Income Generation opportunities is intended to enable the Council to take advantage of schemes which provide a sustainable income stream to support the Council's budget from the acquisition or investment in property assets as well as general income generation schemes, whilst having regard to risk management considerations. Planned spending is phased as set out below:

Table 5 - Corporate Services Expenditure over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Investment / Income Generation Opportunities	2,260	-	-	-	-
Flexible Use of Capital Receipts	3,750	-	-	-	-
Total	6,010	-	-	-	-

Children's Services

- 2.5.4 There is planned Directorate expenditure of £32.895m over the period 2020/21 to 2024/25 as shown below:

Table 6 – Children's Services Expenditure over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Children's Services Directorate	15,590	12,305	5,000	-	-

- 2.5.5 The main focus of spending is, as would be expected, the school building and development programme largely funded by the Government's Basic Need grant allocation

Community Services and Adult Social Care Directorate

- 2.5.6 There is planned Directorate expenditure of £5.303m phased over the 5 year programme as set out below:

Table 7 - Community Services and Adult Social Care Directorate Expenditure over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Community Services and Adult Social Care Directorate	3,400	703	400	400	400

2.5.7 This area of spending is focused on Social Care. The major areas of expenditure in relation to 2020/21 are as follows:

- Resources of £0.400m are specifically allocated in 2020/21 to support local Social Care Schemes.
- Indicative funding of £2.000m relating to the expansion of the Disabled Facilities Grant (including re-phasing of £1.000m from 2019/20).

People and Place Directorate

2.5.8 There is planned Directorate expenditure of £394.844m over the period 2020/21 to 2024/25 as shown below:

Table 8 People and Place Directorate Expenditure over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
People and Place Directorate	112,835	110,562	86,710	29,664	55,073

2.5.9 The major areas of expenditure in relation to 2020/21 are as follows:

Table 9 - People and Place Directorate Expenditure 2020/21

Service Area	£000
Corporate Property	4,117
Environment	100
Information Technology	4,438
Neighbourhood Development Fund	178
Other Regeneration Priorities	15,657
Private Sector Housing	1,065
Royton Town Centre Development	2,793
Strategic Acquisitions	7,795
Town Centre Regeneration	63,947
Transport including Fleet	12,745
Total	112,835

2.5.10 Clearly, the main focus of spending is town centre and other regeneration priorities which incorporates borough wide initiatives. These areas encompass a wide range of high priority schemes as detailed in Annex A of Appendix 1. It is, however, possible that some of this spending may be re-profiled as 2020/21 progresses.

2.5.11 Another significant area of spending is transport, covering a wide range of major highways schemes together with the continuation of the planned £18.000m investment in the carriageway improvement programme approved at Cabinet in November 2017.

Housing Revenue Account

2.5.12 Projected spending on Housing Revenue Account projects of £23.395m over the life of the programme is phased as follows:

Table 10 - Housing Revenue Account Expenditure over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Housing Revenue Account	5,538	3,922	6,200	7,735	-

- 2.5.13 The primary focus of this is the Princes Gate Site C, developing temporary accommodation to meet homelessness demands, the Purchase and Repair and Lease and Repair pilot schemes in the private rented sector and provision for future housing purchases.

Reform Directorate

- 2.5.14 There is planned Directorate expenditure of £0.746m phased over the first two years of the programme as shown below.

Table 11 Reform Directorate Expenditure over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
District Investment Fund	246	-	-	-	-
Local Investment Fund	100	400	-	-	-
Total	346	400	-	-	-

- 2.5.15 All the spending in the Reform Directorate reflects spending in relation to the District Investment Fund and the Local Investment Fund.

Funding for Emerging Priorities

- 2.5.16 Within the programme, there is currently an unallocated resource of £15.915m over the five years of the Capital Programme as highlighted below:

Table 12 – Funding for Emerging Priorities to be allocated over the Capital Strategy 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Funding for Emerging Priorities	3,440	3,575	4,200	3,200	1,500

- 2.5.17 This unallocated resource can be deployed to support existing priority schemes or new initiatives, including those highlighted above for which no specific allocation exists, for example Greater Manchester Devolution and Related Initiatives and Matched Funding for Grant Bids.
- 2.3.18 This is considered a prudent approach to allow flexibility, revision and reassessment of priorities. Provision of £3.440m is available in 2020/21 with a further £12.475m available over the rest of the Capital Programme period.
- 2.5.19 The use of these unallocated resources will be prioritised by the CIPB including any realignment into future years. It is expected that all of these resources will be used over the life of the programme.

2.6 Proposed Capital Programme

- 2.6.1 Annex C of Appendix 1 of this report details the proposed 2020/21 Capital Programme and the indicative programme for the period 2021/22 to 2024/25. The strategy of the Council is to prepare a Capital Programme that balances over the life of the programme so that resources equal overall expenditure. Therefore, over the five years there is planned expenditure of £479.108m with corresponding financing.
- 2.6.2 Total expenditure in 2020/21 is planned at £147.159m. However, the in-year position is anticipated to evolve as:
- There may be further Government funding allocations announced prior to the start of 2020/21;
 - The outcome of specific grant bids will be announced during 2020/21;
 - It is also likely that there will be new initiatives announced later in the financial year;
 - There may also be the opportunity to bid for additional funding;
 - The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.
- 2.6.3 Therefore the overall Capital Programme position will be kept under review and any new information about funding allocations will be presented to Members in future reports.

3. Options/Alternatives

- 3.1 Members are asked to consider and comment upon the Capital Strategy and Capital Programme. Members may choose to accept the proposed Capital Strategy and Capital Programme, or revise and suggest an alternative approach to capital investment, including the revision of capital priority areas.

4. Preferred Option

- 4.1 The preferred option is that Cabinet approves the proposed Capital Strategy and Capital Programme as set out in this report, including priority investment proposals, and commends it to Council.

5. Consultation

- 5.1 Consultation has taken place with the members of the CIPB which includes Cabinet Members. Members of the CIPB have contributed to the preparation of the 2020/21 to 2024/25 Capital Strategy and Capital Programme.
- 5.2 Consultation has also taken place with the Members of the Overview and Scrutiny Performance and Value for Money Select Committee at the meeting of 23 January 2020. The Select Committee was content to commend the report to Cabinet without amendment.

6. Financial Implications

- 6.1 By the very nature of this report, it contains financial details of the capital expenditure and financing associated with the delivery of the 2020/21 Capital Programme.
- 6.2 In overall terms, the planned programme for 2020/21 to 2024/25 totals £479.108m which is fully financed. The revenue consequences of the anticipated prudential borrowing of

£365.018m is included within the estimates underpinning the proposed revenue budget and MTFS.

7. **Legal Services Comments**

7.1 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 the responsibility for approving any plan or strategy for the control of Local Authority borrowing, investment or Capital Strategy or for determining the Minimum Revenue Provision is a decision of the full Council. The function of the Executive is to prepare and propose the relevant Strategy to the Council. The Council may require the Cabinet to reconsider, amend, modify, revise, vary, withdraw or revoke the strategy.

8. **Co-operative Agenda**

8.1 The Capital Strategy and Capital Programme have been prepared so that they embrace the Council's co-operative agenda with resources being directed towards projects that support the aims, objectives and co-operative ethos of the Council.

9. **Human Resources Comments**

9.1 None.

10. **Risk Assessments**

10.1 The main risk foreseen at this stage is whether the planned level of capital receipts can be achieved to finance the current capital programme. In order to minimise the risk, a prudent estimate of capital receipts has been made, having regard to the prevailing economic climate which may have an impact on both the timing and level of receipts that can be achieved. The overall level of capital receipts is therefore kept under review and any significant changes are reflected in capital programme forecast outturn figures.

10.2 Actual and potential revisions to Government policy present new risks. The Council must ensure that these are successfully managed, over and above those that are a consequence of any traditional capital programme. In particular these cover risks around expenditure that has already been committed in future years where there is no certainty of continued funding, potential unfunded ongoing legal liabilities, potential overspending requiring an unbudgeted allocation of resources and the general risks around the uncertainty over the nature and level of the 2020/21 and future years' capital funding.

10.3 Following the issue of the revised Prudential and Treasury Management codes a section on the risks associated with the Capital Programme must be included within the Capital Strategy document. The risk section can be found in Appendix 1, paragraph 5.13 to 5.18.

11. **IT Implications**

11.1 Other than the delivery implications of the specific IT projects being put forward there are no IT implications. The programme of ICT investment contained within the capital programme will enable the Council to transform many of its operations and introduce new ways of working. This will contribute to the achievement of existing savings targets and enable the Council to make further efficiencies.

12. **Property Implications**

12.1 The level of capital receipts generated from reductions in the corporate estate and the asset rationalisation programme underpins the financing of the capital programme. Every

effort will be made to maximise capital receipts while delivering outcomes that support corporate priorities.

- 12.2 Any proposed new capital projects and capital programme developments will be considered and reviewed in the context of the refreshed Medium Term Property Strategy and Commercial Property Investment Strategy and Fund.

13. **Procurement Implications**

- 13.1 None.

14. **Environmental and Health & Safety Implications**

- 14.1 The Capital Programme includes resources that will enable corporate health and safety, legionella, asbestos and Disability Discrimination Act projects to be undertaken in accordance with identified priorities.

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

- 15.1 None.

16. **Equality Impact Assessment Completed?**

- 16.1 Not applicable.

17. **Key Decision**

- 17.1 Yes

18. **Forward Plan Reference**

- 18.1 FCS -09-19

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 Appendix 1
Officer Name:	Lee Walsh
Contact No:	0161 770 6608

20. **Appendices**

- 20.1 Appendix 1 – Capital Strategy 2020/21 to 2024/25

Oldham Council

Capital Strategy
2020/21 to 2024/25

Capital Strategy 2020/21 to 2024/25

Contents

Section	Title
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5	Affordability, Delivery and Risk Associated with the Capital Strategy
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8	Long Term Loans
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1 Aims of the Capital Strategy and its Links to the Council's Corporate Plan, Medium Term Property Strategy, Creating a Better Place Strategy, Commercial Property Investment Strategy and Fund, Housing Strategy and Budget and Policy Framework

- 1.1 In accordance with good practice, the Council has traditionally prepared a Capital Strategy, the overarching aim of which has been to provide a framework within which the Council's capital investment plans will be delivered. This Capital Strategy for 2020/21 to 2024/25 has been prepared to cover a five year time-frame to align with the Medium Term Financial Strategy of which it is an integral part. Recognising that there is some uncertainty, especially in relation to funding in later years, the Strategy therefore focuses on 2020/21 and 2021/22 in detail.
- 1.2 The Strategy does however include a longer term vision, which also covers the time frame for 10 years from 2025/26 to 2034/35. This takes a forward look at those projects that are likely to run beyond the initial five year strategy and programme period.
- 1.3 The format of the Capital Strategy reflects the latest Prudential and Treasury Management Codes issued by The Chartered Institute of Public Finance and Accountancy (CIPFA). The strategy therefore presents:
- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - An overview of how the associated risk is managed
 - The implications for future financial sustainability
- 1.4 The Capital Strategy is therefore prepared to ensure that all Council Members are presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.
- 1.5 This Capital Strategy, which incorporates specific information on non-treasury investments, is aligned to, but reported separately from the Treasury Management Strategy Statement. This ensures the separation of commercial investment, usually driven by expenditure on an asset, from the core treasury function which operates under the principles of security of capital, liquidity, yield and an ethical approach.
- 1.6 Specifically in relation to non-treasury investments, the Capital Strategy includes, where appropriate:
- The corporate governance arrangements;
 - Any service objectives relating to the investments;
 - The expected income, costs and resulting contribution to support the Council's budget;
 - The debt related to the activity and the associated interest costs;
 - The payback period (Minimum Revenue Provision policy);
 - For non-loan type investments, the cost against the current market value; and
 - The risks associated with each activity.
- 1.7 CIPFA's Prudential code requires the Capital Strategy to demonstrate the concept of proportionality between the treasury operations and the non-treasury operations. High-level indicators are referred to in Section 5.

Co-operative Council

- 1.8 The 2020/21 to 2024/25 Capital Strategy is influenced by the principles which frame the overarching budget process for 2020/21 and is driven by the ethos of a Co-operative Council. The Council is therefore aiming to take a strategic view in relation to capital investment so that it can be directed to make a real and demonstrable impact on the economy of Oldham by:
- a) Regenerating the borough, building on the established investment programme, by attracting and securing significant amounts of external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer.
 - b) Prioritising regeneration investment to develop the local economy through for example:
 - Taking forward the vision for Oldham town centre;
 - Implementing key strands of the Housing Strategy to improve the housing offer
 - Improving connectivity across the borough;
 - Supporting job creation and the Get Oldham Working initiative.
 - c) Using the regeneration investment to drive up Gross Value Added (GVA) and increase the yield from business rates, taking advantage of the Greater Manchester 100% Business Rates Retention Pilot scheme which commenced across Greater Manchester on 1 April 2017. This is providing additional resources which have been used to support the revenue budget since 2018/19 and will again in 2020/21.

1.9 The Council will also:

- a) Work with partners as a co-operative and commissioning borough particularly with regard to the integration of health and social care to take advantage of joint investment opportunities, co-location and the release of surplus assets.
- b) Instigate further transformational approaches to the delivery of services with and by communities and staff, that maximise involvement and delivery at a more local level, working with residents to reset priorities, manage expectations and promote self-help.
- c) Get the basics right, drive improved business performance with more flexible ICT systems and instigate new delivery models with place-based working.
- d) Focus on effective service delivery, achieving social value and maximising the impact of the resources invested.

The Council's Corporate Plan

- 1.10 Capital investment plans are driven by the Council's Corporate Plan. The Corporate Plan is the Council's key strategic document and outlines the Council's contribution to achieving the vision and outcomes detailed in the Oldham Plan, as well as priority areas of focus and delivery aimed at taking forward our vision of a co-operative future where everyone does their bit to create a confident and ambitious borough. All capital investment proposals will therefore be evaluated in accordance with a range of criteria, a key one of which is the contribution to the delivery of the aims of the Corporate Plan.
- 1.11 The Oldham Plan, the Oldham Partnership's plan for the borough, was endorsed by Council in July 2017. It is a collective action statement covering the period 2017-2022 and sets out the areas where the Oldham Partnership will add the most value as a partnership to achieve the ambition for Oldham to be a productive and co-operative place

with healthy, aspirational and sustainable communities. The three key strands underpinning the plan are:

- **Inclusive Economy**
The vision is for Oldham to become Greater Manchester's Inclusive Economy capital by making significant progress in living standards, wages and skills for everyone.
- **Thriving Communities**
The vision is for people and communities to have the power to be healthy, happy and able to make positive choices and both offer and access insightful and responsive support when required.
- **Co-operative Services**
The vision is to collaborate, integrate and innovate to improve outcomes for residents and create the most effective and seamless services in Greater Manchester.

1.12 The Corporate Plan 2015-2020 was refreshed and updated to sharpen its focus and ensure alignment with the Oldham Plan and was approved by Council, alongside the Oldham Plan, in July 2017. Work on the new Corporate Plan for 2020 – 2025 has now begun and is expected to be presented in May 2020. The new Corporate Plan will reflect the revised Administration priorities, as well as providing stronger links with the Greater Manchester priorities.

1.13 Having regard to the requirement for the demonstration of the delivery of corporate and service priorities, individual scheme proposals will only be included within approved capital spending plans or considered for a resource allocation over the period of the Capital Strategy where this is considered appropriate in the context of the Medium Term Property Strategy/Creating a Better Place Initiative and the Commercial Property Investment Strategy.

Medium Term Property Strategy/Creating a Better Place Strategy

1.14 In August 2018, the Council adopted a Medium Term Property Strategy (MTPS). This, at a high level, incorporates a detailed Asset Management Plan for every group of assets the Council has. This plan was agreed at Cabinet for the term 2018 to 2022.

1.15 For any organisation such as the Council, with a diverse property portfolio, best practice recommends that the Property Strategy describes the general direction that the organisation's property portfolio will take over the next 5-10 years, the approach to be adopted in getting there and the policies that will be applied to decision making. The Property Strategy presents such a vision and reflects the operational and business strategy of the organisation.

1.16 The MTPS and its implementation has been key to the Council achieving both cost savings and a more efficient use of the corporate estate, contributing to the delivery of approved and proposed budget reductions. In this regard, Cabinet on 16 December 2019 approved a report entitled Creating a Better Place, which advised that an independent review of the MTPS had taken place to:

- Review the progress to date against the objectives of the MTPS, to challenge whether these are still fit for purpose, to determine the requirement for any amendments and to test opportunities for the acceleration of the programme.
- Look at processes, procedures, governance and structures to ensure that any proposed amendments to the MTPS could be adequately supported.

- 1.17 The review was undertaken in the context of obtaining approval for a set of property led changes increasing the range of the Capital Programme to support town centre regeneration and a new “homes” focus which are reflected in the revised spending plans outlined in the Capital Strategy. The findings of the review were summarised by four themes:
- strategy;
 - targets;
 - culture/delivery function structure; and
 - governance.
- 1.18 In taking forward the review findings, the MTPS is being refreshed to align with thematic areas, objectives, financial/milestones and performance targets and also the town centre vision and the Housing Strategy to provide a new approach for the Council to support inclusive growth and thriving communities.
- 1.19 The Creating a Better Place strategy is a new prioritisation strategy and vision for the borough which focuses on building more homes for the borough’s residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The new approach has the potential to deliver 2,000 new homes in the town centre, 1,000 new jobs and 100 new opportunities for apprenticeships and is in alignment with Council priorities to be the greenest Borough.
- 1.20 On 27 January 2020, Cabinet approved a further report entitled Creating a Better Place which confirmed the initiative as the comprehensive vision and strategic framework for the borough and the approach to accelerating the delivery of the ambitions for Oldham in ways that contribute to a reduction in carbon in support of the Green New Deal.
- 1.21 In alignment with Creating a Better Place, existing and new projects have been reprioritised (as presented within the Capital Strategy). In addition, targets are being revised, project delivery arrangements and team working will be enhanced and governance arrangements will be consolidated around the operation of the Corporate Property Board.

Commercial Property Investment Strategy and Fund

- 1.22 In December 2019, Cabinet approved the refreshed Commercial Property Investment Strategy and Fund (CPIS). This facilitates development of a robust, property investment portfolio in order to generate a sustainable future income stream to support the Council’s mainstream service delivery. The CPIS will operate having regard to the guidance of the revised Prudential Code issued in 2017 and the CIPFA document Prudential Property Investment issued in November 2019. In the context of the Capital Strategy, the CPIS provides the necessary approval to use capital resources to invest in property assets to create a revenue return.
- 1.23 The Commercial Property Investment Strategy sets out the following:
- The Council’s objective to acquire property assets for investment purposes thereby generating a sustainable future income stream to support the Council’s mainstream service delivery;
 - The role of property acquisition within that objective, recognising the possible risks together with Financial and Legal implications and clarifying the legal power used to operate the Strategy and ensure continued compliance;
 - The acquisition process;

- The financial resources available to facilitate the acquisition strategy; and
 - The future management of property held specifically for income generation purposes.
- 1.24 There are two main additions to the refreshed CPIS, which are the inclusion of two new categories of investment as an opportunity for income generation as follows:
- a) Debt investments /equity investments:
 - Debt investment utilises the purchase of a debt instrument with a profit at the end of the investment period and profit interest during the investment period.
 - Equity investment occurs when shares or part of a building is purchased, generating a dividend payment.
 - b) Investment in green technologies which not only promotes sustainability in alignment with the Council's Green Strategy but would generate income through investment in a scheme producing an annual tariff return.
- 1.25 The Council is therefore seeking property investments that produce the highest returns possible, whilst carrying an acceptable level of risk. The main mitigation measures in managing risk is to target investments which are let to nationally recognised, well established and financially sound tenants and on relatively long leases and having a diversified investment portfolio by sector and geography.
- 1.26 Although the detailed financing decision will be dealt with on a case by case basis, resources are available in the Capital Programme for property acquisitions. However, acquisitions will be financed from a combination of:
- a) A £9m fully financed allocation in the Capital Programme.
 - b) Additional Prudential Borrowing.
 - c) Capital Receipts from the disposal of investment properties managed through the CPIS.
 - d) Resources allocated annually through the Capital Strategy and approved at Budget Council.

Housing Strategy

- 1.27 At the Council meeting on 10 July 2019 the updated Housing Strategy for Oldham was approved. It was developed in line with the Oldham Plan, the GM Spatial Framework and the GM Housing Strategy. It recognises the function that housing plays in supporting health and social care integration and wider public sector reform. A key objective of the development of the new housing strategy has been to reset the housing delivery framework that can start to tackle the challenges identified in the evidence based Local Housing Needs Assessment and help meet the housing priorities identified over the short, medium and long term. It is a strategic document to help share the future service models and seeks to place housing and place sharing at the heart of the Oldham Partnerships collective vision for the borough.
- 1.28 The new Housing Strategy will:
- Enable the Council to determine priorities in each district or local housing market area as defined by the Local Housing Needs Assessment evidence base;
 - Inform bids for both public and private funding to support the development of new homes in Oldham;
 - Support the Council and its partners to make more informed People and Place making decisions about the targeting and future integrated commissioning

priorities under for example the already integrated care organisation (Oldham Cares) and underpin external funding bids to support investment in existing housing services and stock in Oldham;

- Enable the Council to focus and develop new policies and ways of working that better fit the operating environment; and
- Inform the Council to progress its energy conservation work, and to satisfy the Council's obligations under the Home Energy Conservation Act.

1.29 The development of the objectives of the Housing Strategy is a key theme of the Town Centre Strategy and the Creating a Better Place strategy and planned spend on housing projects is reflected in the 2020/21-2024/25 Town Centre Regeneration Capital Programme.

Working with Partners

1.30 The Council is a key member of and a driving force in the activities of the Oldham Strategic Estates Group (SEG). The Department of Health initially required all Clinical Commissioning Groups (CCG) to establish a SEG within their locality, and whilst the group initially had a 'Health' focus, this has been broadened to encompass a 'One Oldham Estate' approach, closely aligned to the Government's One Public Estate (OPE) principles which in essence seek to maximise the efficient use of the public sector estate by co-location/joint service delivery, releasing surplus land and property to support regeneration, residential development and inward investment. The Oldham SEG has a 'strategic' rather than 'operational' focus and has developed a Strategic Estates Plan (SEP), identifying development of integrated public sector hubs and mapping existing estate and utilisation as key priorities. The SEP is closely aligned to and supports delivery of Oldham's Locality Plan for Health and Social Care.

1.31 The Strategic Estates Group (SEG) in Oldham is attended by representatives from a wide range of public sector partners, including the Clinical Commissioning Group (CCG), NHS Property Services Ltd (NHSPS), Greater Manchester Police (GMP), North West Ambulance Service (NWAS), North West Fire Service (NWFS), Community Health Partnerships (CHP), Action Oldham, and Pennine Care NHS Foundation Trust. Recognising the strategic focus of the group it was supplemented in 2018/19 with the formation of the Operational Working Group. The group functions as the 'delivery arm' to ensure that the SEG remains strategic and One Public Estate focused. It reports to the SEG on key work areas, such as the project pipeline and increasing building utilisation.

2 The Principles of the Capital Strategy

2.1 The Capital Strategy is guided by a series of overarching principles. These principles seek to ensure capital resources are focused on gaining maximum benefit from their use in the context of supporting the delivery of the Council's vision and outcomes as described in the Corporate Plan. The principles of the Capital Strategy are summarised in paragraphs 2.2 to 2.17 and detailed in the rest of the document.

2.2 The Capital Investment Programme Board (CIPB) will lead the strategic direction of capital investment for the Council. The CIPB will operate on a commissioning basis. This will enable funding to be better aligned with other partners and funding sources and will link into the principles of the Co-operative Council. In accordance with the commissioning approach being championed within the Council, there continues to be a requirement for links to regional strategies and programmes. As such, the Council must ensure that, when it applies for funds on a regional basis (either individually or part of a collective bid), it uses its best endeavours to reflect local and regional priorities. The Council must therefore ensure that its Capital Strategy reflects the Greater Manchester (GM) Strategy.

- 2.3 All schemes already approved in the Capital Programme or contractually committed will be supported and sufficient resources will be provided to enable them to proceed or complete. These schemes are presented in Annex A, Priority Areas for Investment.
- 2.4 A capital project sponsor must also be able to demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing. Capital investment proposals which will result in a revenue cost saving or efficiency are encouraged. The Strategic Regeneration Project Management Office has a clear role in ensuring that all the key questions have been asked at the initiation stage of a project.
- 2.5 All capital investment decisions will be made with reference to Council objectives and regional strategies and, only after a positive contribution to one or more of the objectives has been demonstrated, is a project to be considered for resource allocation.
- 2.6 The CIPB will ensure that the Council can take full advantage of the freedom and flexibility afforded by the removal of ringfencing from most funding allocations to facilitate achievement of the Council's objectives. All un-ringfenced capital funding and other non-specific Council capital resources that are not required to support existing commitments will initially be pooled into one central fund. Regard will, however, be had to obligations around the:
- a) Transport agenda and transport grant funding;
 - b) Current pressure on primary and secondary school places in certain areas of Oldham and the lack of capacity in the current school stock and the Education Basic Need Government grant funding allocation to address such issues;
 - c) Funding of adaptations to homes for the disabled and Disabled Facilities Grant funding;
 - d) Social Care funding requirements arising from pooled funding arrangements; and
 - e) Implementation of the Housing Strategy.
- 2.7 Un-ringfenced grants received in support of the above initiatives will be passported in full to these five areas.
- 2.8 There will be no ringfencing of capital receipts to specific projects, with the exception of those detailed in section 10.3.16.
- 2.9 The Capital Strategy will support the implementation of the approved CPIS by the allocation of resources and facilitating the introduction of activities required to promote the objectives of the strategy which include providing a sustainable income stream to support the Council's revenue budget from the acquisition or development of property assets.
- 2.10 For the purposes of preparing the Capital Strategy and Capital Programme for 2020/21, an assumption has been made that all resources that remain unallocated within the 2019/20 programme will be treated as though they are fully committed and carried forward into 2020/21 as a central pool for reallocation to other projects.
- 2.11 As well as using traditional funding mechanisms to finance capital schemes, the Council will also consider the use of new initiatives and develop these options if it is considered financially advantageous in the context of the Council achieving its capital investment objectives.
- 2.12 Any public/private partnerships and initiatives requiring the deployment of Council capital resources or impacting in any way on the overarching capital investment policies or plans

of the Council should be presented for consideration to the CIPB. The resources deployed to support such projects will also be subject to on-going review by the CIPB.

- 2.13 The Council is aware that the Government could, in the future, introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council will respond as it considers appropriate to bidding opportunities, ensuring that bids are submitted which align with its objectives and capital investment priorities and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.
- 2.14 The development of new or replacement schools will be led by the Education and Skills Funding Agency (ESFA) and such schools will be created as academies. Mindful of its overarching responsibility for the provision of education, where necessary, the Council will support or enhance ESFA projects using its land assets and/or financial resources.
- 2.15 Given the evolving devolution agenda and the expectation that the Council will work in a collaborative manner with the Greater Manchester Combined Authority (GMCA) and NHS partners, bids to the GMCA, the NHS or other organisations which may have a matched-funding requirement will be prioritised. Regard will be had during the appraisal process to ensure that the Council's objectives and capital investment priorities are achieved.
- 2.16 As the Council moves towards greater integration with Oldham CCG and other NHS partners, the Council will prioritise the allocation of capital resources to support cross sector projects including facilities for joint service provision and the co-location of teams, with any consequent asset rationalisation.
- 2.17 The Council will have a range of capital investment priorities. Whilst these are initially determined on an annual basis, it will review and update the priorities in accordance with in-year developments, responding to local and national emerging issues. The priorities for 2020/21 to 2024/25 are set out in Section 3.

3 Priority Areas for Investment

- 3.1 The priority investment areas identified for the 2020/21 to 2024/25 period are covered below. This section highlights potential priority investment areas for 2020/21 onwards. These will be taken forward subject to the availability of resources and the approval of a full business case.
- 3.2 There is a requirement for continued funding of existing programmes of work on:
- Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function);
 - School Condition Works;
 - ICT Strategy;
 - Social Care;
 - Environmental Services.
- 3.3 In addition to the projects specifically referred to above, the following is a list of further/new projects for which funding may be required:
- a) Social Care
 - b) Better Care Fund (Disabled Facilities Grant)
 - c) Oldham Green New Deal Strategy
 - d) Surplus Sites

- e) Working with NHS Partners
- f) School Investment
- g) GM Investment Fund Loans
- h) Medium Term Property Strategy/Creating a Better Place Strategy
- i) Housing Initiatives (funded by Housing Revenue Account resources)
- j) GM Devolution and Related Initiatives
- k) Matched Funding For Grant Bids
- l) Northern Roots
- m) Royton Town Centre Development
- n) Transport Capital Programme

3.4 Included within the Capital Strategy is an unallocated resource for funding for emerging priorities. This resource can be deployed to support existing priority schemes or new initiatives. This is considered a prudent approach to allow flexibility, revision and reassessment of priorities.

3.5 The Strategy does however include a longer-term vision, a forward look at those projects that are likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2025/26 to 2034/35.

3.6 Further details of the capital priorities can be found in Annex A of this Capital Strategy.

4 Supporting Greater Manchester Devolution

4.1 Greater Manchester remains at the forefront of the city-region devolution agenda. Since its ground-breaking devolution deal of November 2014, a further six devolution deals have been agreed. These have given the regions additional powers and budgetary control across a range of services and policy areas including health and social care integration, transport, strategic planning, housing, work and skills and the justice system.

4.2 The ambition of the region is set out in the Greater Manchester Strategy which sets out a collective ambition to make Greater Manchester one of the best places in the world to 'grow up, get on and grow old'.

4.3 This strategy is supplemented by additional strategies such as the Greater Manchester Spatial Framework (GMSF), the Local Industrial Strategy (LIS) and the Greater Manchester Transport Strategy.

4.4 These strategies in particular will have a major influence on the future capital investment within the Oldham boundary because:

- The GMSF will influence Oldham's own local plan, which determines where development will take place and the nature of that development (e.g., residential vs commercial);
- The LIS sets out how the region will respond to economic and technical challenges as well as other global forces which will inevitably have a significant long-term influence on Oldham's economy; and
- The Transport Strategy will shape the development of city transport links and connectivity as well as seeing to exercise more controls over network operations through for example bus reforms. This will again, inevitably carry implications for transport investment within the Oldham and neighbouring boroughs.

4.5 GMCA also provides funding for Housing and tackling Homelessness through initiatives such as the GM Housing Investment Fund which the Council may be able to utilise to support its own Housing Strategy.

4.6 The Council will continue to align the use of its capital resources to support GM initiatives and work with partners accordingly.

5 Affordability, Delivery and Risk Associated with the Capital Strategy

5.1 In compliance with the requirements of the Prudential and Treasury Code, the following paragraphs consider the Council's capital financing and treasury management activity and its contribution to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability looking at Prudence, Affordability and Sustainability.

5.2 The table below shows the Council's current borrowing position and its borrowing need including the Council's Capital Financing Requirement (CFR). The CFR represents total historic outstanding capital expenditure which has not yet been financed from either revenue or capital resources (£567.242m for 2020/21). It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which is not immediately financed from cash backed resources, will increase the CFR. The CFR for 2020/21 is significantly higher than for previous years due to the anticipated impact of the investment relating to the Creating a Better Place strategy.

5.3 The Council has a number of on-going Private Finance Initiative arrangements for the delivery of assets and services, presented at Other Long Term Liabilities (OLTL) in the table below (£235.495m at the start of 2020/21) which has the effect of inflating the CFR. As can be seen, the Council's actual level of borrowing at the start of 2020/21 is expected to be £167.843m.

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
External Debt					
Debt at 1 April	167,843	237,599	317,596	405,993	435,990
Expected change in debt	69,756	79,997	88,397	29,997	50,000
Debt at 31 March	237,599	317,596	405,993	435,990	485,990
Opening OLTL at 1 April	235,495	224,425	213,563	204,651	193,979
Expected change in OLTL	(11,070)	(10,862)	(8,912)	(10,672)	(11,365)
Closing OLTL at 31 March	224,425	213,563	204,651	193,979	182,614
Actual/Forecast gross debt (borrowing requirement) at 31 March	462,024	531,159	610,644	629,969	668,604
The Capital Financing Requirement	567,242	640,664	699,332	696,594	719,061
Under / (over) borrowing	105,218	109,505	88,688	66,625	50,457

5.4 The CFR does not increase indefinitely, as the Council makes 'prudent' provision for debt repayment which broadly reduces indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used. The approach to making prudent provision is known as the Minimum Revenue Provision (MRP), in other words, making a direct charge to the Council's revenue budget to reflect the cost of repaying the borrowing. The Council's MRP Policy Statement is set out in the Treasury Management Strategy 2020/21.

5.5 It is important to note that the Council has for a number of years been projecting a borrowing requirement but has not needed to undertake any borrowing as there has been reprofiling of the Capital Programme and cash balances available, thus resulting in the

under borrowed position. However, in August 2019 the Council undertook new external borrowing of £20.000m from the Public Works Loans Board (PWLB) when the interest rates were within the bottom range.

- 5.6 The Prudential Code states that it is the responsibility of the Council's Chief Finance Officer (Director of Finance) to explicitly report on the affordability, deliverability and the risks associated with this Strategy. These key elements are set out in the following paragraphs.

Affordability

- 5.7 Affordability is a key criterion when considering whether a project should be approved for inclusion within the Capital Programme. Before any decisions are made, new schemes are underpinned by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards associated with the scheme. The Business Case preparation and consideration process is set out fully in Section 11 of this Strategy.
- 5.8 All projects must also have a clearly identified capital funding source with a definite commitment of financial support if external funding, such as an external grant, is to be used. Also, there must be an identified source of funding to support any on-going revenue costs associated with the use of a capital asset, and these must be built into future years financial projections.
- 5.9 Where borrowing is to be used, the affordability test is the ability to fund interest costs linked to the borrowing, together with the repayment of the borrowing (the MRP charge). This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The Prudential Code sets out the requirements for the appropriate governance of such borrowing and the Council's processes comply with the requirements of the Code.

Delivery

- 5.10 The delivery of the individual schemes within the Capital Programme is directly linked to the process of approving the capital scheme. Each scheme has a project sponsor and a project manager responsible for the delivery and the subsequent achievement of the scheme objectives.
- 5.11 Project updates are provided at the regular meetings of CIPB as well as an overarching update on the Capital Programme. This facilitates the review and challenge to the delivery of projects and any changes to both the timing and value of the programme. In addition, an Annual Review of the Capital Programme is completed each year in accordance with the terms of reference of CIPB. The Annual Review process ensures that all schemes are examined to determine whether they are still aligned to corporate priorities. The review also considers the deliverability and progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations. It also considers rephasing of planned expenditure and identifies any unutilised or underutilised resources which can be reallocated to other projects.
- 5.12 The Council's senior officers also have the opportunity to review and challenge project and programme delivery via monthly updates on the changes/re-profiling of expenditure.

Risks

- 5.13 The Council is exposed to a range of risks with regard to the continued affordability and delivery of the Capital Programme and CPIS as follows:

- Financial risks related to the investment of the Council's assets, cash flow and market volatility.
- Macroeconomic risks related to the growth or decline of the local economy, interest rates, inflation and the wider national and global economy. Of particular relevance in this regard are the longer-term implications of Brexit and the UK's future relationship with the EU.
- Credit and counterparty risks related to investments, loans to public and private institutions.
- Operational risks related to operational exposures within its organisation, its counterparties, partners and commercial interests.
- Strategic risks related to key initiatives undertaken by the Council such as areas of organisational change deemed necessary to enable the Council to meet its goals and objectives, significant capital schemes and major purchases and new ventures.
- Reputational risks related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.
- Environmental and social risks related to the environmental and social impact of the Council's strategy and interests. This is a risk that is becoming more high profile given the recent national and international publicity in relation to climate change.
- Governance risks related to ensuring that prudence and careful consideration are prominent in the Council's decision-making, augmented by quality independent advice and appropriate checks to ensure that the Council has the correct level of oversight, scrutiny and efficiency.

5.14 Managing the Council's risks is an area of significant focus for senior management and Members. The Council adopts an integrated view to the management and qualitative assessment of risk and the refreshed Risk Management Strategy and Framework was approved by Cabinet at its meeting on 16 December 2019. This updating of the strategy aimed to simplify the risk management process and to have regard to the most recent good practice developments. The Council aims to minimise its exposure to unwanted risks through a range of mitigation strategies that are considered with each individual business case or capital project.

5.15 However, it is important to recognise that there are significant risks associated with a large Capital Programme and associated borrowing, but these can be mitigated and indeed are mitigated as business as usual. As advised above, the robust capital business plan process, together with adequate project management arrangements and/or project boards are in place and projects are delivered by suitably skilled staff. Appropriate consideration is given to tax planning, cash flow and the operational planning for the use of any asset. Governance is addressed by the establishment of officer/Member working groups with regular and transparent reporting. Due diligence is undertaken on loans and purchases and external advice is sought where necessary.

5.16 There are clear links from the Capital Strategy to the Treasury Management Strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at CIPB, Audit Committee, Cabinet and Council.

5.17 Members recognise that risk increases with any new borrowing and are mindful of this when considering funding arrangements. New borrowing will increase the Council's annual level of fixed interest and repayment costs which are already currently forecast to increase in the coming years and could have a borrowing liability of £668.604m from 2024/25.

5.18 Investment properties carry a different type and level of risk relating to variations in income streams (tenant non-renewal etc.) and from asset values (impact economic conditions and retail trends etc.). The Council has established a clear strategy, criteria and a governance process around such investment purchases (as is demonstrated in the CPIS) to minimise the risk. This includes detailed due diligence, second opinion on asset values, site visits, surveys etc.

Concept of Proportionality

5.19 The Council has approval via the CPIS to invest in acquiring property assets for Investment purposes to generate sustainable future income streams to support the Council’s mainstream service delivery. During 2019/20, the Council purchased an industrial estate as part of the Strategy.

5.20 With the Council now using the policy to increase its commercial activities, including potentially funding activities by borrowing, the Ministry of Housing, Communities and Local Government (MHCLG) now requires that regard is had to the “concept of proportionality” and the resulting “level of debt and aggregate risk being proportionate to the size of the authority”. The Council has identified the following indicator (% of non-financial investment income as a contribution to the net revenue budget) to demonstrate the concept of proportionality as shown in the table below. This income relates commercial activity which is generating additional income and revenue savings to support the Council’s core services.

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Total Net Non-Financial Investment Return	384	634	959	959	959
Net Revenue Budget	233,512	240,545	246,935	254,362	260,869
% of Net Non- Financial Investment Income as a contribution to Net Revenue Budget	0.165%	0.264%	0.388%	0.377%	0.367%

5.21 Included in the Council’s current Capital Strategy is approved funding to support investment in commercial activity. The Council will operate having regard to the guidance of the revised Prudential Code issued in 2017 and the CIPFA document “Prudential Property Investment” issued in November 2019.

6 Knowledge and Skills

6.1 The Capital and Treasury Finance Team has responsibility for both the preparation of and on-going management of the capital and treasury management strategies and Capital Programme. The team is staffed by professionally qualified accountants with extensive Local Government finance experience. Team members attend all relevant training courses, workshops and events to ensure that their knowledge and skills are up to date and the Council is in a position to address all new technical developments. They all follow a Continuous Professional Development Plan (CPD) as part their individual accounting accreditation. The overall responsibility for capital and treasury activities lies with the Council’s Section 151 Officer who, in accordance with statute, is professionally qualified and is suitably experienced to hold the post.

6.2 The Council provides training to Members on an annual basis, which is delivered by Council officers and external advisors. This ensures Members have a full understanding of key issues and have the appropriate knowledge and skills to make capital and treasury

decisions. Members are updated on developments and any issues of significance throughout the year with information presented to the Audit Committee (responsible for Treasury Management), CIPB (responsible for the Capital Programme) and at Cabinet Member briefings.

- 6.3 The Council uses Link Asset Services Treasury Solutions as its external Treasury Management advisors. The Council recognises that it is essential to engage with external providers of Treasury Management services in order to acquire access to specialist skills and resources. Treasury Management training has most recently been provided to Cabinet Members in October 2018 and the Audit Committee in October 2019.
- 6.4 When looking at commercial activity transactions either with regard to resources included in the Capital Programme or treasury management investments, officers from relevant professional disciplines from across the Council are involved in conducting due diligence exercises. Alongside the internal teams the Council also uses external advisors to complete the due diligence process.
- 6.5 As approved in the Council's CPIS all acquisition of Investment Property will be considered by the Corporate Property Board comprised of both Members and Officers. In order to act within the timescales required when undertaking commercial negotiations, the Board has delegated powers to approve any acquisitions and instruct and appoint appropriate advisors and to close deals. However, there is a clear framework within which the group operates having regard to legislation, the Council's Constitution, policies and procedures and professional body regulations.

7 Treasury Management

- 7.1 The Council produces a Treasury Management Strategy which is approved by full Council annually as part of the Budget Setting process.
- 7.2 The Capital Strategy and Treasury Management Strategy are closely linked as the Capital Programme determines the borrowing need of the Council, essentially the long term cash flow planning and ensures that the Council can meet its capital spending obligations. The Capital Strategy is integral to treasury management activities throughout the year in the management of long term cash that may involve arranging long or short term loans or investing longer term cash flow surpluses. A treasury action is to look for opportunities to restructure any existing borrowing in support of the Council's budget process.
- 7.3 At the end of the five year Capital Strategy period the Council's debt is forecast to be £668.604m. Included within the Council's CFR under long term liabilities are items such as Private Finance Initiative (PFI) and leasing arrangements. The Council is currently expected to have £235.495m of such liabilities in 2020/21 which is expected to reduce to £182.614m by the end of the Capital Strategy period. The Council's Operational Boundary for 2020/21 is forecast to be £574.500m. The Council's Authorised Borrowing limit will be £601.500m for 2020/21.
- 7.4 The Council is required to set aside 'prudent' provision for debt repayment where borrowing or credit arrangements have been used to finance capital expenditure. This is known as Minimum Revenue Provision (MRP). Over the Capital Strategy period the Council has an MRP provision of £85.542m.
- 7.5 The Audit Committee is responsible for the scrutiny and governance of Treasury Management activity within the Council. It reviews the Treasury Management policy and procedures and all Treasury Management reports. However, the Overview and Scrutiny Performance and Value for Money Select Committee also scrutinises the Treasury

Management Strategy alongside the full suite of budget reports prior to their presentation to Cabinet and Council for final approval. As both the Treasury and Capital Strategies are reviewed together, it allows for a combined scrutiny process.

7.6 Throughout the year the Audit Committee receives regular updates on performance and emerging issues including the Mid-Year Review report which is also reported to full Council. It is also important to note that the Treasury Management function is subject to regular Internal and External Audit reviews. All recent reviews have highlighted the high standard by which the treasury management function is delivered.

7.7 Further detail can be found in the Treasury Management Strategy 2020/21.

8 Long Term Loans

8.1 The Council has the ability, should it choose to exercise its powers, to enter into loan arrangements to support the delivery of strategic corporate priorities.

8.2 The Council has chosen to make some but limited use of its ability to enter into loan arrangements, but in such instances, all loans have been and will be approved in line with the Council's Constitution under the Financial Procedure Rules which ensures that they are prudent and secured by:

- A full independent due diligence process
- Ensuring adequate security for the loan is in place
- Continuous monitoring of the loans and undertaking review meetings
- Ensuring the financial exposure of the Council is proportionate to its size.

8.3 The Council may choose to provide assistance to organisations where they have experienced difficulty in securing funds from other sources at affordable interest rates. In order to deliver corporate priorities, loans to third parties may be offered at an interest rate below the market rate. Where the loan is advanced at less than a market interest rate there is an associated loss of investment return which would otherwise have been earned on these funds. The cost to the Council in this respect would be reflected in the Council's accounts. Any loans to third parties are recognised as investments and detailed within the Annual Investment Report in the Treasury Management Strategy.

8.4 Loans are treated as capital expenditure and will therefore be approved as part of the Capital Programme.

8.5 The Council has recently provided two significant loans. One is a long-term loan to a strategic stakeholder partner that will generate a sustainable income source for the next 30 years. It also aligns to the Council's corporate priorities and the wider economic development of the GM area. The second is a short-term loan and is an arrangement between the Council and a joint venture partner to support the delivery of the Council's strategic regeneration priorities at a particular development site. Mindful of the requirements of State Aid regulations, the loans have been negotiated at commercial rates of interest.

9 Other Non-Treasury Investments

9.1 Until the recession in 2008, the Council achieved good investment returns on its surplus cash balances. Since then, however, falling interest rates and investment returns have contributed to the pressure on its revenue budget. Combined with the budget shortfall the Council faced and the continued low return on its cash investments, plus Central Government financial support for local public services continuing to decline, the Council investigated various options including investing in commercial property purely or mainly

for financial gain, and to generate a return that can be spent on local public services. As previously mentioned, Cabinet approved a CPIS to give authorisation to invest in property solely to generate additional income to support the Council's mainstream service delivery. When investing in non-treasury investments either property or financial instruments the Council will follow the most recent guidance issued by CIPFA, which includes a document entitled "Prudential Property Investment", which was published in November 2019.

- 9.2 During 2019/20, the Council purchased an industrial estate within the borough, in accordance with the parameters set out in the CPIS following a substantial due diligence process. The purchase will provide a sustainable income stream to offset the costs of the Council in the provision of services. The proportionality of the Council investment decision is highlighted in section 5.
- 9.3 Where income generation is an objective, the Council recognises that there may be a higher risk on commercial property investments than treasury investments. The principal risk exposures of property purchases are the possible fluctuation in capital values, vacancies, tenant defaults and rising financing costs. All these factors can have an impact on the net financial return to the Council. The Council mitigates the risks through the choice of more secure property investments using the criteria described in the CPIS and in time will keep a balanced portfolio spread across different property types. Officers prepare detailed business cases including extensive cash flow models and scenarios for each prospective investment acquisition in order to appraise the cash flow risk and the rate of return of the investment.
- 9.4 In accordance with Government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than the purchase cost including taxes and transaction costs. The Council revalues investment property annually.
- 9.5 If the fair value assessment of property values are at or above the purchase cost, the underlying asset provides security for the capital investment. Should the valuation be lower than the purchase cost, the Council will report this in the Treasury Management Strategy, along with the consequences of the loss on security of investments and any revenue consequences arising.
- 9.6 Commercial property investment performance is reviewed regularly throughout the year and any developments are reported quarterly to the Corporate Property Board and annually to Cabinet.
- 9.7 The Council has also invested in the Churches, Charities and Local Authorities (CCLA) property fund. As advised within the Treasury Management Strategy due to the anticipated fluctuations in price this is an investment with a minimum time horizon of 5 years. The Council currently holds £15.000m in the property fund and the investment currently generates a return of approximately 4.5% per annum.
- 9.8 Due to the uncertainty surrounding the longer-term impact of Brexit, the property fund has seen a decline in the value due mainly to valuer caution rather than any significant increase in pressure to sell properties. In contrast, occupier trends continued to strengthen, and the dividends remained constant at a similar rate.
- 9.9 Any CCLA or such commercial investments that the Council investigates will only be undertaken after detailed and thorough due diligence and having regard to the Treasury Management principles of security of capital, liquidity, yield and ethical investments.
- 9.10 In order to support investment and commercial decisions the Council also relies upon the principles established in the Income Strategy which was recently refreshed and

approved at Cabinet on 16 December 2019. This sets out the framework for and the objective of the maximisation of new and existing income streams to support service provision.

10 Capital Resources to Support Capital Expenditure

10.1 The Utilisation of Capital Resources

10.1.1 The Council's strategy is to ensure that all resources are deployed to support the achievement of the Council's objectives. With the Government placing a greater emphasis on regional initiatives, the Council's Capital Strategy and capital planning arrangements need to be consistent with, and linked to, the Greater Manchester Strategy but also enhance the Council's own co-operative ethos and other corporate initiatives such as Get Oldham Working, with some devolving of resources and decision-making to Districts and Neighbourhoods. As such, the aspirations of District Partnerships need to be considered and they will be consulted, as appropriate, over possible bids for any available funding. The District Investment Fund and its replacement the Local Investment Fund are included in the Capital Programme, currently at £0.746m over the financial years 2020/21 and 2021/22.

10.1.2 As most capital financing can be used for projects at the Council's discretion, the Council is able to address its own priorities and shape the Capital Programme to align with local, regional and national agendas.

10.2 Creation of a Central Pool of Capital Resources

10.2.1 The Council will ensure that it takes full advantage of the freedom and flexibility arising from the removal of the ringfencing of most resources to facilitate the achievement of Council objectives. All un-ringfenced capital funding and other non-specific Council capital resources, that are not required to finance existing commitments, will be pooled into one central fund. This corporate resource will then be managed so that only schemes which can demonstrate the attainment of Council capital priorities will be allocated funds. The Capital Investment Programme Board (CIPB) will review all bids for resources, evaluate them and then make recommendations to:

- a) Cabinet/Council on the prioritisation of resources for the initial 2020/21 to 2024/25 Capital Programme.
- b) The appropriate decision-maker for any subsequent revisions to the Capital Programme.

10.2.2 The Budget Council will make the final decision on the overarching Capital Programme for 2020/21 to 2024/25 and will subsequently delegate (subject to the provisions in the Council's Constitution) the updating of the programme and revisions to projects following review and recommendations by the CIPB.

10.2.3 The CIPB will review the usage of any ringfenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council.

10.2.4 In determining the size of the central fund, the CIPB will have regard to the following:

- a) The statutory fourth Greater Manchester Local Transport Plan (GMLTP4). This is part of the long-term transport strategy for Greater Manchester to 2040 with a five year delivery plan.

- b) The current pressure on primary and secondary places in certain areas of Oldham and the lack of capacity in the current school stock.
- c) The Disabled Facilities Grant (DFG) is provided to meet the Council's obligation to finance adaptations to the homes of disabled residents and its commitments to wider social care. The Council receives the DFG funding via the Better Care Fund (BCF) and this is included within the pooled funding arrangements with Oldham CCG.
- d) The Council's ambition to deliver its Housing Strategy.
- e) Any resources allocated by Central Government after approval of the Council's 2020/21 – 2024/25 Capital Strategy/Capital Programme.

10.2.5 The Council will therefore passport all of the un-ringfenced resources for schools (via the Education Basic Need grant), transport, Disabled Facilities Grant and housing related funding to support spending in the respective areas.

10.2.6 Grant funding allocations notified to the Council also include information regarding capital maintenance funding for Voluntary Aided (VA) schools. This grant is paid directly to the Church of England and Roman Catholic Diocesan authorities and is not therefore included within the Council's Capital Programme. Expenditure undertaken by the Council on VA schools is planned with regard to the availability of contributions from the VA grant and diocesan resources.

10.3 Methods of funding capital expenditure

10.3.1 There are a range of methods for funding capital expenditure. The methods that will be used by the Council are set out as follows:

a) Government Grants and Non-Government Contributions

10.3.2 Capital resources from Central Government can be split into two categories:

- i) Un-ringfenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding.
- ii) Ring-fenced – resources which are ringfenced to particular areas and therefore have restricted uses.

10.3.3 Where there is a requirement to make an application to an external agency for external funding and, when appropriate, to commit Council resources as matched funding to any bid for external resources, a business case (following the three-stage process described at Section 11) must be presented to the CIPB for approval. This must justify the bid for external resources and any Council matched funding prior to submission of the bid.

b) Prudential Borrowing

10.3.4 The Council will consider financing capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing. This will be especially important when undertaking property acquisition under the CPIS where, in addition, a revenue income stream is required to support the revenue budget.

- 10.3.5 Where it is considered that Prudential Borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be reflected in the revenue budget planning process.
- 10.3.6 Notification was received from HM Treasury on 9 October 2019 regarding future PWLB rates. Historically, PWLB rates had been priced on the current gilt rates plus 100bps (1%) however, with effect of the 9 October 2019 rates are now based on gilt rates plus 200bps (2%). This resulted in an immediate increase in the cost of borrowing using PWLB loans. As a result of the increase in the rate, the Council is anticipating that various private sector financial institutions will enter the market or make current market products available to Local Authorities.
- 10.3.7 In September 2019 the Council applied for and received the PWLB Certainty Rate reduction. This entitles the Council to receive a 20 basis point rate reduction on the prevailing rate of PWLB on any borrowing undertaken from 1 November 2019 to 31 October 2020. The obvious benefit to the Council of the certainty rate is reflected in reduced Treasury Management borrowing costs in relation to any PWLB borrowing undertaken.

c) Capital Receipts

- 10.3.8 Section 9 (1) of the Local Government Act 2003 defines a capital receipt as “a sum received by the authority in respect of the disposal by it of an interest in a capital asset”.
- 10.3.9 Section 9 (2) of the Act states “an asset is a capital asset if, at the time of the disposal, expenditure on the acquisition of the asset would be capital expenditure”.
- 10.3.10 Capital receipts are usually restricted to use for:
- i) Financing new capital investment.
 - ii) Reducing borrowing under the Prudential Framework.
 - iii) Paying a premium charged in relation to any amounts borrowed.
 - iv) Meeting any liability in respect of credit arrangements.
 - v) Meeting disposal costs (not exceeding 4% of the receipt).
- 10.3.11 In general, capital receipts arising from the disposal of housing assets and for which account is made within the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. In summary the regulations require that receipts arising from:
- i) Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government; and
 - ii) All other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying of housing debt.
- 10.3.12 Such receipts have reduced substantially since the transfer of the housing stock to First Choice Homes Oldham (FCHO).

Value Added Tax (VAT) Shelter

- 10.3.13 As part of the Housing Stock transfer that took place in February 2011 a Value Added Tax (VAT) shelter agreement was entered into with FCHO. This allows FCHO to obtain the same VAT exemption on its capital works as the Council. The shelter only applies for first-time improvements and is expected to cease in 2024/25. FCHO retained all the

benefits in the first four years and the savings thereafter have been split 50:50 with the Council, although the first £6.000m was top sliced to deal with outstanding FCHO asbestos liabilities.

- 10.3.14 FCHO has provided an indicative notification of the release of resources from the VAT shelter for 2020/21 and this is being used to support the capital receipts requirement underpinning the Capital Programme.

Ringfencing of Capital Receipts

- 10.3.15 Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the Capital Programme as a corporate resource.

- 10.3.16 The only areas where the Council ringfences capital receipts is in respect of:

- i) The Equity Home Loan Initiative.
- ii) Saddleworth School as part of the Priority Schools Build Programme.
- iii) Recycling of capital receipts to support the sustainability of the Commercial Property Investment Strategy and Fund.
- iv) The Flexible Use of Capital Receipts Strategy – in 2020/21 the first £3.750m of unallocated receipts will be used to support the revenue budget via the financing of transformational projects.

Flexible Use of Capital Receipts

- 10.3.17 As part of the Local Government Finance Settlement (LGFS) in March 2016, the Secretary of State for Housing, Communities and Local Government provided Local Authorities with the opportunity to use capital receipts to fund the revenue costs of transformation. This flexibility was then extended to 2021/22 as part of the 2018/19 LGFS. As previously stated, the Council intends to use up to £3.750m of capital receipts to fund elements of Oldham's transformational agenda in line with the Directive guidance and therefore in 2020/21 the first £3.750m of unfettered receipts will be used to support the revenue budget via the financing of transformational projects.

- 10.3.18 The Flexible Use of Capital Receipts is designed to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners.

- 10.3.19 In order to take advantage of the change of use to capital receipts, the Council must act in accordance with the statutory guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. The Council's Flexible Use of Capital Receipts Strategy is included in Annex D.

Availability of Capital Receipts

- 10.3.20 In considering the 2020/21 Capital Programme, and given the position with regard to capital receipts, a prudent approach has been taken with capital receipts assumed in accordance with an anticipated timeline for asset disposal. However as advised above, the Council anticipates using up to £3.750m under the Flexible Use of Capital Receipts Strategy in 2020/21 to support transformational projects.

- 10.3.21 The level of receipts upon which the programme relies to fund existing and new commitments has in the past been affected by the property market which has impacted on the:
- i) Ability of the Council to sell assets within the timescale anticipated.
 - ii) Level of receipt actually generated, which has sometimes been less than originally expected. However, recent years has seen some improvement with receipts matching or exceeding expectations.
- 10.3.22 The Council's objective to rationalise the corporate estate (as highlighted in the Medium Term Property Strategy and the Creating a Better Place strategy), will lead to the marketing of increasing numbers of surplus assets. This has the potential to affect both (i) and (ii) above. This is being carefully managed to ensure that the Council receives the best sales price possible. The Council has specific staffing resources to manage the phased disposal of former schools' sites, residual Housing Market Renewal sites and other strategic regeneration sites. External expertise will be engaged to supplement in-house teams if required when rationalisation activity increases.
- 10.3.23 The availability of sites for sale could potentially be reduced if there is earmarking of key plots for inclusion in any future Joint Venture opportunity for or any regeneration project throughout the Borough. Again, this position will be carefully managed in the context of the overall financial position of the Council.
- 10.3.24 Monitoring of capital receipts is undertaken through an officer sub-group that reports to the CIPB and the Corporate Property Board (CPB); follow-up actions are initiated to address any comments raised. The capital monitoring report presented to Cabinet at months 3, 6, 8 and 9 also advises Members of receipts compared to target.

d) Revenue Contributions

- 10.3.25 A service or school may wish to offer some of its revenue budget or reserves to support the financing of a capital project. This is acceptable if it can be demonstrated that this funding is unfettered.

e) Use of Leasing

- 10.3.26 Some of the assets used by the Council have previously been financed by a lease arrangement, for example vehicles. Leasing is considered as a viable option for consideration when financing options are being appraised. The increase in PWLB loan rate as mentioned at 10.3.6 may mean that leasing now offers better value for money when in recent years due to historically lower PWLB rates this might not have been the case.

f) Section 106 Agreements

- 10.3.27 In considering an application for planning permission, the Council may seek to secure benefits to an area or restrict uses or activities related to a proposed development through the negotiation of a 'planning obligation' with the developer. Such obligations, authorised by Section 106 of the Town and Country Planning Act 1990, generally either improve the quality of the development, or overcome difficulties which would otherwise result in planning permission being refused. A planning obligation must be:
- i) Necessary to make the development acceptable in planning terms;

- ii) Directly related to the development; and
- iii) Fairly and reasonably related in scale and kind to the development.

10.3.28 As such, therefore, the Council may in some instances receive funds to enable it to undertake works arising from these planning obligations. Examples of the use of planning obligations are the:

- i) Provision of affordable housing.
- ii) Improvement to community facilities - Public open space/play areas, educational facilities.
- iii) Improved transport facilities - contributions have previously been used towards Oldham bus station, park and ride and the provision of cycle lanes.
- iv) Public art.
- v) Renewable energy measures.
- vi) Specific measures to mitigate the impact on a local area, for example parking restrictions, landscaping or noise insulation.

10.3.29 The use of any Capital Section 106 funding will be presented to the CIPB for review.

g) Community Infrastructure Levy

10.3.30 The Council has the option to charge a Community Infrastructure Levy, a planning charge based on legislation that came into force on 6 April 2010. The Council has considered this but at this time there are no plans to progress the CIL. The position will be kept under review as work is taken forward in relation to the Greater Manchester Spatial Framework and the Council's own Local Plan.

h) Private Finance Initiative (PFI)

10.3.31 This was a means by which the Council facilitated major new infrastructure projects. Typically, the schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital. Oldham has considerable experience of PFI with two schools' projects, two housing projects, the Library and Lifelong Learning Centre and the street lighting initiative.

10.3.32 In the Autumn Budget 2018 the Government announced that there will no longer be the use of PFI for major investments and a new centre of excellence will be established to manage existing deals "in the taxpayer's interest". The Government emphasised its commitment to maintaining current commitments on PFI contracts. As a result, no new PFI projects or similar initiatives are anticipated within the Strategy period.

i) UK Municipal Bonds Agency Plc

10.3.33 During the course of 2019/20, the working and administration of UK Municipal Bonds Agency (UKMBA) has been significantly re-organised. The UKMBA is still owned by the Local Government Association (LGA), however the UKMBA is now managed by PFM, the largest independent financial advisory firm in the US that works solely for public sector clients. It has extensive experience in the US bonds market and has a wealth of experience of bringing bonds to market for public sector clients. PFM has amended the terms and conditions relating to the guarantees and penalties associated with issuing a bond to align them with the requirements of the Local Government sector. The aim

remains to provide Councils with a cost-effective source of long term borrowing and to introduce sector owned diversity into the Local Government lending market.

10.3.34 The Council has invested a total sum of £0.100m in the equity of the Company. The Council will keep under review the availability and cost of funds from the Company as an alternative source of finance with a view to borrowing at an appropriate time if terms are preferential. Following, the increase in PWLB rates in October 2019, the UKMBA has recently announced the issue of first bond in at competitive rates.

11. Capital Investment and Disposal Appraisal

11.1 Capital Investment

11.1.1 All capital investment will be commissioned on the recommendation of the Capital Investment Programme Board (CIPB) which will enable any expenditure and it's funding to be better aligned with corporate priorities, partners and funding sources. Partners, from both the public and private sector will be at regional and local levels as well as at a district level.

11.1.2 Within the Council, a concept for a potential capital project should originate from, or at least be 'owned' by Senior Responsible Officer (SRO) or Directorate Management Teams (DMTs). The SRO or DMT that 'owns' the concept should prepare or direct the preparation of a Strategic Business Case (SBC) for the proposed project. The Strategic Business Case should be submitted to CIPB for consideration, with the exception of Strategic Regeneration projects where the Project Management Board (PMB) first reviews the SBC.

11.1.3 If the CIPB (or the PMB in the case of Strategic Regeneration Projects) is satisfied that the proposal meets investment criteria, it will be given approval to progress to Stage 2 of the process – the completion of an Outline Business Case (OBC). The OBC builds on the SBC providing more detailed information including the benefits that could be realised and may include a number of options to deliver the proposed benefits. The OBC will be submitted to the CIPB for consideration, and if it is satisfied with the proposal will give guidance for the development of a preferred option.

11.1.4 Stage 3 of the process entails the completion of a Final Business Case (FBC) which will then be submitted to the CIPB for final consideration. Again, building on the OBC, the FBC will contain evidence of a:

- a. Detailed financial analysis of all costs/income including how the project is financially sustainable and that any adverse revenue implications can be dealt with within existing budgets.
- b. Robust delivery plan including how the chosen option delivers the highest impact in achieving the required outcomes with identified key project milestones enabling progress review.
- c. Risk assessment and that appropriate actions to negate these risks have been identified.
- d. Full exit strategy where the project involves a disposal.
- e. Method of procurement that represents value for money.

11.1.5 By adopting the process outlined above, CIPB exercises control over capital projects through the recommendation of approval of:

- a. Strategic Business Cases (SBC) outlining the initial idea or 'concept' for a project.

- b. Outline Business Cases (OBC) which will focus on links to the Corporate Plan and outcomes.
- c. Full Business Cases (FBC) – the final investment decision. This will focus on the how the priorities set out in the OBC will be delivered, including:
 - i) Project description
 - ii) Consultation
 - iii) Expenditure and funding including whole life costs and revenue implications
 - iv) Outputs
 - v) Option Appraisal
 - vi) Value for Money
 - vii) Delivery
 - viii) Risk Management
 - ix) Sustainability, Forward strategy and evaluation
 - x) Asset Management
 - xi) Procurement
 - xii) Equality Impact Assessment
 - xiii) Environmental Impact Assessment
 - xiv) Contribution to the achievement of corporate initiatives including Get Oldham Working

11.1.6 Depending on the circumstances of the bid for resources, the CIPB has the discretion to vary the three stage review process and omit one or more of the stages.

Gateway Review System

11.1.7 The Council has adopted a gateway review system for all projects within the Capital Programme to promote the following principles:

- a. Carrying out structured reviews at decision checkpoints, defined by boundaries between management stages, to test the project's management and its readiness to progress to the next stage.
- b. Promoting project assurance through the application of a structured project management system.
- c. Informing the governance process.

11.1.8 The Gateway Review structure is designed to be efficient by only requiring detail when it is needed to get to the next stage. It also tries to minimise additional work for team members by using templates that build on each other, reducing the need for reworking.

11.1.9 Gateway Reviews are undertaken by the Strategic Regeneration Project Management Office which has been specifically set up to ensure there is a robust review process in place to support the delivery of capital schemes and therefore to support the work of the CIPB.

11.1.10 There are four Gateway Reviews which are initiated at key milestones in the delivery of a programme, Gateways 1 to 3 are undertaken in the approval process for the Strategic, Outline and Final business cases respectively, Gateway 4 is undertaken in support of the delivery and handover phase. It is important to note that the Gateway report is used to advise and inform those responsible for making the investment decision, the decision will not be made by the Gateway Review team.

11.2 Service Challenge & Review, Efficient Use of Assets

- 11.2.1 In light of unprecedented financial challenges in recent years, the Council has embarked on an ambitious programme of transformation utilising the corporate estate as a key driver for change and delivering revenue budget reductions.
- 11.2.2 A further strategic review of the Council's operational land and property portfolio has been initiated to consider:
- a. The core office estate;
 - b. The operational asset base used for district-based service delivery; and
 - c. Land.
- 11.2.3 In previous financial years the Smarter Workplaces programme radically reviewed the Council's wider 'office portfolio' and realised significant efficiency savings by vacating a number of properties and consolidating provision of back office functions within three key buildings. Significant capital receipts were also realised by asset disposal. This process will now be reinvigorated.
- 11.2.4 Through the Creating a Better Place strategy, an Assets Accommodation and Investment Group will lead the work to further streamline the Council's core office accommodation, working collaboratively with other public sector partners, to exploit collective town centre property ownerships to maximise benefits from regeneration, inward investment and improve efficiency in operating costs. This will align with the Government's One Public Estate (OPE) Programme and the work undertaken by the Strategic Estates Group (SEG).
- 11.2.5 With regard to the review of operational district assets, the Property Team and services continue to work closely alongside wider public and third sector partners to ensure that portfolios are the best fit for purpose and efficient usage is maximised. Work with NHS partners has been accelerated to support the health and social care integrated working agenda.
- 11.2.6 In taking forward the Creating a Better Place strategy, the disposal of land and property assets will be progressed with alignment to corporate objectives and incorporated into the asset rationalisation programme. The review of the Council's existing investment portfolio will be accelerated as part of proposals to further streamline the Council's Asset Estate, in line with required capital receipts targets and proposed revenue savings.
- 11.2.7 Governance of the Council's land and property portfolio is provided via the Land and Property Protocols which form part of the Council's Constitution, providing a strategic governance framework within which land and property transactions are undertaken and the corporate portfolio is managed in a consistent, transparent and appropriate manner. The Protocols are regularly updated to reflect Statutory, Administrative and Organisational changes and are being reviewed again in line with the recommendations of the Creating a Better Place strategy.
- 11.2.8 The Corporate Property Board oversees acquisition and disposal of land and property assets and monitors the progress of the asset rationalisation programme and performance of the investment portfolio.

12 How the Capital Requirements Will Be Prioritised

- 12.1 Once a bid for capital expenditure has passed through the Gateway process and has demonstrated that it meets Council Objectives and links to the Greater Manchester Strategy (if appropriate) and it has been agreed that it is suitable for capital investment,

the strategic requirements will be prioritised using the following criteria (it should be noted that these are not mutually exclusive or in ranking order):

- 12.2 The criteria examine whether the proposal is:
- a. Related to mandatory, contractual or legislative service delivery requirements.
 - b. Required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process.
 - c. Required to support Service Plan priorities.
 - d. Enhancing the Co-operative Council agenda and demonstrating the enhancement of Social Value.
 - e. Supporting the Get Oldham Working priority initiative and demonstrating how it delivers the aim of local jobs for local people.
 - f. Supporting integrated working with NHS partners or in support of other GM devolution objectives
 - g. Linked into other regional objectives.
 - h. Enhancing the asset management/estate management agenda.
 - i. Providing general revenue saving or offering the delivery of a more efficient service.
 - j. Fully-funded from external resources.
 - k. Bringing in substantial external resources for which Council matched funding is required.
 - l. Likely to have the highest impact on achieving improved performance against the Council's key objectives.
 - m. Making a contribution to carbon reduction targets and renewable energy initiatives.
 - n. Supporting regeneration and economic growth, particularly in the town centre and district centres.
 - o. Supporting the implementation of the CPIS and the generation of an income stream through investment in property.
- 12.3 The results of this process will be presented to Members each year as part of the capital budget setting process, or during the year if projects come forward outside the normal timeframe.

13 How the Council Will Procure its Capital Projects

- 13.1 The structure of the Council's procurement and strategic relationship management function includes designated Commercial Procurement Managers whose focus is to support all capital projects.
- 13.2 Integration of revenue and capital financial planning provides opportunities for greater efficiency by selection of the most effective procurement processes to ensure the best commercial solution.
- 13.3 The Council is keen to ensure that Social Value, is demonstrated during the procurement process, linked to the principles of the co-operative agenda. Therefore, this is of key importance in the procurement of all capital schemes. The social value deliverables are actively monitored by the procurement team throughout the life of the contract.

- 13.4 Efficiency gains via procurement will be achieved by:
- a. Efficient procurement processes which are constantly being enhanced with opportunities being developed to ensure the best commercial solution is selected and delivered.
 - b. Expanding the range of providers included within the Council's early payment discount scheme.
 - c. Strategic contract management of the wider supply chain to ensure continuous savings through the life of the project.
 - d. Procuring fixed price contracts with risk/reward terms to incentivise further efficiencies.
 - e. Joining in GM wide procurement initiatives which will provide savings through economies of scale.
 - f. Public Private Partnership (PPP) agreements and other innovative financing arrangements where practicable.
 - g. Leasing/borrowing strategies which will consider the most effective means of acquiring assets.

14 How the Council Will Measure the Performance of the Capital Programme

- 14.1 The capital commissioning approach that has been adopted by the Council is supported by a strong programme management process in order to ensure a co-ordinated corporate approach to the strategic alignment of investments. The process has been modelled on the PRINCE 2 project management methodology and the Office of Government Commerce (OGC) Gateway Review System, incorporating risk assessment, risk management, option appraisal, cost v benefit analysis, etc. This ensures that investments are planned, managed and delivered prudently.
- 14.2 The Capital Investment Programme Board (CIPB) has a remit to review the financial performance of the Capital Programme and from month 3, it receives a monthly monitoring report. In addition, financial monitoring reports will be considered by Cabinet at months 3, 6, 8 and 9, together with a capital outturn report. Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports.
- 14.3 The undertaking of the detailed annual review of the Capital Programme provides the opportunity to review all schemes or focus on specific areas of concern.
- 14.4 Where a potential cost overrun has been identified, the CIPB will explore possible solutions in detail. It will also consider any under spending or identified surplus resources which can be added to the central pool of resources. The CIPB may also suggest a reallocation of resources to other projects.
- 14.5 Where there is a delay in the commitment of programme/project resources, the CIPB will require project managers to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of un-ringfenced resources to other projects.
- 14.6 The performance of the Capital Programme is also measured by the prudential indicators which are reported to Cabinet/Council as part of the Treasury Management Strategy, the Treasury Management half-yearly review, and the annual review.

15 The Capital Investment Programme Board

- 15.1 The Capital Investment Programme Board (CIPB) is an Advisory Board and is chaired by the Deputy Leader and Cabinet Member for Finance and Corporate Services. The lead Chief Officer for CIPB is the Deputy Chief Executive People and Place. The Leader of the Council and the Deputy Leader and Cabinet Member for Social Justice and Communities have a standing invitation to all meetings. The Board is supported by the Director of Finance, the Director of Economy, the Director of Education and Early Years and the External Funding Manager. The Board has a Terms of Reference and detailed reporting performance processes which are included at Annex B.
- 15.2 All Directorates are represented at Director level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet Member to attend when a project within their portfolio is being discussed.

Priority Areas for Investment

The priority investment areas identified for the 2020/21 to 2024/25 period covered by this Capital Strategy document are set out below, along with information about longer term projects which are emerging through the vision for the borough.

The Capital Strategy is split between two distinctive elements, the short to medium term and a longer-term vision. The short to medium term years 0 to 5 focus towards the delivery and implementation of a wide range of capital schemes covering priority capital schemes. At this stage, the management of potential risks in the acquisition or delivery of capital schemes is significant for the Council. It must be noted that within the short to medium term timeframes the Capital Programme may be amended with the introduction of urgent, high priority capital schemes. The programme will need to be flexible to ensure that it can incorporate schemes to meet the requirements or opportunities that arise. This stage also allows the Council to develop plans that contribute to the Council's immediate priority objectives such as the town centre vision, housing and boroughwide regeneration.

The Council incorporates Capital Programme expenditure and funding projections into the medium term cashflow forecasting which in turn feeds into the debt management strategy for the Council. Decisions on debt financing will be influenced by capital projections as well as forecast capital receipts. The Capital Programme and the implications of the programme for MRP and debt financing costs are incorporated into the revenue budget and Medium-Term Financial Strategy.

The breakdown of funding by project area is shown across the current programme to 2024/25 at Annex C. The narrative supporting the programme is set out below together with information about projects which the Council plans to take forward in the following 10 years from 2025/26 to 2034/35.

1 Continuation Funding

There are requirements for the continued annual funding of existing programmes of work across the current five year programme and beyond, these are summarised as follows:

- a) Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function)

Spending in this area aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. Provision for such expenditure is included within the People and Place – Corporate Property service budget which has an allocation of £4.117m in 2020/21.

- b) School Condition Works

The Council has provided resources to address the most immediate needs (priority 1) for condition works within the school estate. There is however, increasing demand on the school condition works budget to address priority 1 condition issues as well as other preventative works prior to arrival at priority 1 status. Provision is included within the People and Place – Corporate Property (Education Premises) budget.

c) ICT Strategy

The strategy has been formulated through a pipeline which addresses delivering a customer focused service. The ICT Strategy has 4 identifiable themes set out below:

1) Delivering Resident Focused Services

This theme is about exploiting digital technologies to enable communities to help themselves. Through the best of digital, a digital access platform will be built that ensures self-help and self-serve is frictionless and easy-to-access and use. This will ensure a consistent experience, within which expectations are managed. A user and resident-led approach will be employed to ensure maximum benefits for all. Having made progress with the ICT Strategy, there will be a review of customer relationship management capability in the near term with a view to creating an enterprise service in line with the Digital Strategy.

2) Creating an Agile and Efficient Council

This theme calls for a balance between the adoption of new technologies and approaches whilst at the same time continuing to modernise and extract value from our existing IT investments in line with the “re-use” design principle. Having moved to Hybrid Cloud state with investments to date, there will be investment in technologies that help the achievement of value from agile delivery methodologies and help staff and citizens get the most from digital enablement.

3) Harnessing the Power of Data

Having started to build out a cloud based Data Services Platform as part of the ICT Strategy, there will be a review of the Council’s approach to Data and Analytics and investment in strategic approaches to Data and Analytics that help unlock insights from the Council’s rich vein of data.

4) Strengthening Governance and Capability

As there is a constant improvement in digital technology there will also be a constant improvement in governance and capability to derive maximum value from this technology, and ensure it is reliable. This means new delivery methodologies, ways to engage with ICT and Cyber Security Defences and improving disaster resilience.

All new ICT Capital investment will have the technology design principles based on the principles below:

- **Simplicity:** Controlling technical diversity and minimising the number of technologies maintained. Encouraging investment in scaling strategic platforms.
- **Enable Digital Orchestration:** Architecture designed to enable machines to perform efficient, repeatable processes.
- **Design with the User:** The team is the unit of delivery, so an initiative will never be started based on a technology. A business change need is agreed and then roles to design and implement change.
- **Consider the Digital Ecosystem:** Architecture designed for the whole Borough and spanning much further than its boundary.
- **Security to Enable Business Success:** A risk-based approach to designing appropriate security protections.

Provision is included within the People and Place – Information Technology service budget which has funding available of £4.438m in 2020/21.

d) Social Care

This resource will provide additional support for disabled adaptations, transformational schemes to further health and social care integration, and wider social care initiatives. Provision is included within the Community Services and Adult Social Care- Social Care service budget.

e) Environmental Services

To support the purchase of environmental machinery, provision is included within the People and Place – Environment service budget. Funds for investment of £0.100m are available in 2020/21.

2 New Projects

New emerging projects for which funding may be required and for which funds could be allocated are set out in the following paragraphs. Each of these projects would need to be progressed by the submission of detailed and fully costed business cases demonstrating how they achieve corporate priorities. Projects have been categorised based on current information over a delivery timeframe focused on;

- those that will be initiated and delivered in the 5 years of this strategy period (2020/21 to 2024/25); and
- those which will progress from 2025/26 to 2034/35 (a further 10 year timeline).

It is probable that due to rephasing, some projects will move from the first to the second delivery period.

Projects to be Delivered in Years 0-5 (2020/21 to 2024/25)

a) Social Care

The Council has extensive responsibilities to deliver an adequate standard of social care and also has an increased level of joint working with National Health Service partners. In addition to the continuation funding referred to above, the Council will maintain the utilisation of Government resources and any local funding to address identified needs or opportunities to facilitate enhanced service provision and support income generation. An allocation of £0.400m per annum is available for such investment. Provision is included within the Community Services and Adult Social Care - Social Care service budget.

b) Better Care Fund (Disabled Facilities Grants)

The demand for major property adaptations to premises continues to rise, particularly because of the increase in numbers of elderly clients and also of very disabled children where medical advances have seen improvements in life expectancy. There are also increased requests for adaptations to FCHO properties.

For 2019/20, the Better Care Fund (BCF) capital allocation in the form of Disabled Facilities Grant (DFG) was £2.065m, the grant was un-ringfenced but, given the Council's obligation to undertake adaptations, the strategy of the Council is to passport the full grant allocation for the intended purpose; to support housing adaptations (it is important to note that grant is included within the Pooled Fund in

place between the Council and Oldham CCG). Where 2019/20 resources have not been utilised, they will be carried forward into 2020/21 (estimated at £1.000m). At present, there is no notification of funding allocations for 2020/21. There is however an anticipation that it will be of a similar amount, therefore an estimated of £2.000m has been included in the 2020/21 Capital Programme. Any funding received will be allocated using the same principles as were applied in 2019/20. Total provision of £3.000m is included within the Community Services and Adult Social Care - Disabled Facilities Grant service budget for 2020/21.

c) Oldham Green New Deal Strategy

The Council wishes to invest to support its pursuit of the green agenda and address carbon reduction requirements. In March 2019, the Greater Manchester five year Environment Plan was launched, which commits the city region to achieving 'carbon neutrality' by 2038. In July 2019, the Council announced its commitment to be the UK's first Green New Deal Council, with a target of carbon neutrality for the borough by 2030, and for the Council itself by 2025. Linked to this is the cross-GM Air Quality initiative which at a regional level will require investment.

During 2019/20, the Council has been exploring opportunities to install ground-mounted solar photovoltaic panels at the Council owned Wrigley Head, South Chadderton site in order to increase local renewable energy generation and increase the flexibility of local energy supply. This is part of its contribution towards Greater Manchester's regional carbon neutrality target as well as Oldham's own local targets for carbon neutrality and revenue generation / cost saving. This initial feasibility work is ongoing and external funding is being investigated to ensure the Council can generate a surplus across the project's lifecycle. Once the feasibility work is completed it will show whether the scheme is deliverable without any external funding. If the feasibility shows the scheme is viable, the current estimated timescales for implementation are that a Planning Application will be submitted by March 2020. If this is successful it is anticipated that the construction of the facility will commence around March 2021.

The Council will continue to examine various energy efficiency and renewable energy projects over the life of the Capital Programme and beyond as the Council aims to be carbon neutral by 2025.

Provision to take forward green new deal initiatives is included within the People and Place – Other Regeneration Priorities service budget.

d) Surplus Sites

The Council has an extended portfolio of surplus sites scheduled for disposal, for which up front capital funding may be required for enabling and other works to ensure that the land is suitable for commercial redevelopment. The Medium Term Property Strategy/Creating a Better Place strategy encompasses the disposal of surplus sites to create capital receipts and create a revenue saving. The Capital Strategy 2020/25 includes an allocation of £2.000m to support this enabling work. It must be noted that the Capital Programme is reliant on the income generated from these sales in the form of capital receipts.

The £2.000m provision is included within the People and Place – Other Regeneration Priorities service budget.

e) Working with NHS Partners

Work continues on the integration agenda with NHS partners and other related stakeholders. The focus is predominantly based around co-located (see town centre regeneration below), integrated team working within five identified neighbourhood clusters and centrally. Capital investment opportunities will increasingly be considered and evaluated to optimise benefits and outcomes for the economy as a whole rather than being specific to one organisation in line with the Governments agenda 'One Public Estate' which is seeking greater collaboration and co-operation across the public sector property estate to deliver financial savings and releasing assets to support residential development, a further Government priority.

Provision is included within the People and Place – Other Regeneration Priorities service budget.

f) School Investment

There continues to be pressure on primary and secondary places within areas of Oldham, with little capacity at several schools as the school population continues to increase. School capacity and improving the standard of the facilities within schools remains a priority and the Council will consider additional investment in its own right or to complement any Government resources that may become available.

The Council is aware that the Government could in the future introduce a range of grant funding opportunities for schools. There may also be opportunities to utilise funding from the Department of Education (DfE) for new schools with an academy partner. Schemes of this nature require the Council to release land for the school to be built upon. In such instances the Council will dispose of land without recompense via a land swap or other such appropriate land transaction. The Council may also deem it appropriate to allocate its own resources to support schemes as it sees fit.

Provision for new investment is included within the Children's Services – Schools (General, Primary, Secondary and Special) service budget.

g) GM Investment Fund Loans

In line with the approved scheme initiated and underwritten by the Greater Manchester Combined Authority (GMCA), the Council may manage loans to qualifying businesses to support the growth ambitions as set out in the GM strategy.

No specific provision has been allowed but will be managed from within available resources as schemes are identified.

h) Medium Term Property Strategy (MTPS)/Creating a Better Place Strategy

The MTPS review has been undertaken in the context of obtaining approval for a new set of exciting plans for property led change, including town centre regeneration with a new 'homes' focus as set out in the recently approved Town Centre Vision, plans for new public service accommodation, closer working with the Clinical Commission Group and One Public Estate. It is also taking its direction from the new Housing Strategy, and a desire to review and expand property investments to help secure revenue funding.

This refreshed strategy is linked to a rephased/amended savings/cost reduction target which will support the Medium Term Financial Strategy and will align to a property

focus on reduced public sector accommodation enabling major housing and regenerative benefits to the Town Centre.

Set out below are the key schemes included within the Creating a Better Place strategy which encompasses the revised MTPS:

- **New Homes** – The aim of the Housing Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focusses on the dynamics between people, homes and the wider economy. A key strand of this approach is the availability of a Flexible Housing Fund (FHF). This is a fund to support external partners and the Council to self-develop housing in less viable areas. It would ensure developments are brought forward and support the delivery of the required number of new homes within the borough. Investment in building new homes is a priority at key town centre sites and sites around the Borough.
- **Town Centre Regeneration** – The Council is continuing to make a considerable investment in the town centre with plans which span over several years to complement the existing programme of works such the Oldham Museum and Archives (OMA) project. The long-term vision for the town centre is being developed and includes the strategic acquisition of properties, investment in building new homes and relocation/integration of public sector services. The Council is also committed to have a theatre / performance space within the Town Centre and plans will be developed over the life of the Capital Strategy. The Market Hall will see a transformation within the 2020/25 Capital Programme in support of the new vision for the Town Centre and the changing retail market within the UK. Investment provision is included within the People and Place – Town Centre Regeneration service budget.
- **Borough-Wide Regeneration** - The Council is investing in borough-wide regeneration initially via initiatives through housing and employment sites at Broadway Green, Hollinwood and Salmon Fields. All these sites are expected to advance further within the next five years. The Council will take advantage of suitable investment opportunities throughout Oldham in order to advance its regeneration objective. Investment provision is included within the People and Place – Other Regeneration Priorities service budget.

The table below presents the scale of the capital investment required in order to deliver the Creating a Better Place programme. In overall terms, investment will total £306m split between capital projects of £102m and investment projects of £204m. It is important to note that the £306m encompasses spending already within the 2019/20 Capital Programme, planned spending in the 2020/21 to 2024/25 period of the Capital Strategy as well as in the ten years beyond 2024/25.

Priority Projects:	Capital Projects £000	Investment Projects (revenue return) £000
Regeneration: New Homes	70,000	87,000
Regeneration: Town Centre	32,000	71,000
Regeneration: Boroughwide Opportunities	-	46,000
Total Capital Investment	102,000	204,000
Grand Total	£306,000	

Other specific project areas included in the £306m planned spending are:

- Car Parking - There is a requirement to invest in town centre car parking along with changes to borough wide parking initiatives to ensure residents have adequate parking in the correct zones. As the Town Centre vision progresses parking and the need for pedestrian areas will be designed and developed. Investment provision is included within the People and Place – Town Centre Regeneration service budget.
- Corporate Estate – a holistic review of land and property assets whether Council owned or within the ownership of One Public Estate partners to ensure the Council:
 - delivers against ambitions for energy efficiency;
 - delivers against ambitions for public buildings to be carbon neutral by 2025;
 - ensures scrutiny of its own accommodation to ensure value for money and best utilisation for staff and services; and
 - has regard to the views of Ward Members / Portfolio holders.

i) Housing Initiatives (HRA funded)

There are several major approved housing capital projects that the Council wishes to implement over the medium to long term to support the delivery of the overall Housing Strategy. Approved capital projects that will specifically rely on use of HRA balances include:

- Princes Gate Site C - A key element of the vision for the Town Centre is the development of new affordable housing including development of this Prince's Gate site.
- Developing temporary accommodation to meet homelessness demands - There has been a significant increase in the number of homeless households who need help and support. To address this, a range of sustainable options are being considered including the purchasing of a building which could accommodate 18 self-contained flats, and a long-term lease on a building which could accommodate 25 units of mixed accommodation (self-contained and shared). Pursuing these types of long-term arrangements would not only address a definite need but also support the revenue budget by reducing the high levels of reactive costs such as bed & breakfast accommodation charges.
- Developing the Purchase and Repair and Lease and Repair pilot schemes in the private rented sector - The Council has launched a pilot empty homes intervention project to work with owners of empty homes to bring their properties back into use through one of the two options available from the Council. A combination of HRA funding and Homes England Grant funding has enabled the development of Purchase & Repair and Lease & Repair options; designed to financially support landlords in bringing their properties back into use. It is envisaged that this scheme will be widened post the pilot phase. This accommodation will be used to prevent homelessness by offering suitable, long term accommodation for those in need. This accommodation will also assist with the 'move-on' options from those households in temporary accommodation by providing a suitable, longer term, settled abode.
- Future Housing Purchases – The Council has made provision to purchase additional housing which will be added to the Council's HRA stock and will provide a new social housing option for families within Oldham.

j) Greater Manchester Devolution and Related Initiatives

Development under the devolution agenda is an evolving programme of activity at the wider GM level. Working in partnership with the GMCA and other Local Authorities, the Council will seek to support new initiatives related to transport, housing and economic regeneration.

No specific provision has been allowed for such investment but will be managed from within available resources as schemes are identified.

k) Matched Funding for Grant Bids

The Council is mindful that the Government or the Greater Manchester Combined Authority may introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council's strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

Bids for grant funding that are currently being worked on are the Future High Streets Fund which has the potential to draw significant resources to Oldham to supplement existing programmes or enable new initiatives to be developed. In addition, Oldham is one of the 101 towns identified for support of up to £25m to develop a Town Deal via the Towns Fund Government grant funding initiative. Whilst both bids may require support from Council resources, they have the potential, if successful, to provide a major source of funds to enhance the impact of the Creating a Better Place strategy.

No specific provision has been allowed for matched funding but will be managed from within available resources as schemes are identified.

l) Northern Roots

This scheme is part of a long term vision to develop Snipe Clough in the east of the borough to an agri-park. This would incorporate a wide range of initiatives and include growing hubs, recreation areas, contribute to social prescribing and boost tourism. The first phase of this development is the refurbishment of the existing depot at Alexandra Park.

No specific provision has been allowed for Northern Roots but will be managed from within available resources as schemes are identified.

m) Royton Town Centre Development

In line with the Co-operative Council ethos, a capital priority is investment in neighbourhoods, in particular the creation of hubs around neighbourhood town halls. The allocation that remains within the 2020/21 programme for the Royton Town Centre development is £2.793m. The first development in Royton is the refurbishment of the Town Hall and Library. This will make better use of the current buildings and incorporate both Council and commercial activities.

Provision is included within the People and Place – Royton Town Centre Developments service budget.

n) Transport Capital Programme

The Council secures capital funding for investment in the highway network from several different sources, including Central Government which allocates funding largely through the Greater Manchester Transport Strategy and Local Transport Plan (LTP). Most of this funding is within the transport Capital Programme, except where it forms an integral part of a regeneration project and is therefore within the Regeneration Capital Programme, such as the Growth Deal 2 grant of £0.800m, which will support delivery of the highway infrastructure for the Albert Street development at Hollinwood.

The Local Transport Plan is a statutory document prepared by Transport for Greater Manchester (TfGM) and Greater Manchester's ten local Councils on behalf of the GMCA and the Greater Manchester Local Enterprise Partnership. The current Local Transport Plan includes a long-term GM 2040 Transport Strategy to improve transport across the city region and a five-year delivery plan based on committed resources which is updated annually. The Council has adopted the principle that all un-ringfenced grants secured through the GM Local Transport Plan be passported for investment in the highway network.

The Council prepares a transport Capital Programme to cover a three-year timeframe for the resources allocated through the LTP, with the current programme covering the period 2018/19 - 2020/21. A list of reserve schemes is also approved which sits alongside the three year LTP programme.

Key elements of the Transport Capital Programme include:

- A £6.000m investment of Devolved Growth Deal funding through the Growth Deal 3 Oldham Town Centre Regeneration and Connectivity scheme with a spend deadline of March 2021;
- An annual programme of minor LTP funded works that includes highway maintenance, bridges and structures, road safety, traffic management and cycling and walking schemes, which is dependent on GMCA distributing the LTP resource in line with the indicative Local Authority allocations calculated by the Department for Transport;
- A £12.000m Highway Improvement Programme that the Council is funding with Prudential Borrowing to improve the condition of the network over the period 2019/20 – 2021/22 (in addition to the £6.000m included in the 2018/19 programme);
- Department for Transport's Safer Roads Fund award for the A670 Oldham – Tameside; and
- GM Mayor's Cycling and Walking Challenge Fund of £0.700m for delivery of tranche 1 schemes.

Securing additional grant funding for investment in the transport network and to support the regeneration of the borough is a Council priority. Further bidding opportunities that may or may not require a match funding contribution, include:

- The Department for Transport's Highway Maintenance Challenge Fund;
- The GM Mayor's Cycling and Walking Challenge Fund;
- The Department for Transport's Local Pinch Point Fund; and
- Environment Agency (EA) Flood Management Programme (Grant in Aid and Local Levy Fund).

Provision for transport capital spending is included within the People and Place – Transport service budget.

Funding for Emerging Priorities

Whilst not a specific project as such, the Capital Programme does include an unallocated resource that can be deployed to support existing priority schemes or new initiatives, including those highlighted above for which not specific allocation exists, for example Greater Manchester Devolution and Related Initiatives and Matched Funding for Grant Bids.

This is considered a prudent approach to allow flexibility, revision and reassessment of priorities. Provision of £3.440m is available in 2020/21 with a further £12.475m available over the rest of the Capital Programme period.

Projects to be delivered over a further 10 years (2025/26 to 2034/35)

The Council is implementing many new borough-wide strategies such as the Creating a Better Place strategy which encompasses the Town Centre Vision, refreshed MTPS and Housing Strategy. The Council has reviewed and developed these new strategies for meeting the investment need in the much longer term where there is considerable uncertainty and complexity. It has given consideration to:

- understanding economic, social and technological factors that drive regeneration and redevelopment initiatives.
- long term planning issues to deliver properties e.g. the Council's ambition to deliver new homes.
- the HRA business plan which seeks to identify over a long term time horizon the likely financial and housing need provision for the HRA.
- the joint strategic needs assessment for Adult and Social care
- pupil planning data for future provision of school places.
- asset management planning for long-term property need and investment.

The Council therefore has a longer-term vision for capital spending outside the initial five year timeframe.

There is a clear link between long term planning for capital and for treasury management purposes. The Council's current debt portfolio contains loans that mature over the period up to 2079/80. The debt repayment profile will be managed alongside the longer-term expectations for capital expenditure and funding forecasting.

It is challenging to make accurate long-term forecasts. Those forecasts that are made can only be classed as best estimates and will be subject to amendment over time. However, long-term forecasting is valuable in informing strategic plans taking account of the sustainability and affordability of existing and planned investment, which will need to be repaid over future years. It is important that the funding arrangements and financial implications of major capital projects and investments that have been included within the updated strategies mentioned earlier, are understood and planned well in advance.

Most schemes included within the further than 10 year timeframe are the longer-term development of projects already within the initial 0 to 5-year timeline. However, each scheme will move through different phases with different objectives and expected outcomes. The schemes below have an implementation period of between 6 to 15 years covering the period 2025/26 to 2034/35.

a) Town Centre Vision

Sites at Princes Gate are being redesigned to align with the wider vision. The extent of capital funding required by the Council is currently uncertain and will need to be kept under review. As the programme of work evolves, this may require complementary investment for additional strategic acquisitions, car parking, public realm works or other regeneration developments, particularly around improving the retail offer, including the market.

b) Borough-Wide Regeneration

The Council is currently investing in borough-wide regeneration initiatives through housing and employment sites at Broadway Green and Hollinwood. Through the development partnerships and the Creating a Better Place strategy, further investment is required by the Council for larger regeneration at these sites and to generate revenue returns.

c) Partnership and Joint Working

The Council will aim to pursue joint partnership working with other public bodies, not for profit organisations and the private sector where it is commercially advantageous to do so and to keep under review existing relationships.

d) Northern Roots

As outlined earlier, this scheme is a long term vision to develop Snipe Clough in the east of the borough to an agri-park. It will be delivered in phases over an expected 10 year programme.

e) Housing

The Housing Strategy was approved at the Council meeting of 10 July 2019. The Strategy's key objective has been to reset the housing delivery governance framework that can then begin to start to tackle the challenges identified in the evidence based Local Housing Needs Assessment. Clearly, addressing the housing requirements in the borough is a long term initiative. However, business cases will be developed during the current Capital Programme timeframe, to take forward specific initiatives that will then be delivered over an expected 5 year plus horizon.

Capital Investment Programme Board

1 Terms of Reference

- 1.1 The Capital Investment Programme Board (CIPB)'s terms of reference are:
- a) To develop the overall Capital Strategy and annual programme in accordance with the priorities set out in the Council's corporate plan.
 - b) The recommendation of the overall Capital Strategy and programme to Cabinet and Council.
 - c) Once the overall Strategy and annual programme of expenditure have been approved at Council:
 - i) The consideration and recommendation of approval of the detail of the thematic programmes (e.g. Transport Capital Programme).
 - ii) The consideration and recommendation of approval of any amendments to the annual programme.
 - iii) The recommendation of approval of any new capital projects.
 - iv) The detailed appraisal of projects, taking into consideration the Council's Capital Strategy, priorities and annual aims and objectives.
 - v) The review of potential commercial risk and Value for Money issues on any proposal for the use of capital.
 - vi) To provide a forum for establishing and providing robust challenge and debate around the Capital Programme.
 - vii) To undertake a detailed annual review of the Capital Programme.
 - viii) The review of the Council's Capital Programme on an on-going basis and to ensure it is achieving the agreed outcomes and consideration of the financial monitoring report.
 - ix) The monitoring of the performance of projects and programmes within the Council's Capital Programme.
- 1.2 The Board oversees capital projects from inception to completion to ensure they are delivered efficiently and effectively and in line with the Council's corporate objectives.
- 1.3 The Board assesses all submissions for capital expenditure prior to them entering into the normal reporting process for approval. The Board therefore makes recommendations to the appropriate decision maker/forum, whether this is a Member under delegated responsibility, Cabinet or Council.

2 Membership

- 2.1 The Chair of the CIPB is the Deputy Leader and Cabinet Member for Finance and Corporate Services. The Leader of the Council and the Deputy Leader and Cabinet Member for Social Justice and Communities have a standing open invitation, other Cabinet Members may be invited to attend CIPB at the discretion of the Chair.

The lead Chief Officer for CIPB is the Deputy Chief Executive, People and Place.

Officers in attendance at CIPB are:

- a) The Director of Economy
 - b) The Director of Finance
 - c) Senior Members of the Finance Team
 - d) Director of Education, Skills and Early Years
 - e) External Funding Manager
 - f) Representatives from Legal Services, Human Resources, Procurement and Information Technology as required
- 2.2 All Directorates will be represented at Director level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet Member to attend when a project within their portfolio is being discussed.
- 2.3 The CIPB is supported in its work by the Strategic Regeneration Project Management Office which oversees the management and governance of strategic regeneration projects.

3 Reporting and Performance Process

- 3.1 CIPB will report to Cabinet, Council and the Overview and Scrutiny Performance and Value for Money Select Committee as appropriate.
- 3.2 CIPB has a remit to review the financial performance of the Capital Programme and it will receive a monthly monitoring (highlight) report from month 3 onwards.
- 3.3 The Board meets on a monthly basis to ensure there is a managed approach to:
- a) Discussing and recommending actions in relation to capital issues
 - b) Developing the Capital Strategy
 - c) Developing the Capital Programme for the year ahead
 - d) Considering and approving business cases
 - e) Monitoring performance of individual capital projects and the whole Capital Programme
 - f) Reviewing the availability of capital resources and reprioritisation of resources as required
- 3.4 The CIPB also undertakes an annual review of the Capital Programme which will examine all schemes in the programme to:
- a) Ensure that schemes still meet corporate priorities
 - b) Review their continued relevance in the context of a dynamic and constantly developing organisation
 - c) Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and rephasing of planned expenditure
 - d) Identify any unutilised or underutilised resources

e) Consider any reallocation of resources

- 3.5 It will also initiate periodic reviews of the whole or part of the programme as required in response to specific issues or concerns.
- 3.6 Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports, presented at months 3, 6, 8 and 9.
- 3.7 Pooled and locally ring-fenced corporate capital resources will be managed by the CIPB; it will review all bids for resources, evaluate them and then agree on the prioritisation of resources accordingly. A proposal will be prioritised in accordance with criteria set out in Section 12 of the Strategy.
- 3.8 The CIPB will also review any bids for and use of any ringfenced capital resources to ensure alignment with other spending plans and the maximisation of benefits to the Council and achievement of Council objectives.
- 3.9 The CIPB will recommend the use of both un-ringfenced and ringfenced capital resources and also the general prioritisation of resources so that Council, Cabinet and Cabinet Members exercising delegated authority can make a final well-informed decision on the utilisation of resources, as appropriate.

4 Decision Making

- 4.1 In relation to the approved Capital Programme, CIPB will make recommendations regarding the approval of business cases and virements both within and between approved programme areas. In all such cases, the decision maker is the Deputy Leader and Cabinet Member for Finance and Corporate Services, in consultation with the Deputy Chief Executive, People and Place and the Director of Finance.

5 Decision Recording

- 5.1 CIPB will make recommendations on receipt of a formal delegated decision report which will be presented to the appropriate Members/Officers for approval. Key decisions must be included in the published key decision document and all decisions taken (see above) will be recorded on Modern.gov.

6 Governance

- 6.1 CIPB is the only body within the Council (below Council level) that can recommend new investment in projects within the approved Capital Programme. Therefore, the key role of CIPB is to consider the following milestones which define key stage boundaries that require investment decisions. A project can only progress to the next stage on the recommendation of CIPB.
- a) Strategic business case – initial concept/scope of a project.
 - b) Outline business case - delivery strategy to design and procurement stage.
 - c) Full business case - design and procurement stage to delivery and handover stage.
- 6.2 The Council has agreed that prudential borrowing provision is not necessary for capital expenditure incurred in lieu of capital receipts. Any such schemes will be classified by the CIPB as 'Borrowing in Lieu of Capital Receipts'. CIPB will also determine which capital receipts will be used to finance the scheme and as the receipts are achieved, they will be applied to repay the debt.

7 CIPB Sub-groups

- 7.1 CIPB may at its discretion convene a sub-group for a specific purpose or purposes. Updates from these meetings are reported to CIPB.

Current sub-groups are:

- a) Major Projects and Joint Ventures Programme Board
- b) Corporate Property Board
- c) Schools Capital Programme Board
- d) ICT Programme Board
- e) Transport Programme Board
- f) Residential Development Board

The core officer membership for each sub-group comprises:

- a) The relevant Director for specific Boards as Chair; e.g. the Director of Education, Skills and Early Years chairs the Schools Capital Programme Board
- b) The Director of Legal Services
- c) The Director of Finance

- 7.2 In addition there is an External Funding Group, chaired by the Director of Finance. The terms of reference of this group are to be refreshed, however, the remit of this Group will remain the same and it will therefore:

- a) Manage external funding at a strategic level.
- b) Identify potential grants and additional sources of funding.
- c) Manage the process for applying the funding and approve bids for funding.
- d) Monitor on-going compliance with grant terms and conditions and assess any financial risk including grant claw back.
- e) Provide a Regeneration Plan/framework that can enable the Council to proactively react to funding opportunities as they arise whether locally or nationally.
- f) Ensure there are sufficient personnel to enable the Council to proactively react to funding opportunities as they arise.

Capital Programme 2020/21 to 2024/25

Expenditure	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Corporate Services	6,010	-	-	-	-
Investment / Income Generation Opportunities	2,260	-	-	-	-
Flexible Use of Capital Receipts	3,750	-	-	-	-
Children's Services	15,590	12,305	5,000		
Children, Young People and Families	50	-	-	-	-
Schools - General	507	8,305	5,000	-	-
Schools - Primary	4,368	-	-	-	-
Schools - Secondary	9,985	4,000	-	-	-
Schools - Special	680	-	-	-	-
Community Services and Adult Social Care	3,400	703	400	400	400
Social Care	400	703	400	400	400
Disabled Facilities Grant	3,000	-	-	-	-
People and Place	112,835	110,562	86,710	29,664	55,073
Corporate Property	4,117	1,500	1,500	1,500	1,500
Environment	100	1,092	100	100	100
Information Technology	4,438	1,684	2,614	1,249	1,000
Neighbourhood Development Fund	178	-	-	-	-
Other Regeneration Priorities	15,657	14,522	33,522	8,500	47,500
Private Sector Housing	1,065	2,147	-	-	-
Royton Town Centre Development	2,793	-	-	-	-
Strategic Acquisitions	7,795	9,650	5,050	1,300	3,000
Town Centre Regeneration	63,947	69,189	41,649	15,000	-
Transport including Fleet	12,745	10,778	2,275	2,015	1,973
Housing Revenue Account	5,538	3,922	6,200	7,735	-
Housing Revenue Account	5,538	3,922	6,200	7,735	-
Reform	346	400	-	-	-
District Investment Fund/Local Investment Fund	346	400	-	-	-
Capital General	3,440	3,575	4,200	3,200	1,500
Funding for Emerging Priorities	3,440	3,575	4,200	3,200	1,500
Budget Expenditure Total	147,159	131,467	102,510	40,999	56,973

(subject to rounding – tolerance +/- £1k)

Resources Available	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Ringfenced Grants	(11,209)	(2,397)	(1,250)	-	-
2016-21 Shared Ownership and Affordable Homes Programme (SOAHP)	-	-	(1,250)	-	-
Devolved Formula Capital (DFC)	(596)	-	-	-	-
Growth Deal 3	(5,563)	-	-	-	-
Heritage Lottery	(1,940)	(250)	-	-	-
Housing Infrastructure Fund - (HCA)	(800)	(2,147)	-	-	-
Local Full Fibre Network (LFFN) (Wave 2)	(383)				
Local Growth and Reform 2 Grant	(369)	-	-	-	-
Mayor's Cycling and Walking Challenge Fund	(591)	-	-	-	-
Pothole Grant	(270)	-	-	-	-
Safer Roads Fund	(400)	-	-	-	-
Special Provision Fund - Pupils with Special Educational Needs (SEN) And Disabilities 2018-2021	(297)	-	-	-	-
Un-ringfenced Grants	(22,031)	(14,258)	(3,202)	(1,973)	(1,973)
Basic Need Capital Grant	(12,021)	(12,285)	(1,229)	-	-
Better Care Fund (Disabled Facilities Grant) 2019/20	(1,000)	-	-	-	-
Better Care Fund (Disabled Facilities Grant) 2020/21	(2,000)	-	-	-	-
Capital Maintenance Grant	(457)	-	-	-	-
School Condition Allocation	(2,800)	-	-	-	-
Local Transport Programme - Highway Maintenance Grant	(3,753)	(1,973)	(1,973)	(1,973)	(1,973)
Other resources – Capital Receipts	(9,306)	(7,855)	(7,352)	(3,949)	-
Agreed Council Resources	(5,556)	(7,855)	(7,352)	(3,949)	-
Flexible Use of Capital Receipts	(3,750)	-	-	-	-
Other resources - Other	(5)	(3,935)	-	-	-
Contribution from 3rd Parties	(5)	(3,935)	-	-	-
Other resources - Prudential Borrowing	(99,070)	(99,100)	(84,506)	(27,342)	(55,000)
Prudential Borrowing	(69,070)	(52,100)	(50,506)	(9,342)	(8,000)
Prudential Borrowing – Financed by Income	(30,000)	(47,000)	(34,000)	(18,000)	(47,000)
Revenue Contribution - Housing Revenue Account (HRA)	(5,538)	(3,922)	(6,200)	(7,735)	-
Revenue Contribution to Capital Outlay - HRA	(5,538)	(3,922)	(6,200)	(7,735)	-
Resources Total	(147,159)	(131,467)	(102,510)	(40,999)	(56,973)

(subject to rounding – tolerance +/- £1k)

Flexible Use of Capital Receipts Strategy

Introduction

In March 2016, the Secretary of State for Housing, Communities and Local Government issued Statutory Guidance that permitted Local Authorities to use capital receipts to fund the revenue costs of transformation for the period 1 April 2016 to 31 March 2019. This flexibility was then extended to 31 March 2022 as part of the 2018/19 Local Government Finance Settlement (LGFS).

Statutory Guidance

The Statutory Guidance and supporting ‘informal commentary’ published in March 2016 states that Qualifying Expenditure is “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual Local Authorities to decide whether or not a project qualifies for the flexibility”.

Examples of Qualifying Expenditure

The MHCLG has indicated types of qualifying expenditure:

- Sharing back office and administrative services with one or more other Council or public sector bodies.
- Investment in service reform feasibility work e.g. setting up pilot schemes.
- Collaboration between Local Authorities and Central Government departments to free up land for economic use.
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.
- Sharing Chief Executives, management teams or staffing structures.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations.
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training.
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (e.g. through selling services to others).
- Integrating public facing services across two or more public sector bodies (for example Children’s Social Care, trading standards) to generate savings or to transform service delivery.

The Council has used these definitions to determine qualifying expenditure in the context of Oldham Council as highlighted in Table 1.

The Council's Strategy

The Council intends to make use of this flexibility for the financial year 2020/21.

The Council can only use capital receipts to finance Qualifying Expenditure as defined in this strategy (see Table 1) from the disposal of property, plant and equipment assets received in the year in which this flexibility is offered. The Council will not utilise capital receipts generated on or before 31 March 2020 to finance Qualifying Expenditure.

The direction states that the Council cannot borrow to finance the revenue costs of service reform and the Council will comply with this requirement.

This Strategy outlines the projects which plan to make use of the capital receipt flexibility and provides details of the expected savings/service transformation on a scheme by scheme basis. The Strategy can be replaced at any point during the financial year with a revised Strategy outlining an up to date position.

Council approval for the use of this flexibility is required on at least an annual basis, with plans published on the Council's website and notification of planned use sent to the Ministry of Housing, Communities and Local Government (MHCLG).

Summary of planned receipts

The Council's Capital Strategy and Capital Programme 2020/21 to 2024/25 includes £3.750m in capital receipts specifically for this purpose. The first call on new capital receipts received in 2020/21 will fund qualifying revenue expenditure as detailed within the Flexible Use of Capital Receipts Strategy.

Summary of planned use and savings

It is intended that capital receipts of £3.750m will fund the following transformational projects/expenditure as set out in Table 1 (note there is an element of contingency to allow for variation).

Table 1 – Planned qualifying expenditure

Scheme Description	Qualifying Expenditure	£000 2020/21
Assets, Accommodation and Investments workstream expanded from the Locality Asset review to rationalise the Council's corporate assets and investment estate to maximise efficiencies and to drive forward integrated working across the public sector	The rationalisation of the Councils office accommodation (and other corporate property assets) to maximise efficiencies and to drive forward integrated working across the public sector, building on the principles of the One Public Estate	1,000
Digital by Design - Redesigning the operating model of services to enable a transformation from a mainly mediated customer service offer to a predominately self-service one	Driving a digital approach to the delivery of more efficient public services by improving the Council's digital offer to the people of Oldham	20
Digital approach - using specialists within ICT to transform services and develop digital solutions to enable transformation	Driving a digital approach to the delivery of more efficient public services by improving the Council's digital offer to the people of Oldham and the systems technology underpinning the delivery of Council Services	376
Joint Commissioning across Oldham Council and Oldham CCG to create efficiencies, streamline provision and improve contract monitoring	Sharing of commissioning expertise, facilities and technology together with the Oldham CCG to drive economies and efficiencies	263
Delivery of the community enablement programme which will focus on new ways of delivering intermediate care, reablement services and related community-based services	Funding the cost of service reconfiguration, restructuring and redesign leading to on-going efficiency savings and service transformation in tandem with an enhanced customer experience	300
Professional services supporting the delivery of the organisation's range of transformational projects	Professional service advice, support and guidance to service reconfiguration, restructuring and transformation across a range of service areas	699
Transformation Agenda	A specialist team to wholly support and facilitate the delivery of the Council's Transformational Programme to meet efficiencies and savings anticipated in the Medium Term Financial Strategy which includes the Green New Deal and the Place-Based Model	1,342
Total		4,000
Contingency for variation		(250)
Flexible Use of Capital Receipts Relied on to support the revenue budget		3,750

The current forecast of revenue savings is set out in Table 2. This is an initial view and will be developed further as the projects are taken forward through the delivery stages. This aligns to the indicative estimates included within the Medium Term Financial Strategy 2020/21 to 2024/25.

Table 2 – Forecast revenue savings generated

Transformation Scheme Description	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Assets, Investment Programme and Inward Investment	(261)	(1,384)	(2,141)	(5,925)	0	(9,711)
Digital by Design	0	0	(500)	(500)	(500)	(1,500)
Design & Assurance	0	(250)	0	0	0	(250)
Green New Deal	0	0	0	(200)	(300)	(500)
Place-Based Model	0	0	(100)	(200)	(300)	(600)
Health & Social Care Integration	0	(100)	(200)	(300)	(450)	(1,050)
Total	(261)	(1,734)	(2,941)	(7,125)	(1,550)	(13,611)

Forecast service transformation

The Revenue Budget for 2020/21 includes significant investment in transformational activity across a number of services. The justification for this investment is the delivery of long-term efficiencies and improved service delivery as shown in Table 2. Below is a summary of the key forecast revenue savings areas.

Assets, Investment Programme and Inward Investment

Corporate land and property assets are essential to the delivery of the Council's priorities which will be set out in the forthcoming Corporate Plan. As part of the Creating a Better Place strategy approved by Cabinet on 16 December 2019 and 27 January 2020, the previously approved Medium-Term Property Strategy (MTPS) has been reviewed to meet the scale of the change required. At a strategic level, the review has confirmed that the Council's property portfolio can be a catalyst for building new homes, creating job opportunities, re-skilling residents through new apprenticeship opportunities, and re-engaging communities and partners through property / estate co-location and collaboration.

The 2019/20 budget included a budget reduction proposal of £0.500m arising from property and accommodation reviews. This is being delivered in 2019/20, but anticipated savings of £4.000m originally profiled equally over 2020/21 and 2021/22 have been rephased within the Assets, Investment Programme and Inward Investment transformation scheme.

Developing the existing programme of work on the use of property and assets the Council will maximise the benefit from the corporate estate by developing property disposal and procurement routes that will ensure the Council is able to shape and maintain a property portfolio that will support service delivery and contribute a sustainable income stream.

In addition, the Council will rationalise its office accommodation. Where possible, the Council will co-locate staff with partners to maximise efficiencies and realise the potential of 'One Public Estate' for Oldham and Greater Manchester. It will also drive forward integrated working across the public sector, building on the achievements made with Oldham Cares partners. The planned profile of savings begins modestly in 2020/21 with £0.261m and increasing to £5.925m by 2023/24.

Digital by Design

The opportunity to utilise the advantages provided by new technology is the foundation upon which much of the Council's change agenda will be driven including integrated working arising from health and social care devolution. The Council's IT strategy is determining the direction of travel and is supported by £10.602m of Capital Programme investment. This investment will enable new and more efficient ways of working and will improve citizens' access to Council services. It also improves the business intelligence supporting service delivery decisions.

A key strand of this investment is the Digital Oldham Ambition which is to inclusively deliver a connected Oldham for everyone across place, communities, services, teams and leadership.

The reduction in costs associated with providing digital access, self-service, automation and more efficient ways of working are expected in line with the rephased 2020/21 budget reduction proposal at a value of £0.500m in each of 2022/23, 2023/24 and 2024/25.

Design and Assurance

The review of Design and Assurance budget reduction was expected to deliver a £0.250m in 2020/21. The budget reduction will deliver in full in 2021/22 linked to the phased introduction of new operating arrangements around the Strategy and Performance team, Communications and Transformation Programme Management Office.

Green New Deal

The Council, in July 2019, announced its commitment to be the UK's first Green New Deal Council with a carbon neutrality for the borough by 2030, and for the Council itself by 2025. Options such as increasing the flexibility of the local energy supply and increasing the local renewable energy generation by installing solar photovoltaic panels are currently being explored by the Council. However, whilst it is anticipated that budget reductions will be realised, it is accepted that these will take time to develop and as such, these budget reductions are not expected to materialise until 2023/24.

Place-Based Model

Place-Based Integration is not new to the borough of Oldham however, work to date has not developed at the required scale to achieve fully integrated public services across all providers. To facilitate the integration of public services, the Council intends to align the geographical footprints of Council Districts with that of key public services including Primary Care Networks, Neighbourhoods police beats and housing management areas.

Whilst it is important to note that the place-based model will align with other transformational activities, it is expected that additional savings will be realised from 2022/23.

Health and Social Care Integration

Linked to the Assets and Investment Programme above, good progress continues to be made with regard to Health & Social Care integration. Oldham Council and Oldham CCG are working under a joint leadership structure and together with other health partners continue to operate as Oldham Cares. There are ambitious plans for the improvement of the delivery of Health and Social Care with structure implementation arrangements and this aims to ensure the future financial sustainability of the local health and social care economy.

Activities will be undertaken to move forward joint commissioning of contracts and to drive efficiencies from contract maintenance and also the Community Enablement programme. This

will focus on delivering new approaches to intermediate care, reablement and related community-based services.

It is inevitable that change of the magnitude envisaged will take time to be developed, therefore, the savings indicated in Table 2 are indicative however, this is a key strand for development over the life of the Medium Term Financial Strategy and potential savings are expected from 2021/22 and beyond.

Impact on Prudential Indicators

The prudential indicators that will be impacted by this strategy are set out below:

- Estimates of Capital Expenditure Indicator increased by £3.750m.
- Capital Financing Requirement increased by £3.750m as these capital receipts would have been used to support schemes within the existing programme that will now be financed through prudential borrowing.
- Financing costs as a percentage (%) of net revenue stream 14.02%.

The Prudential Indicators show that this Strategy is affordable and will not impact on the Council's operational and authorised borrowing limits. Further details on the Council's Prudential Indicators can be found within the Treasury Management Strategy.

Monitoring

This Strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure incurred.

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Report to Cabinet

Treasury Management Strategy Statement 2020/21

Including the Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Prudential Indicators

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and
Cabinet Member for Finance and Corporate Services

Officer Contact: Anne Ryans, Director of Finance

Report Author: Lee Walsh, Finance Manager

Ext. 6608

10 February 2020

Reason for Decision

To present to Cabinet, the strategy for 2020/21 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

Executive Summary

The report outlines the Treasury Management Strategy for 2020/21 including the Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Council is required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. It is also required to produce an annual Treasury Strategy for borrowing and to prepare an Annual Investment Strategy setting out the Council's policies for managing its investments and for giving priority to security and liquidity of those investments.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2017 (the Code) also requires the receipt by full Council of a Treasury Management Strategy Statement.

The Strategy for 2020/21 covers two main areas.

Capital Issues

- The Capital expenditure plans and the associated Prudential Indicators
- The Minimum Revenue Provision (MRP) Policy Statement

Treasury Management Issues:

- The Current Treasury Position
- Treasury Indicators which limit the treasury risk and activities of the Council
- Prospects for Interest Rates
- The Borrowing Strategy
- The Policy on Borrowing in Advance of Need
- Debt Rescheduling
- The Investment Strategy
- The Creditworthiness Policy
- The Policy regarding the use of external service providers.

The report therefore outlines the implications and key factors in relation to each of the above Capital and Treasury Management issues and makes recommendations with regard to the Treasury Management Strategy for 2020/21.

The Audit Committee, the body charged with the detailed scrutiny of Treasury Management activities considered the proposed Treasury Management Strategy report at its meeting on 20 January 2020. It was also presented to the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020. Both the Audit Committee and the Overview and Scrutiny Performance and Value for Money Select Committee were content to commend the report to Cabinet.

As the advice relating to Treasury Management is subject to change especially in relation to the UK having left the EU on 31 January 2020, the report maybe subject to amendments throughout the remainder of the budget process. .

Recommendation

That Cabinet approves and commends to Council the:

- 1 Capital Expenditure Estimates as per paragraph 2.1.2;
- 2 MRP policy and method of calculation as per Appendix 1;
- 3 Capital Financing Requirement (CFR) Projections as per paragraph 2.2.4;
- 4 Projected treasury position as at 31 March 2020 as per paragraph 2.3.3;
- 5 Treasury Limit's as per section 2.4;
- 6 Borrowing Strategy for 2020/21 as per section 2.6;
- 7 Annual Investment Strategy as per section 2.10 including risk management and the creditworthiness policy at section 2.11; and
- 8 Level of investment in specified and non-specified investments detailed at Appendix 5.

Treasury Management Strategy Statement 2020/21 Including the Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Prudential Indicators**1 Background**

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low investment risk appetite, providing adequate liquidity initially before considering 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 that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The contribution the Treasury Management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 1.5 Treasury management is defined as:
- “The management of the local authority's borrowing, 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. ”
- Source: The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Service's Code of Practice.*
- 1.6 Reporting Requirements – Capital Strategy
- 1.6.1 The CIPFA Prudential and Treasury Management Codes (2017) require, all Local Authorities to prepare a capital strategy report, which will provide the following:
- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial sustainability
- 1.6.2 The Councils capital strategy (elsewhere on the agenda) is therefore prepared following the required Codes of Practice to ensure that all Council Members are presented with the

overall long-term capital investment policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.6.3 The Council's capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security of capital, liquidity and yield principles, and the policy around commercial investments, usually driven by expenditure on an asset. Specifically in relation to non-treasury investments, the capital strategy includes, where appropriate:

- The corporate governance arrangements for these type of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution to support the Councils budget;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

1.6.4 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

1.6.5 The Council will also follow the most recent guidance issued by CIPFA entitled Prudential Property Investment. However, should the Council borrow to fund any non-treasury investment, there will be an explanation if borrowing was required and if the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance and CIPFA Prudential Code have not been adhered to (note, to date there has been no such borrowing).

1.6.6 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy (again, to date there have been no such losses).

1.6.7 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.7 Treasury Management Reporting

1.7.1 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy (this report), the first and most important report which is a forward look to the year ahead and covers:

- The capital plans, (including prudential indicators);
- A minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- An investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report

This is primarily a progress report and will update Members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. An annual treasury report

This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.7.2 The above reports are required to be adequately scrutinised before being recommended to the Council. The Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee scrutinised the Treasury Management Strategy Statement for 2020/21 on 23 January 2020 alongside all the other reports which are presented to the annual Budget Council meeting. The Audit Committee, the body charged with the detailed scrutiny of Treasury Management activities also considered the Strategy report on 20 January 2020. The Audit Committee also considers the mid-year and annual review reports prior to presentation to Cabinet and Council.

1.8 Treasury Management Strategy for 2020/21

1.8.1 The strategy for 2020/21 covers two main areas:

1.8.2 Capital issues:

- The capital expenditure plans and the associated prudential indicators;
- The minimum revenue provision (MRP) policy.

1.8.3 Treasury management issues:

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the council;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness policy; and
- The policy on use of external service providers.

1.8.4 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.9 Training

1.9.1 The CIPFA Code requires the responsible officer (in Oldham the Director of Finance) to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training was provided to Audit Committee Members on 1 October 2019. The Audit Committee receive regular updates regarding any issues that affect Treasury Management. Further training will be arranged as required. Training was also provided for Cabinet Members and Senior Officers in October 2018.

1.9.2 The training needs of treasury management officers are periodically reviewed. The team is staffed by professionally qualified accountants with extensive Local Government finance experience. Team members attend all relevant training courses, workshops and events to ensure that their knowledge and skills are up to date and the Council is in a position to address all new technical developments. They all follow a Continuous Professional Development (CPD) Plan as part of their individual accounting body accreditation. The overall responsibility for capital and treasury activities lies with the Council's Section 151 Officer (Director of Finance) who, in accordance with statute, is professionally qualified and is suitably experienced to hold the post.

1.10 Treasury Management Consultants

1.10.1 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

1.10.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

1.10.3 It is also recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.10.4 Commercial type investments will require specialist advice that Link Asset Services may not provide. Prior to any commercial investments being made, appropriate external advice will be sought and a due diligence exercise will be undertaken.

2 Capital Plans & Prudential Indicators 2020/21 – 2022/23

2.1 Capital Plans

2.1.1 The Council's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans is reflected in Prudential Indicators, which are designed to assist Members' overview and confirm capital expenditure plans. These indicators as per the Capital Programme include previous years' actual expenditure, forecast expenditure for this current year 2019/20 and estimates for the next three year period, the timeframe required by CIPFA's guidance.

Capital Expenditure Estimates

2.1.2 This first Prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Cabinet is asked to approve the capital expenditure forecasts included in the table below presented to reflect previous years and current Portfolio management arrangements. It is important to note that the level of planned capital expenditure has increased significantly following the approval of two reports by Cabinet, firstly on 16 December 2019 and then on 27 January 2020 which set out the Creating a Better Place strategy. The capital spending plans included in the Capital Strategy and Programme translate the ambition and vision for Oldham that were set out in both Cabinet reports.

Table 1 - Capital Expenditure Estimates

Capital Expenditure / Portfolio	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Corporate Services *	14,525	1,128	6,010		
Children's Services		18,781	15,590	12,305	5,000
Health & Adult Social Care Community Services	2,058	0	0	0	0
Community Services & Adult Social Care	0	2,029	3,400	703	400
People & Place **	28,066	29,910	107,835	104,062	86,710
Reform	169	39	346	400	0
Funds for Emerging Priorities	1,500	1,098	3,440	3,575	4,200
General Fund Services	46,318	52,985	136,621	121,045	96,310
Housing Revenue Account (HRA)	2,246	1,854	5,538	3,922	6,200
HRA	2,246	1,854	5,538	3,922	6,200
Commercial Activities / Non-Financial Investments ***	0	9,106	5,000	6,500	0
Commercial Activities / Non-Financial Investments	0	9,106	5,000	6,500	0
Total	48,564	63,945	147,159	131,467	102,510

* Excludes commercial activities which are included in the Corporate Services capital programme within the Capital Strategy report.

** Excludes commercial activities which are included in the People & Place capital programme within the Capital Strategy report.

*** Relate to areas such as capital expenditure on investment properties, loans to third parties, purchase of equity shares etc.

2.1.3 The capital expenditure shown above excludes other long-term liabilities, such as Private Finance Initiative (PFI) and leasing arrangements which already include borrowing instruments. It should be noted that any new expenditure commitments are likely to increase the borrowing requirement.

2.1.4 Table 2 below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

2.1.5 The borrowing need for capital expenditure in 2020/21 is currently expected to be £99.070m. This will however change if there is a revision to the spending profile of the capital programme.

2.1.6 During 2019/20, the Council purchased an industrial estate in borough, in accordance with the parameters set out in its Commercial Property Investment Strategy (CPIS) following a substantial due diligence process. The purchase will provide a sustainable income stream to offset the costs of the Council in the provision of services. The commercial activities/non-financial investment in Table 1 above from 2020/21 relates to current estimated spend on commercial activities included in the capital programme.

Table 2 - Funding of the Capital Programme

Capital Expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund Services	46,318	52,985	136,621	121,045	96,310
HRA	2,246	1,854	5,538	3,922	6,200
Commercial Activities	0	9,106	5,000	6,500	0
Total	48,564	63,945	147,159	131,467	102,510
Financed by:					
Capital receipts	(14,919)	(13,143)	(9,306)	(7,855)	(7,352)
Capital grants - Ringfenced	(9,250)	(8,310)	(11,209)	(2,397)	(1,250)
Capital grants – Un-ringfenced	(15,613)	(21,578)	(22,031)	(14,258)	(3,202)
Other Resources	(660)	(87)	(5)	(3,935)	0
Revenue	(7,271)	(6)	0	0	0
HRA Resources	(851)	(1,854)	(5,538)	(3,922)	(6,200)
Net financing need for the year	0	18,967	99,070	99,100	84,506

2.1.7 All other prudential indicators included within this report are based on the above capital estimates.

2.2 The Council's Borrowing Need - the Capital Financing Requirement (CFR)

2.2.1 The second Prudential Indicator is the Council's CFR. The CFR represents total historic outstanding capital expenditure which has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been financed from cash backed resources, will increase the CFR.

2.2.2 The CFR does not increase indefinitely, as the Council makes 'prudent' provision for debt repayment which broadly reduces indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used. The approach to making prudent provision is set out in the MRP Policy Statement at Appendix 1.

2.2.3 The MRP policy for 2020/21 has not been amended and incorporates the changes agreed in the 2019/20 Treasury Management Strategy report approved at Council on 27 February 2019.

2.2.4 The CFR includes other long term liabilities (e.g. Private Finance Initiative (PFI) schemes, finance leases etc.). Whilst these arrangements increase the CFR, and therefore the Council's borrowing requirement, such schemes also include a 'loan' facility meaning the Council is not required to make separate borrowing arrangements. The Council currently has a net figure of £224.425m of such schemes within the CFR for 2020/21, decreasing to £204.651m in 2022/23. From 2020/21 and future years an estimated of £1m has been included in the CFR to reflect anticipated costs associated with the implementation of IFRS 16 (see paragraph 2.15.3).

Table 3 Capital Financing Requirement (CFR)

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Capital Financing Requirement (CFR)					
CFR - Services	493,880	483,011	554,242	621,164	679,832
CFR - Commercial Activities	0	8,000	13,000	19,500	19,500
Total CFR	493,880	491,011	567,242	640,664	699,332
Movement in CFR	(11,169)	(2,869)	76,231	73,422	58,668
Movement in CFR represented by					
Net financing need for the year	0	18,967	99,070	99,100	84,506
PFI Repayments	(8,225)	(10,159)	(10,157)	(9,691)	(8,907)
Less MRP/VRP and other financing movements	(2,944)	(11,677)	(12,682)	(15,987)	(16,931)
Movement in CFR	(11,169)	(2,869)	76,231	73,422	58,668

2.2.5 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the Authority's overall financial position. The capital expenditure figures shown in Table 1 at section 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Council's remaining activity.

2.3 Borrowing

2.3.1 The capital expenditure plans set out in section 2.1 to a large extent drive the borrowing estimates included in this report. The Treasury Management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury and Prudential Indicators, the current and projected debt positions and the Annual Investment Strategy.

Current Borrowing Portfolio Position

2.3.2 The overall treasury management portfolio as at 31 March 2019 and for the position as at 3 February 2020 are shown below for both borrowing and investments.

Table 4 Current Treasury Position

Treasury Investments	Actual 31/03/2019 £'000	Actual 31/03/2019 %	Current February 2020 £'000	Current February 2020 %
Banks	13,000	15.31%	57,500	49.39%
Building Societies Rated	0	0.00%	0	0.00%
Local Authorities	30,500	35.92%	24,500	16.75%
Public Bodies	0	0.00%	0	0.00%
Money Market Funds	26,400	31.10%	19,420	20.98%
Total Managed in House	69,900	82.33%	101,420	87.12%
Property Funds	15,000	17.67%	15,000	12.88%
Total Managed Externally	15,000	17.67%	15,000	12.88%
Total Treasury Investments	84,900	100.00%	116,420	100.00%
Treasury External Borrowing				
PWLB	15,482	10.47%	35,482	21.14%
LOBO'S	85,500	57.83%	85,500	50.94%
Market	46,600	31.52%	46,600	27.76%
Temporary other	264	0.18%	264	0.16%
Total Treasury External Borrowing	147,846	100.00%	167,846	100.00%
Net Treasury Investments / (Borrowing)	(62,946)		(51,426)	

2.3.3 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, the Treasury Management operations, against the underlying capital borrowing need, the CFR, highlighting any over or under borrowing. Table 5 shows the forecast position of gross borrowing as at 31 March 2020 at £403.338m and an under borrowed position of £87.673m.

Table 5 Current and Forecast Treasury Portfolio

	2018/19 Actual £'000	Forecast position as at 31/3/20 £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
External Debt					
Debt at 1 April	147,851	147,846	167,843	237,599	317,596
Actual/Expected change in debt	(5)	19,997	69,756	79,997	88,397
Debt at 31 March	147,846	167,843	237,599	317,596	405,993
Opening OLTL* at 1 April	256,115	246,610	235,495	224,425	213,563
Expected change in OLTL	(9,505)	(11,115)	(11,070)	(10,862)	(8,912)
Closing OLTL at 31 March	246,610	235,495	224,425	213,563	204,651
Actual/ Forecast gross debt (borrowing requirement) at 31 March	394,456	403,338	462,024	531,159	610,644
The Capital Financing Requirement	493,880	491,011	567,242	640,664	699,332
Under / (over) borrowing	99,424	87,673	105,218	109,505	88,688

* Other Long Term Liabilities

- 2.3.4 Table 5 above shows the Council will need to undertake significant additional borrowing in future years if capital programme expenditure matches the anticipated spending profile. The borrowing requirement is a key driver of the borrowing strategy as set out in section 2.6 below. Due to the overall financial position and the underlying need to borrow for capital purposes (the capital financing requirement – CFR), new external borrowing of £20m was undertaken from the PWLB in August 2019. The borrowing was undertaken at the bottom range of interest rates. The timing of any additional borrowing given the amounts indicated in the table above will be closely monitored. Members will recall that capital spending plans have been reprofiled year on year and it is possible that the trend could be repeated in 2020/21 and future years.
- 2.3.5 There are a number of key Prudential Indicators to ensure that the Council operates its activities within well-defined limits. The Council must ensure that gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes. It is clear from the table above that the Council's gross borrowing position remains within these limits.
- 2.3.6 The Council has complied with this Prudential Indicator in the current year and does not envisage any difficulties with compliance in the future. This view takes into account current commitments, existing plans, and the proposals set out in this report.
- 2.3.7 Included within the forecast position of gross borrowing figures in Table 5 is debt that relates to commercial activities / non-financial investment. Table 6 below shows that external debt for commercial activities/non-financial investment that is included in the gross borrowing figures in Table 5. Under the Prudential Code, there is a requirement to provide the information in Table 6 which shows that to date there has been a minimal impact on debt from potential investments in commercial activities compared to the Council's overall borrowing (excluding long-term liabilities).

Table 6 Commercial Activities Debt

	2018/19 Actual £'000	Forecast position as at 31/3/20 £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
External Debt for commercial activities / non-financial investments	0	7,606	12,606	19,106	19,106
Actual / Forecast Debt at 31 March	147,846	167,843	237,599	317,596	405,993
Percentage of total external debt	0	4.53%	5.31%	6.02%	4.71%

2.4 Treasury Limits for 2020/21 to 2021/22

- 2.4.1 The Council is required to determine its operational boundary and authorised limit for external debt for the next three financial years.

Operational Boundary

- 2.4.2 The forecast Operational Boundary for 2019/20 together with the proposed operational boundaries for 2020/21 to 2022/23 are set out in Table 7 below. The boundary reflects the maximum anticipated level of external debt which is not expected to be exceeded. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on levels of actual debt and the ability to fund under-borrowing by other cash resources. This boundary will be used as a management tool for ongoing monitoring of external debt, and may be breached temporarily due to unusual cash flow movements. However, a sustained or regular trend above the Operational Boundary should trigger a review of both the operational boundary and the authorised limit.

Table 7 Operational Boundary

Operational boundary	2019/20 Forecast £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	252,000	337,000	413,000	480,500
Other long term liabilities	235,500	224,500	214,500	205,500
Commercial activities / non-financial investments	8,000	13,000	19,500	19,500
Total	495,500	574,500	647,000	705,500

Authorised Limit

- 2.4.3 A further key Prudential Indicator, the Authorised Limit controls the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit may only be determined by the full Council. It reflects the level of external debt which, while not desirable, is affordable in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.
- 2.4.4 Cabinet is asked to approve the proposed Operational Boundary for each financial year from 2019/20 to 2022/23 as set out in Table 7 above and Authorised Limit as set out in Table 8 below:

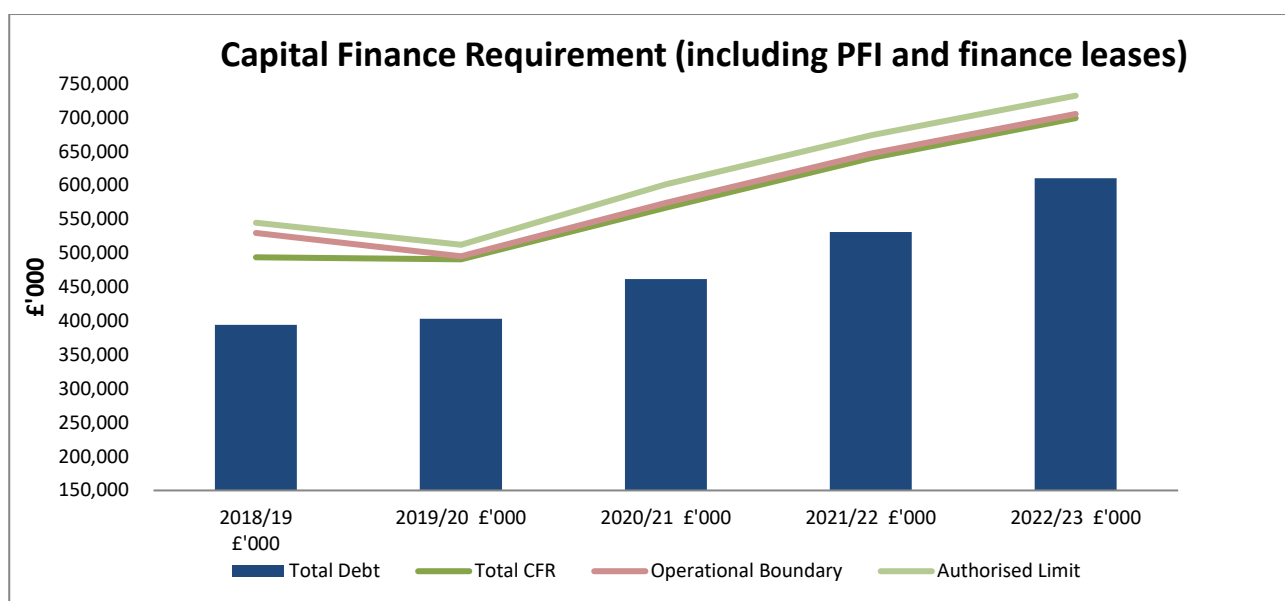
Table 8 Authorised Limit

Authorised Limit	2019/20 Forecast £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	262,000	357,000	433,000	500,500
Other long term liabilities	240,500	229,500	219,500	210,500
Commercial activities / non-financial investments	10,000	15,000	21,500	21,500
Total	512,500	601,500	674,000	732,500

- 2.4.5 Table 9 and the graph below show how the two indicators above, the Operational Boundary and the Authorised Limit compare to actual external debt and the CFR.

Table 9 Estimate Capital Financing Requirement, Debt and Treasury Indicators

Capital Financing Requirement (CFR) including PFI and finance leases	Actual 2018/19 £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund CFR	493,880	483,011	554,242	621,164	679,832
Commercial activity / non-financial investments	0	8,000	13,000	19,500	19,500
Total CFR	493,880	491,011	567,242	640,664	699,332
External Borrowing	147,846	167,843	237,599	317,596	405,993
Other long term liabilities	246,610	235,495	224,425	213,563	204,651
Total Debt	394,456	403,338	462,024	531,159	610,644
Operational Boundary	530,000	495,500	574,500	647,000	705,500
Authorised Limit	545,000	512,500	601,500	674,000	732,500



2.5 Prospects for Interest Rate

2.5.1 The Council has appointed Link Asset Services as its Treasury Adviser and part of its service is to assist the Council to formulate a view on interest rates. The table below gives Link Asset Services central view of interest rates from March 2020 to March 2023.

Table 10 Interest Rate Forecast

Timeline	Bank Rate	PWLB Borrowing Rates %			
	%	5 year	10 year	25 year	50 year
March 2020	0.75	2.40	2.70	3.30	3.20
June 2020	0.75	2.40	2.70	3.40	3.30
September 2020	0.75	2.50	2.70	3.40	3.30
December 2020	0.75	2.50	2.80	3.50	3.40
March 2021	1.00	2.60	2.90	3.60	3.50
June 2021	1.00	2.70	3.00	3.70	3.60
September 2021	1.00	2.80	3.10	3.70	3.60
December 2021	1.00	2.90	3.20	3.80	3.70
March 2022	1.00	2.90	3.20	3.90	3.80
June 2022	1.25	3.00	3.30	4.00	3.90
September 2022	1.25	3.10	3.30	4.00	3.90
December 2022	1.25	3.20	3.40	4.10	4.00
March 2023	1.25	3.20	3.50	4.10	4.00

- 2.5.2 The above forecasts reflect UK's exit from the EU which took place on 31 January 2020. Also reflected is the Governments ambition to secure a trade deal with the EU by 31 December 2020. Given the current level of uncertainties following the result of the Conservative general election victory on 12 December and subsequent developments, the forecasts may need to be materially reassessed in the light of events over the coming weeks or months.
- 2.5.3 It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% due to the ongoing uncertainty over the impact of Brexit and longer-term implications arising from the outcome of the General Election.
- 2.5.4 In its meeting on 7 November 2019, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then it is likely the MPC would cut the Bank Rate.
- 2.5.5 However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be no workable trade deal with the EU by December 2020. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates.

- 2.5.6 There has been much speculation recently that the world economy is currently in a bond market bubble. However, given the context that there are heightened expectations that the US could be heading for a recession, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, economic conditions support low bond yields.

- 2.5.7 While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central interest rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc.
- 2.5.8 This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. Over the last year, many bond yields up to ten years in the Eurozone actually turned negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been the precursor of a recession.
- 2.5.9 The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of ultra-low interest rates on cash deposits.
- 2.5.10 During the first half of 2019/20 to 30 September, gilt yields reduced significantly causing a near halving of longer term PWLB rates to completely unprecedented historic low levels. *(See paragraph 2.5.17 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9 October 2019)*
- 2.5.11 There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts. At various times this correlation has been strong but at other times weak. However, forecasting the timing of this and the strengthen of the correlation is likely to be very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.
- 2.5.12 One potential risk that may pre-occupy investor's minds is that Japan has become mired in twenty-years of failing to generate economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the Central Bank and Government. Investors may be concerned that this condition might affect other western economies.
- 2.5.13 Another risk is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may cause more harm than good through prolonged use.
- 2.5.14 Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or incentivise riskier lending.
- 2.5.15 Banks could also end up holding large amounts of their Government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.
- 2.5.16 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political developments, sovereign debt crisis,

emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

- 2.5.17 In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100 basis points (bps) within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9 October 2019.
- 2.5.18 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- 2.5.19 Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress is made with an EU trade deal, then there is upside potential for earnings.
- 2.5.20 Borrowing interest rates were on a major falling trend during the first half of 2019/20 but then increased up by 100 bps following H.M. Treasury decision to increase the margin on PWLB borrowing on 9 October 2019.
- 2.5.21 While the Council may not be able to avoid borrowing to finance new capital expenditure, and the use of internal cash resources that have supported the under borrowed position, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

2.6 Borrowing strategy

- 2.6.1 The factors that influence the 2020/21 strategy are:
- The movement in CFR as set out in Table 3 above;
 - Forthcoming 'Option' dates on £39m of Lender Option Borrower Option loans (LOBO's) in 2020/21;
 - The interest rate forecasts (set out in Table 10 above);
 - Aiming to minimise revenue costs to reduce the impact on the Council Tax Requirement; and
 - The impact of the Council's Capital and Property Investment Programmes.
- 2.6.2 The Council is currently maintaining an under-borrowed position. This means that the CFR has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 2.6.3 Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Treasury Management team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances so that:

- if it was considered that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed.
- if it was considered that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. The likely action would be that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

2.6.4 The forecast gross borrowing requirement in Table 5 at 2.3.4 above shows, based on current estimates, that the Council will need to drawdown a significant amount of new borrowing, to support the capital programme. Any additional borrowing will be completed with regard to the limits, indicators and interest rate forecasts set out above. As noted previously, initial estimates of borrowing have changed in previous years due to the reprofiling of the capital programme once the financial year has begun.

2.6.5 During 2020/21, £39m of LOBO (Lender Option Borrower Option) debt will reach the option renewal date. Table 11 below, sets out the maturity structure of fixed rate debt. At the renewal date the loans will either:

- Move to the option rate of interest, which in all cases will be the same as the current rate or:
- Be offered at a rate above the option rate, in which case the Council has the option to repay. This would then require refinancing at the prevailing market rates.

Table 11 Maturity Structure of Fixed Rate Debt

Maturity Structure of fixed interest rate debt	2020/21 Actual
under 12 months	23.39%
12 months and within 24 months	9.08%
24 months and within 5 years	22.70%
5 years and within 10 years	4.47%
10 years to 20 years	7.59%
20 years to 30 years	2.98%
30 years to 40 years	2.98%
40 years to 50 years	14.89%
50 years to 60 years	11.92%
60 years and above	0.00%

2.6.6 Due to the current interest rate forecast it is not anticipated that any of these LOBO loans will be called.

2.6.7 The 2020/21 capital programme now shows anticipated prudential borrowing of £99.070m with £99.100m in 2021/22, £84.506m in 2022/23. These figures have been reflected in this report and factored into the borrowing strategy for 2020/21 and future years.

2.6.8 Members are advised that indicators for interest rate exposure are no longer a requirement under the Treasury Management Code however as interest rate exposure risk is an important issue. Officers will monitor the balance between fixed and variable interest rates

for borrowing and investments. This will aim to ensure the Council is not exposed to adverse fluctuations in fixed or variable rate interest rate movements.

2.6.9 This is likely to reflect higher fixed interest rate borrowing if the borrowing need is high or fixed interest rates are likely to increase, or a higher variable rate exposure if fixed interest rates are expected to fall. Conversely if shorter term interest rates are likely to fall, investments may be fixed earlier, or kept shorter if short term investments are expected to rise.

2.6.10 The balance between variable rate debt and variable rate investments will be monitored as part of the overall treasury function in the context of the overall financial instruments structure and any under or over borrowing positions.

2.7 Policy on Borrowing in Advance of Need

2.7.1 The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Any borrowing will follow the most recent guidance issued by CIPFA entitled Prudential Property Investment.

2.7.2 Borrowing in advance will be made within the constraint that the Council would not look to borrow more than 24 months in advance of need.

2.7.3 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting arrangements.

2.8 Debt Rescheduling

2.8.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

2.8.2 The reasons for any rescheduling to take place will include:

- the generation of cash savings and/ or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

2.8.3 All re-scheduling will be reported to the Audit Committee, Cabinet and Council at the earliest meeting following its action.

2.9 New Financial Institutions as a Source of Borrowing

2.9.1 Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 basis points to 180 basis points (net of the 20 basis point reduction for the Certainty Rate) on loans to Local Authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local Authorities (primarily shorter dated maturities);
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates);

- UK Municipal Bonds Agency (which has recently negotiated its first bond issue). Members will recall that the Council has invested £0.100m in the UKMBA and would seek to make use of this new source of borrowing as and when appropriate.

2.9.2 The degree which any of these options proves cheaper than the PWLB Certainty Rate is still evolving however, all funding options will be fully evaluated, and the most appropriate option will be taken. Link Asset Services the Council's treasury advisors will keep the Council informed regarding different options available when borrowing is undertaken.

2.10 Annual Investment Strategy

Investment Policy – Management of Risk

2.10.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy elsewhere on the agenda.

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

2.10.2 The Council's investment priorities will be:

- firstly, the security of capital;
- secondly, the liquidity of its investments;
- thirdly, the optimum return on its investments commensurate with proper levels of security and liquidity;
- finally, ethical investments.

2.10.3 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- 2.10.4 This report defines the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix 5 under the categories of 'specified' and 'non-specified' investments.
- Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
- 2.10.5 For non-specified investments, the Council has determined that it will limit the maximum total exposure to non-specified investments as being 50% of the total investment portfolio.
- 2.10.6 Lending limits, (amounts and maturity), for each counterparty, will be set through applying the matrix table in paragraph 2.11.3.
- 2.10.7 Transaction limits are set for each type of investment in 2.11.3.
- 2.10.8 The Council has set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 2.13.9.)
- 2.10.9 Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 2.12.3) and Appendix 6.
- 2.10.10 The Council has engaged external consultants, (see paragraph 1.10), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the Council in the context of the expected level of cash balances and need for liquidity throughout the year.
- 2.10.11 All investments will be denominated in sterling.
- 2.10.12 As a result of the change in accounting standards for 2019/20 under IFRS 9, consideration will be given to the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, MHCLG concluded a consultation for a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from April 2018).
- 2.10.13 However, the Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 2.14). Regular monitoring of investment performance will be carried out during the year.
- 2.10.14 The risk management criteria are unchanged from last year.
- 2.11 Creditworthiness policy
- 2.11.1 Oldham Council utilises the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three

main credit rating agencies - Fitch, Moody's and Standard and Poor. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

2.11.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration and maximum investment value for each counterparty.

2.11.3 Institutions are split into colour bandings and the Council will therefore use counterparties within these colours, durational bands and investment limits. Table 12 below shows these limits.

Table 12 Investment Criteria

Counter Party	Link Colour Band and Long Term Rating where applicable	Maximum Duration	Maximum Principal Invested per Counterparty
Banks	Yellow (Note 1)	5 Years	£10m
Banks	Dark Pink (Note 2)	5 Years	£10m
Banks	Light Pink (Note 3)	5 Years	£10m
Banks	Purple	2 Years	£20m
Banks	Blue (Note 4)	1 Year	£20m
Banks	Orange (Note 5)	1 Year	£15m
Banks	Red	6 months	£10m
Banks	Green	100 days	£10m
Banks	No Colour	Not to be used	Not to be used
Local Authorities/ Public Bodies	Internal Due Diligence	5 Years	£10m
GMCA	Internal Due Diligence (Note 6)	5 Years	£30m
Debt Management Account Deposit Facility (DMADF)	UK Sovereign rating	6 months	£20m
	Fund Rating	Maximum Duration	Maximum Principal Invested per Counterparty
Money Market Fund			
Constant	AAA	Liquid	£20m
Low Volatile	AAA	Liquid	£20m
Variable	AAA	Liquid	£20m

Note 1 – UK Government debt or equivalent

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 currently include the RBS Group (Royal Bank of Scotland, NatWest Bank and Ulster Bank).

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

Note 6 – The higher maximum principal is to facilitate joint initiatives and activities related to the devolution agenda.

2.11.4 The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

2.11.5 Typically the minimum credit ratings criteria the Council uses will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In this instance consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

2.11.6 All credit ratings will be monitored on a weekly basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn or notice given to withdraw immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in the Credit Default Swap Index against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in the downgrading of an institution or its removal from the Council's lending list.

2.11.7 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on any external support banks to help support the decision making process.

UK banks – ring fencing

2.11.8 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities from 1 January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. As the banking market is constantly changing, several banks are very close to the threshold and so may come into scope in the future.

2.11.9 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower

risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

2.11.10 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

2.12 Country and Sector Limits

2.12.1 It is not proposed to restrict the Council’s investment policy to only UK banks and building societies. In addition to the credit rating criteria set out above consideration will be given to the sovereign rating of the country before any investment is made.

2.12.2 In February 2013 the UK lost its AAA rating and moved to an AA rating. The Council will continue to invest with UK Banks, providing the individual institutions still meet the relevant criteria.

2.12.3 The Council has determined that it will only use approved counterparties from the UK and from other countries with a minimum sovereign credit rating of AAA from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy, therefore for illustrative purposes the appended list is extended to also show AA- i.e. the countries currently assessed to be in the rating below those that currently qualify. It is important to note that although able to, the Council has chosen not to invest overseas in recent years.

2.13 Investment Strategy

2.13.1 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow, any cash identified that could be invested for longer periods will be carefully assessed.

- If it is thought that bank rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that bank rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

2.13.2 The Council currently has investments totalling £25m which span the financial year as shown in Table 13. These investments are current as at February 2020.

Table 13 Investments maturing in 2020/21

Counterparty	Amount	Maturity Date	Rate
Standard Chartered Bank	£5,000,000	03/04/2020	0.88%
Goldman Sachs	£2,000,000	03/04/2020	0.90%
Goldman Sachs	£3,000,000	03/04/2020	0.90%
Thurrock Council	£5,000,000	06/04/2020	0.80%
Ashford Borough Council	£5,000,000	06/04/2020	0.82%
Standard Chartered Bank	£5,000,000	05/05/2020	0.92%
Total	£25,000,000		

2.13.3 On the assumption that the UK and EU agree a trade deal by the end of 2020 or soon after, then Bank Rate is forecast to increase slowly over the next few years to reach 1.00% by quarter 1 2023. Bank rates forecasts for financial year ends are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

2.13.4 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows.

- 2019/20 0.75%
- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.25%
- 2023/24 1.50%
- 2024/25 1.75%
- Later years 2.25%

2.13.5 The overall balance of risks to economic growth in the UK are probably to the downside due to the weight of all the uncertainties over the UK's relationship with the EU, as well as a softening global economic picture.

2.13.6 The balance of risks to increases in bank rate and shorter term PWLB rates, are broadly similarly to the downside.

2.13.7 In the event that a UK trade deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increase in Bank Rate is likely to change to the upside.

2.13.8 Funds available for investment are likely to be lower than in recent years due to a budget proposal to pay employer superannuation contributions up-front to the Greater Manchester Pension Fund. This budget proposal is included within the report on the Revenue Budget 2020/21 and the Medium Term Financial Strategy 2020/21 to 2024/25 (elsewhere on the agenda.)

Investment Treasury Indicator and Limit

- 2.13.9 This indicator considers total principal funds invested for greater than 365 days. These limits have regard to the Council's liquidity requirements and reduce the need for the early redemption of investments, and are based on the availability of funds after each year end.

Table 14 – Maximum principal sum invested greater than 365 days

Upper Limit for principal sums invested for longer than 365 days	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Principal sums invested for longer than 365 days	£50m	£50m	£50m	£50m
Current investments as at January 2020 in excess of 1 year	£15m	£15m	£15m	£15m

- 2.13.10 For cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short dated deposits, in order to benefit from the compounding of interest.

2.14 Investment Risk Benchmarking

- 2.14.1 These benchmarks provide simple guides to maximum risk, and may be breached from time to time, depending on movements in interest rates and counterparty criteria. These benchmarks provide officers with a baseline against which current and trend positions can be monitored. It may be necessary to amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report to Members.

Liquidity – in respect of this area the Council seeks to maintain:

- A Bank overdraft facility of £0.100m
- Liquid short term deposits of at least £10m available with a week's notice.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID (London Interbank Bid Rate) rate multiplied by 5%
- Investments – internal returns above the 1 month LIBID rate multiplied by 5%
- Investments – internal returns above the 3 month LIBID rate multiplied by 5%
- Investments – internal returns above the 6 month LIBID rate multiplied by 5%
- Investments – internal returns above the 12 month LIBID rate multiplied by 5%

- 2.14.2 At the end of the financial year, the Council will report on its investment activity as part of the Annual Treasury Report, which is in accordance with required practice and is presented to Cabinet and then Council for approval.

2.15 Other Treasury Management Issues

Legal Action being taken by the Council

- 2.15.1 The Council is currently involved in legal action against Barclays Bank with regards to certain Lender Option Borrower Option (LOBO) transactions. This is based on the Bank's involvement in manipulation of the LIBOR benchmark rate and the subsequent impact on the Council's financial position. This matter is on-going.

Brexit

- 2.15.2 The Council is mindful of the UK's recent exit from the EU and will continue to ensure that treasury activity is managed to minimise any risk to the Council.

International Financial Reporting Standard (IFRS) 16 – Leases

- 2.15.3 IFRS 16 is a new standard for lease accounting which came into force in January 2019. The changes apply to the accounting arrangements for lease agreements that organisations take out property, plant and equipment (PPE). The standard for the public sector will commence from 1 April 2020. Previously, leases were split into finance leases and operating leases however, from 1 April 2020 they will now be accounted for as finance leases. Under the current regime, operating leases were not included in Balance Sheets as assets and expenditure were charged to Comprehensive Income and Expenditure Statement in the Council's accounts. Under IFRS 16 all leases must now be accounted for on the Balance Sheet. Work is currently ongoing to assess the full impact, but an estimate has been included in the Council's CFR so that the Council's prudential indicators are not adversely affect by the implementation of IFRS 16.

3 Options/Alternatives

- 3.1 In order to comply with the CIPFA Code of Practice on Treasury Management, the Cabinet 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 The preferred option is that the contents of this report are approved by Cabinet and commended to Council .

5 Consultation

- 5.1 There has been consultation with Link Asset Services, the Council's Treasury Management Advisors. The consideration of the Treasury Management Strategy for 2020/21 by the Audit Committee on 20 January 2020 and the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020 is also a key strand in the consultation process. Both the Audit Committee and the Select Committee were content to commend the report to Cabinet and Council.

6 Financial Implications

- 6.1 Financial Implications are detailed within the report.

7 Legal Services Comments

- 7.1 There are no legal implications.

8 Co-operative Agenda

- 8.1 The Treasury Management strategy embraces the Council's cooperative agenda. The Council will develop its investment framework to ensure it complements the co-operative ethos of the Council.

9 Human Resources Comments

9.1 There are no Human Resource Implications.

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 has previously been acknowledged in the Internal and External Auditors' reports presented to the Audit Committee. An issue dependent upon market developments which may need to be considered in the future is refinancing some of the long term loans. This can be mitigated by effective monitoring of the market.

11 IT Implications

11.1 There are no IT Implications.

12 Property Implications

12.1 There are no Property Implications.

13 Procurement Implications

13.1 There are no Procurement Implications.

14 Environmental and Health & Safety Implications

14.1 There are no Environmental and Health & Safety Implications.

15 Equality, community cohesion and crime implications

15.1 There are no Equality, community cohesion and crime implications.

16 Equality Impact Assessment Completed?

16.1 No

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCS 13-19

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 provided in Appendices 1 - 8
Officer Name: Lee Walsh / Talei Whitmore
Contact No: 0161 770 6608/ 4924

20 Appendices

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Appendix 2 Prudential and Treasury Indicators 2020/21 – 2022/23
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Appendix 7 Treasury Management Scheme of Delegation
Appendix 8 Treasury Management Role of the Statutory Chief Finance Officer (Director of Finance)

Appendix 1 – Minimum Revenue Provision (MRP) Policy Statement

1.1 General Principles and Practices

1.1.1 Local Authorities are required to set aside ‘prudent’ provision for debt repayment where they have used borrowing or credit arrangements to finance capital expenditure. Ministry for Housing, Communities and Local Government (MHCLG) regulations require the full MRP Statement to be decided upon at least annually and reported to the Council Meeting. The Council has to ensure that the chosen options are prudent.

1.2 Link to Asset Life/Economic Benefit

1.2.1 Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP will normally be determined by reference to asset life, economic benefit or MHCLG Guidance.

1.2.2 To the extent that expenditure cannot be linked to the creation/enhancement of an asset and is of a type that is subject to estimated life periods that are referred to in the MHCLG guidance (paragraph 24), these periods will generally be adopted by the Council.

1.2.3 Where certain types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

1.2.4 Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

1.3 Methods for Calculating MRP

1.3.1 Any of the methods for calculating MRP that are set out below may be used. MRP will commence in the financial year after the completion of assets rather than when expenditure is incurred. All methods, with the exception of the approach taken to Previously Supported General Fund Borrowing are based on Asset Life/Economic Benefit. These methods include but are not limited to:

The Annuity Method

1.3.2 This calculation seeks to ensure the revenue account bears an equal annual charge (for principal and interest) over the life of the asset by taking account of the time value of money. Since MRP relates only to ‘principal’, the amount of provision made annually gradually increases during the life of the asset. The interest rate used in annuity calculations will be referenced to either prevailing or average PWLB rates.

Equal Instalments of Principal

1.3.3 MRP is an equal annual charge calculated by dividing the original amount of borrowing by the useful life of the asset.

Previously Supported General Fund Borrowing

1.3.4 General Fund Borrowing that was previously supported through the Revenue Support Grant (RSG) system will be provided for in equal annual instalments over a 50 year period commencing 1 April 2016. As at 1 April 2016, the value of this borrowing equalled

£134,376,866 and results in an equal annual minimum revenue provision of £2,742,385; the final instalment of which will be provided for by no later than 31 March 2066. In the event of:

- transfers of Capital Financing Requirement between the General Fund element and Housing element;
- additional voluntary revenue provision being made

the annual MRP charge will be adjusted to ensure that full provision will continue to be made by no later than 31 March 2066.

Bespoke Repayment Profiles:

1.3.5 With regard to credit arrangements that are implicit in Finance Lease or PFI arrangements, any 'debt' repayment element (notional or otherwise) included in charges associated with these arrangements will be classified as MRP.

1.4 Voluntary Revenue Provision

1.4.1 The Council has the option of making additional Voluntary Revenue Provision (VRP) in addition to MRP. The Council may treat VRP as 'up-front' provision (having a similar impact to the early repayment of debt) and thus recalculate future MRP charges accordingly. Where the Council has made additional VRP's for debt repayment in previous years, in year MRP charges may be adjusted to reflect this provided it does not result in a negative MRP charge. To the extent charges are adjusted, current and future year's charges will be recalculated to ensure the Council continues to make prudent provision for debt repayment in relation to historic capital expenditure. The Council may in some circumstances apply VRP to relatively short-life assets/expenditure in order to facilitate a reduction in the future base revenue budget needed to fund capital financing costs.

1.5 Local Exceptions to the Guidance

1.5.1 The Council reserves the right to determine useful life periods and prudent MRP in certain circumstances or where the recommendations of the MHCLG guidance are not appropriate to local circumstances. Examples include:

Assets Under Construction

1.5.2 No MRP charge will be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use.

Local Authority Mortgage Scheme (LAMS)

1.5.3 The Council operated a Local Authority Mortgage Scheme (LAMS) using the cash backed option. The mortgage lenders require a five year deposit from the Local Authority to match the five year life of the indemnity. The deposit placed with the mortgage lender provides an integral part of the mortgage lending and is treated as capital expenditure and a loan to a third party. The CFR will increase by the amount of the total indemnity. The cash advance is due to be returned in full at maturity, with interest paid annually. Once the cash advance matures and funds are returned to the Local Authority, the returned funds are classed as a capital receipt, which will be applied to reduce the CFR. As this is a temporary (five years) arrangement and the funds will be returned in full, there is no need to set aside MRP to repay the debt liability in the interim period. All previous LAMS schemes are now completed, with the deposits repaid in full. However, the option is still available should the Council see it as a corporate priority.

Loans to Third Parties

- 1.5.4 The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that provision is not necessary. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor and the associated obligation to make repayments. Any loans given are subject to substantial due diligence process by both internal officers and were appropriate external advisors.

1.6 Borrowing in Lieu of Capital Receipts

- 1.6.1 The Council has concluded that MRP provision is not necessary for capital expenditure incurred in lieu of capital receipts. Any such schemes will be classified by the Capital Investment Programme Board (CIPB) as 'Borrowing in Lieu of Capital Receipts'. CIPB will also determine which capital receipts will be allocated to the scheme and as the receipts are achieved they will be applied to repay the debt.

The Application of Capital Receipts in Lieu of MRP

- 1.6.2 Where the Council has received uncommitted and unapplied Capital Receipts, it retains the option to set aside those Capital Receipts as part of its arrangements for making 'prudent' provision for debt repayment rather than using them for capital financing purposes.

- 1.6.3 As Capital Receipts may form part of the Councils arrangements for making 'prudent' provision, setting aside Capital Receipts in this manner can be carried out in lieu of MRP whereby the MRP charge will be reduced by an amount equal to that set aside from Capital Receipts.

1.7 HRA Capital Financing Requirement (CFR)

- 1.7.1 MRP will equal the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations (SI 2003/3146) as if they had not been revoked. This approach is consistent with paragraph 7 of the MHCLG Guidance on MRP.

- 1.7.2 The basic MRP charge relating to the HRA CFR is therefore nil. However, the Council may make 'Voluntary Revenue Provision' provided such an approach is prudent and appropriate in the context of financing the HRA capital programme and is consistent with the delivery of the HRA Business Plan.

Appendix 2 Prudential and Treasury Indicators 2020/21 – 2022/23

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

Capital Expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Corporate Services *	14,525	1,128	6,010		
Children's Services		18,781	15,590	12,305	5,000
Health & Adult Social Care Community Services	2,058	0	0	0	0
Community Services & Adult Social Care	0	2,029	3,400	703	400
People & Place **	28,066	29,910	107,835	104,062	86,710
Reform	169	39	346	400	0
Funds for Emerging Priorities	1,500	1,098	3,440	3,575	4,200
General Fund Services	46,318	52,985	136,621	121,045	96,310
Housing Revenue Account (HRA)	2,246	1,854	5,538	3,922	6,200
HRA	2,246	1,854	5,538	3,922	6,200
Commercial Activities / Non-Financial Investments ***	0	9,106	5,000	6,500	0
Commercial Activities / Non-Financial Investments	0	9,106	5,000	6,500	0
Total	48,564	63,945	147,159	131,467	102,510

* Excludes commercial activities which are included in the Corporate Services capital programme within the Capital Strategy report.

** Excludes commercial activities which are included in the People & Place capital programme within the Capital Strategy report.

*** Relate to areas such as capital expenditure on investment properties, loans to third parties, purchase of equity shares etc.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. Cabinet is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund excluding DSG*	10.00%	13.30%	14.02%	15.54%	15.83%

*Dedicated Schools Grant

The estimates of financing costs include current commitments and the proposals in the budget report.

Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Cabinet is asked to approve the following treasury indicators and limits:

Maturity Structure of fixed interest rate debt 2020/21	Lower Limit	Upper Limit
Under 12 months	0.00%	40.00%
12 months and within 24 months	0.00%	40.00%
24 months and within 5 years	0.00%	40.00%
5 years and within 10 years	0.00%	40.00%
10 years to 20 years	0.00%	50.00%
20 years to 30 years	0.00%	50.00%
30 years to 40 years	0.00%	50.00%
40 years to 50 years	0.00%	50.00%
50 years to 60 years	0.00%	50.00%

Control of interest rate exposure

Members are advised that indicators for interest rate exposure are no longer a requirement under the new Treasury Management Code however as interest rate exposure risk is an important issue. Officers will monitor the balance between fixed and variable interest rates for borrowing and investments. This will aim to ensure the Council is not exposed to adverse fluctuations in fixed or variable rate interest rate movements.

This is likely to reflect higher fixed interest rate borrowing if the borrowing need is high or fixed interest rates are likely to increase, or a higher variable rate exposure if fixed interest rates are expected to fall. Conversely if shorter term interest rates are likely to fall, investments may be fixed earlier, or kept shorter if short term investments are expected to rise.

The balance between variable rate debt and variable rate investments will be monitored as part of the overall treasury function in the context of the overall financial instruments structure and any under or over borrowing positions.

Appendix 3 – Link Asset Services Interest rate forecast 2019 – 2022

PWLB rates and forecast shown below take into account the 20 basis point certainty rate reduction effective as of the 1st November 2019 for 2019/20 and 2020/21.

Bank Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
5yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.36%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	2.36%	2.40%	2.40%	2.40%	2.40%	2.40%	-	-	-	-	-	-	-	-	-
10yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.61%	2.60%	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	2.61%	2.60%	2.60%	2.60%	2.60%	2.60%	-	-	-	-	-	-	-	-	-
25yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.18%	3.20%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	3.18%	2.90%	2.90%	2.90%	2.90%	2.90%	-	-	-	-	-	-	-	-	-
50yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.04%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	3.04%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-	-	-	-	-

Appendix 4: Economic Background

Set out below is a more detailed analysis of the Economic Background used to support the preparation of the 2020/21 Treasury Management Strategy Statement.

UK

Brexit. 2019 was a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained an overall majority in the general election on 12 December, this outline deal has been passed by Parliament and the UK has now left the EU. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, effectively a no deal Brexit in December 2020.

GDP growth took a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% quarter to quarter (q/q), +1.1% year on year (y/y). However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is unlikely to change significantly in 2020, with limited growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November 2019, its value may be questionable when faced with the current uncertainties. The Bank made a change in Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that is worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** 2019 repeated the vote of the previous month of 7-2 to keep Bank Rate on hold. Their key view was that there was currently ‘no evidence about the extent to which policy uncertainties among companies and households had declined’ i.e. they were going to wait and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that domestic “unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term”.

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and

expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget which will be held on 11 March 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI hovered around the Bank of England's target of 2% during 2019 but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was no trade deal with the EU, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed was quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44 year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA

President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The US Federal Reserves (The Fed) finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to start buying Treasury bills again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been hit by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in early November / December, progress has been made on agreeing a phase a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE

Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit in December 2020 depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a third round of Target Long Term Repurchase Operations (TLTROs); this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**; (at its October meeting it said this would start in November at €20bn per month - a relatively small amount compared to the previous buying programme). It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments will need to help stimulate growth by ‘growth friendly’ fiscal policy.

There were no policy changes in the December meeting which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

CHINA

Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN

Has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH

Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high-tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited opportunity to defend their position, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 2.5.1 are **predicated on the assumption of a trade agreement being reached between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit in December 2020**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a trade deal was agreed with the EU, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if, longer-term it was to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.

- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the support of the SPD party, as a result of the rise in popularity of the AfD party. The CDU has done badly in recent state elections, but the SPD has done particularly badly, and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader, but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on some \$19 trillion of corporate debt in major western economies, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15 trillion of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the Deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if a trade agreement was reached by December 2020 that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Appendix 5: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Specified Investments: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

Non-specified Investments: These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Specified Investments

	Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government Debt Management Account Deposit Facility	N/A	100%	6 months
UK Government gilts	UK sovereign rating	£20m	12 months
UK Government Treasury bills	UK sovereign rating	£20m	12 months
Bonds issued by multilateral development banks	AAA	£10m	6 months
Money Market Funds Constant Net Asset Value (CNAV)	AAA	£20m	Liquid
Money Market Funds Low Volatility Net Asset Value (LVNAV)	AAA	£20m	Liquid
Money Market Funds Variable Net Asset Value (VNAV)	AAA	£20m	Liquid
Enhanced Cash Funds with a credit score of 1.25	AAA	£20m	Liquid
Enhanced Cash Funds with a credit score of 1.5	AAA	£20m	Liquid
Local Authorities	Yellow	£10m	12 months
Public Bodies	N/A	£10m	12 months
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£20m £15m £10m £10m Not for use	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£20m £15m £10m £10m Not for use	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£10m	12 months

REPO's (Collateralised deposit)	100% Collateral	£5m	12 months
GMCA	Internal Due Diligence	£30m	12 months
GM Public Bodies	Internal Due Diligence	£30m	12 months

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue implications, which may arise from these differences, the accounting implications of new transactions will be reviewed before they are undertaken.

Non-specified Investments: A maximum of 50% will be held in aggregate in non-specified investments

Maturities in excess of 1 year

	* Minimum Credit Criteria	Use	£ limit per institution	Max. maturity period
Term deposits – local authorities and other public institutions	Yellow	In-house	£10m	5 years
Term deposits – banks and building societies	Yellow Purple	In-house	£10m £10m	5 years 2 years
Certificates of deposit issued by banks and building societies	Yellow Purple	In-house	£10m £10m	5 years 2 years
Certificates of deposit issued by banks and building societies	Short-term F1 Long-term AA	Fund Managers	£5m	2 years
Collateralised deposit	UK sovereign rating	In-house and Fund Managers	£5m	2 years
UK Government Gilts	UK sovereign rating	In-house and Fund Managers	£10m	5 years
Bonds issued by multilateral development banks	AAA	In-house and Fund Managers	£10m	3 years
Sovereign bond issues (other than the UK Government)	AAA	In-house and Fund Managers	£5m	2 years
Corporate bonds	Short-term F1 Long-term AA	In-house and Fund Managers	£5m	5 years
Green Energy Bonds	Internal Due Diligence	In-house and Fund Managers	£10m	10 years
Property Funds	Internal Due Diligence	In-house	£30m	10 years
Floating Rate Notes	Long Term A	In-house	£5m	5 years
REPO's (Collateralised deposit)	100% Collateral	In-house	£5m	5 years
GMCA	Internal Due Diligence	In-house	£30m	5 years
Covered Bonds	Long term A	In-house	£5m	5 years
UK Municipal Bonds Agency	Internal Due Diligence	In-house	£1m	10 years
Local Authority Fixed Income Fund	Internal Due Diligence	In-house	£5m	10 years
Unrated Bonds, backed by securitised Assets	Internal Due Diligence	In-house and fund managers	£5m	5 years
Asset Backed Pooled Investment Funds	Internal Due Diligence	In-house and fund managers	£5m	5 years
Fixed term deposits with variable rate and variable maturities	Internal Due Diligence	In-house and External Advice	£20m	50 years
Debt Financing	Internal Due Diligence & External Advice	In-house and External Advice	£30m	10 years

Appendix 6: Approved Countries for Investments (as at February 2020)

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- France
- U.K.

AA-

- Belgium

Appendix 7: Treasury Management Scheme of Delegation

The scheme of delegation is as follows:

Full Council is the responsible body for:

- receiving and reviewing reports on Treasury Management policies, practices and activities;
- the approval of the annual strategy, mid-year review and outturn report.
- approval of/amendments to the organisation's Treasury Management Policy Statement;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;

Cabinet is the responsible body for:

- considering the Treasury Management Policy and Procedures and making recommendations to the responsible body.
- considering Treasury Management reports and commending to Council.

Audit Committee is responsible for scrutiny:

- reviewing the Treasury Management Policy and Procedures and making recommendations to the responsible body.
- Reviewing Treasury Management reports and making recommendations to the responsible body.

Cabinet Member for Finance and and Corporate Services is responsible for:

- approving the selection of external service providers and agreeing terms of appointment

Note : The Overview and Scrutiny Performance and Value for Money Select Committee reviews and scrutinises the Annual Treasury Management Strategy report along with the suite of other budget reports (including the Capital Strategy)

Appendix 8: The Treasury Management Role of the Statutory Chief Finance Officer (Director of Finance)

The Statutory Chief Financial Officer will discharge the Treasury Management role by:

- recommending Treasury Management Policy/Practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing Treasury Management information reports;
- reviewing the performance of the Treasury Management function;
- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit processes, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- the provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that Members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- the creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Ensuring appropriate training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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Report to Cabinet

Council Tax Reduction Scheme 2020/21

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

Officer Contact: Anne Ryans, Director of Finance

Report Author: Caroline Lee, Head of Revenues and Benefits

Ext 4905

10 February 2020

Reason for Decision

The purpose of the report is to present to Cabinet, the proposed Council Tax Reduction Scheme for 2020/21.

Executive Summary

Members will recall that there is a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualify for assistance in paying Council Tax. The Local Government Finance Act 2012 places a requirement that each year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2020/21 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2020. For Oldham, this requires the Council to agree a revised 2020/21 scheme at the 26 February 2020 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors and the public.

The Council's current CTR scheme limits CTR to a maximum of 85% of Council Tax for a Band A property and removes second adult rebate for those of working age. Following a public consultation exercise in Autumn 2018, the scheme was amended from April 2019 to introduce a range of changes to the scheme largely aimed at supporting those CTR claimants who receive Universal Credit (UC). These included the application of some earnings disregards and treatment of information received from the Department for Work and Pensions (DWP) about UC as a claim for CTR.

As more working age Housing Benefit (HB) cases move to UC, Local Authority CTR schemes are in transition as the number of cases aligned to the HB model of assessment reduces and the number of UC cases aligned to the UC structure increases. It is therefore considered pragmatic to wait until more cases have migrated to UC to introduce a fully revised CTR scheme which would appropriately link with the design of UC. This would avoid the administrative complexity of running two distinct working age CTR schemes concurrently and would mean that the CTR scheme would remain unchanged in 2020/21.

At its meeting on 23 January 2020, the Overview and Scrutiny Performance and Value for Money Select Committee (PVFM), scrutinised the proposed Council Tax Reduction Scheme for 2020/21. The Select Committee was content to agree the proposal that there are no changes to the 2019/20 CTR scheme for 2020/21. It was therefore content to commend the proposed CTR scheme for 2020/21 to Cabinet without additional comment.

Recommendation

It is recommended that Cabinet approves and commends to Council the proposed Council Tax Reduction scheme for 2020/21.

Council Tax Reduction Scheme 2020/21**1 Background**

- 1.1 Prior to April 2013, Council Tax payers who qualified for assistance could apply for Council Tax Benefit (CTB) to help pay their Council Tax. The CTB scheme was administered by Local Authorities on behalf of the Department for Work and Pensions (DWP) and was assessed on a means tested basis. Under this national scheme, Council Tax payers could receive benefit of up to 100% of their Council Tax liability. The Council then received full funding from the Government for all correct CTB awards made. Changes introduced by the Government abolished CTB from 1 April 2013 and made Local Authorities responsible for setting up their own local Council Tax Reduction schemes (CTR) for working age people. The Government also reduced the amount of funding given to Councils to pay for the schemes in 2013/14 by 10%. The CTR scheme for pensioners is set by the Government and is not subject to the changes applied to those of working age. In devising new CTR schemes, many Local Authorities adopted schemes that replicated the old CTB schemes and then applied a minimum payment for working age customers to make up the funding difference.
- 1.2 Since 2014/15, the amount of grant received from Government to pay for CTR has been included within the general grant (Revenue Support Grant) that the Council receives and the amount to support CTR schemes is not specifically identified year on year. Revenue Support Grant (RSG) was significantly reduced from 2014/15 until 2019/20. Funding for 2020/21 remains comparable with 2019/20 levels however, with the introduction of the pilot of 100% Business Rates Retention and the subsuming of RSG into the Council's Business Rates Top Up Grant, it is fair to say the link between Central Government funding and Central Government support for CTR has been cut.
- 1.3 The legislation confers an obligation on the Council to consider whether to revise the CTR scheme on an annual basis. This consideration needs to be given by full Council prior to the deadline for the setting of the Council's budget (which for 2020/21 is no later than 10 March 2020). The last Council meeting before this date is 26 February 2020.

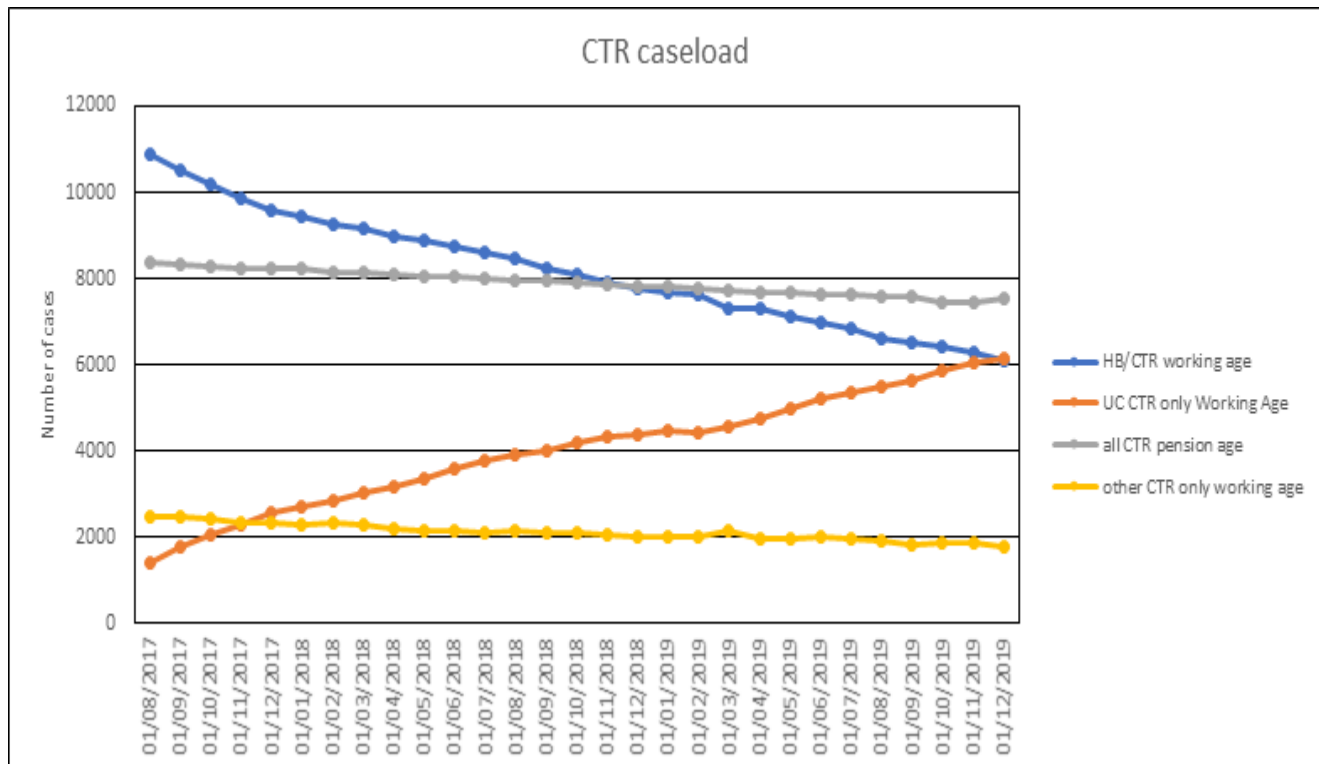
2 Current Position

- 2.1 The Council currently has a CTR scheme that awards a maximum payment of 85% of a Band A rate of Council Tax and has removed the provision to award second adult rebate for claimants of working age. From April 2019, the Council also introduced changes to support CTR claimants in receipt of Universal Credit (UC) including the application of some earnings disregards and the use of DWP information as a claim for CTR.
- 2.2 The current projected collection rate for CTR cases in 2019/20 is approximately 80%. This is below the CTR collection rate for 2018/19 of 82.28%.
- 2.3 The roll out of the full service of Universal Credit commenced in Oldham from April 2017. Universal Credit (UC) is a single monthly payment which replaces six working age benefits (known as legacy benefits). These are Housing Benefit (HB), Income Support (IS), Working Tax Credits (WTC), Child Tax Credit (CTC), Employment and Support Allowance (Income-related) and Job Seekers Allowance (Income-based). The current roll out of UC follows a process of natural migration i.e. as a claimant experiences a relevant change of circumstances such as becoming fit for work, entitlement to legacy benefits end and UC must be claimed instead. Oldham was an early adopter of UC full service and the most recent data available shows that as at August 2019, roll out was 44% complete in the

parliamentary constituencies of Oldham East and Saddleworth and 40% in Oldham West and Royton. This is high in comparison with other Local Authority areas, but it will still be some time before the full migration of working age claims is complete. The Government has indicated that managed migration (the bulk transfer of all eligible working age HB cases to UC by Local Authority) will be complete nationally by 2023 although no indicative timetable has been set for Oldham to date.

- 2.4 There have been several changes to the Housing Benefit (HB) scheme since April 2016. This means that the working age CTR scheme does not align with revised HB regulations. These changes include the removal in HB of the family premium for new claimants and restriction of HB for households with two or more children (where children born after April 2017 are no longer eligible for further support.)
- 2.5 Some Local Authorities in recent years have introduced changes to align their CTR schemes with these and other HB changes in regulation but attempts to do this are arguably less relevant now given the on-going natural migration of HB cases to UC. The slow migration of HB to UC has resulted in the emergence of UC/CTR as a new CTR working age scheme with some discrete differences in calculation methods to determine needs and income from those used for legacy claims.
- 2.6 As at December 2019, the overall CTR caseload was 21,586. The caseload for those of pension age remains relatively static but Table 1 below demonstrates how CTR claims from those who are in receipt of UC are increasing as other working age CTR cases for those in receipt of HB are reducing. It is therefore considered prudent to wait to change the CTR scheme until the number of cases in receipt of UC outnumbers those on HB by a decent margin before considering a fundamental change to the system.

Table 1: Caseload changes



3 Options/Alternatives

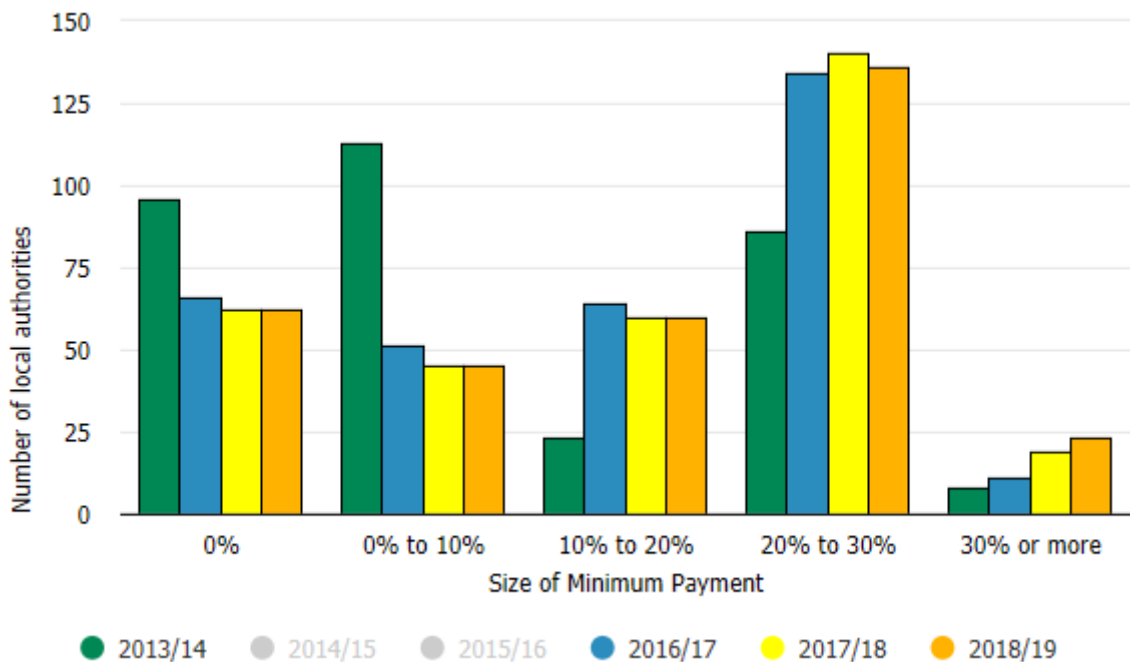
3.1 In order that Members have the opportunity to consider the best approach for the CTR scheme for 2020/21 (including the proposal for no change), 4 options are presented. These are:

1. Maintain the present level of support i.e. limiting the level of support at 85% of the Council Tax for a Band A property.
2. Limiting the maximum level of support from 2020/21 to 82.5%
3. Aligning the CTR scheme to reflect some of the changes made to Housing Benefit
4. Changing the method of assessment for UC/CTR cases

Option 1 Maintain the current 85% maximum scheme

3.2 The current scheme limits the maximum CTR award to 85% of Council Tax for a Band A property. The scheme is understood and established in Oldham and the basis of the calculation is very similar to the Housing Benefit and Pensioner CTR scheme. This scheme requires a minimum payment towards Council Tax for all those of working age. Table 2 below sets out the national picture of minimum payments as at 2018/19 (these are the latest available figures). Oldham's scheme requires a minimum payment of 15%.

Table 2 – Minimum Payments



Source: www.counciltaxreduction.org

Data set covers the years 2013/14, 2016/17, 2017/18 and 2018/19 only and excludes 2014/15 and 2015/16

- 3.3 A comparison of minimum payments required from Greater Manchester neighbours in 2019/20 is set out in Table 3 below. Clearly, the minimum weekly payment is not only influenced by the percentage of support offered but also the actual Council Tax charged.

Table 3 – Greater Manchester Minimum Payments

Council Tax Charge (Working Age, Maximum CTR Award, No Single Occupier Discount Applied)

Local Authority	Council Tax Band A 2019/20	Maximum Support %	Annual Charge	Minimum Weekly Payment if in receipt of Full CTR
Bolton	£1,174.47	87.50%	£146.81	£2.82
Bury	£1,217.44	80%	£243.49	£4.67
Manchester	£1,097.34	82.50%	£192.03	£3.68
Oldham	£1,266.39	85%	£189.96	£3.64
Rochdale	£1,238.25	85%	£185.74	£3.56
Salford	£1,235.04	85%	£185.26	£3.55
Stockport	£1,277.92	100%	£0.00	£0.00
Tameside	£1,163.03	75%	£290.76	£5.58
Trafford	£1,044.97	100%	£0.00	£0.00
Wigan*	£1,043.51	80%	£208.70	£4.00

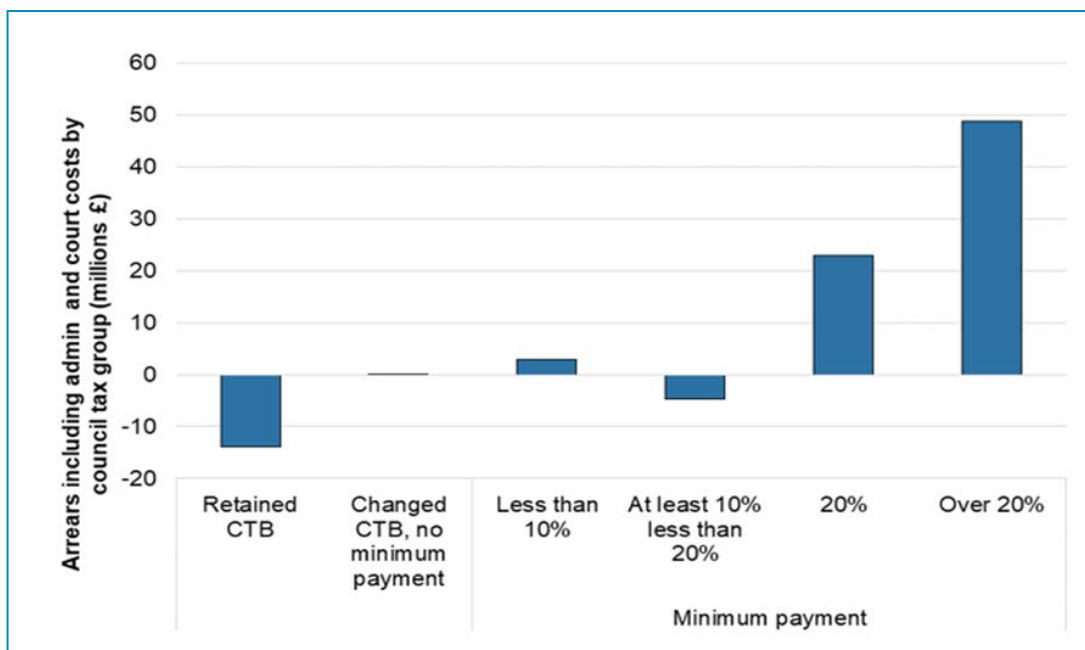
*except for households with Children under 5

- 3.4 An overall CTR collection rate of 80% would deliver the income needed to meet the Council Tax requirements for 2020/21 if the current scheme remained in place.

Option 2 – Reducing the maximum support to 82.5%

- 3.5 Increasing the charge by reducing the support available for Council Tax per annum year on year has been a common approach taken by Local Authorities since 2013. The latest available figures show that in 2018/19, almost a quarter of Councils had 20% schemes. By contrast, over one fifth had no minimum payment and another fifth have payments over 20% with North Lincolnshire Council's minimum payment as high as 50%. Many of those with high minimum payments have also cut CTR in other ways (for example by taking into account previously disregarded income such as child benefit).
- 3.6 For Oldham, Council Tax income would increase by £0.247m for each 2.5% reduction in Council Tax support assuming a prudent collection rate of 80%. Oldham's share of this income once the Greater Manchester Combined Authority (GMCA) has received its share for Mayoral precepts for Police and General Services (including Fire services), would be £0.211m.
- 3.7 It is important to note than an increase in minimum payments can impact collection levels and result in Council Tax becoming a more regressive tax for low income residents than for those on higher incomes.

Table 4 – Minimum Payments and Arrears



source: www.counciltaxreduction.org

- 3.8 The graph above takes into account the change in the Council Tax bases between years to calculate the additional amounts of uncollected taxes in 2016/17 compared with 2012/13 - the last year of CTB (this timeframe sets out the most recent New Policy Institute analysis available). The 67 Councils that had a minimum payment of over 20% in 2016/17 had the largest overall increase in uncollected tax for that year.
- 3.9 A minimum payment of 17.5% for Oldham would still place the Council at the lower end of minimum payments required from residents across the country (as set out in Table 2).
- 3.10 However, given a proposed increase in Council Tax in Oldham in 2020/21, a final decision on which will be made at Budget Council on 26 February 2020, taken together with the proposed increase in Mayoral precepts for Police and General Services (including Fire Services) and the on-going impacts of the Government's Welfare Reform programme, a decision to increase the minimum payment due from those on low incomes of working age from 15% to 17.5% may not be timely. It also has the potential to reduce the overall Council Tax collected if those in receipt of reduced CTR fall into arrears.

Option 3 – Aligning the CTR scheme with some of the Housing Benefit regulations since April 2016

- 3.11 Changes to Housing Benefit (HB) were introduced from 1 April 2016 which meant that the CTR scheme from 2016/17 does not align with the revised Housing Benefit regulations. The Government has amended the Council Tax Prescribed Regulations for Pension Age applicants in line with these changes where appropriate.

The main changes are:

- Removal of the family premium for all new claimants;
- Restricting dependants allowance in households with two or more children;
- Limit to the backdating of CTR claims from 6 months to 1 month.

-
- 3.12 Since 2016, the Council's approach to the removal of family premium for all new claimants and restriction of dependants allowances in households for two or more children has been to retain the CTR scheme as is and not to align to HB. A decision to align these rules from April 2020 would now be largely irrelevant as most new CTR cases will not be entitled to HB and will be signposted to UC as part of the natural migration strategy. The calculation of needs for UC /CTR is different and Local Authorities use the UC maximum award to calculate the weekly amount claimants can receive before their income starts to affect the amount of CTR received. This effectively removes entitlement to family premium and restricts dependants' allowances for UC/CTR cases.
- 3.13 There is no recommendation to reduce the limit to backdate claims from 6 months to 1 month. The current ability to backdate continues to help to support those claimants in receipt of UC who make a late claim for CTR because they are unsure when claiming benefits about the need to claim CTR from the Local Authority rather than the DWP.

Option 4 – Changing the method of assessment for UC/CTR cases

- 3.14 The roll out of the full service of UC commenced in Oldham from April 2017 and the UC/CTR caseload is increasing as a result. The number of UC/CTR cases in December 2019 is 6,127 compared with 1,431 in August 2018. The overall CTR caseload in December 2019 was 21,586.
- 3.15 UC replaces six working age benefits including HB and is claimed online directly at Gov.uk. CTR is claimed separately online at the Council. The Council has worked closely with the DWP to ensure that UC customers are signposted directly to the Council to claim CTR. In April 2019, the CTR scheme was amended to treat information received by the DWP relating to a claim for UC as a claim for CTR to maximise entitlement and to avoid the risk of a claim for CTR not being made.
- 3.16 The Council also introduced earnings disregards for UC/CTR claimants in April 2019 and current calculations show that the cost of this for 2019/20 is estimated at £0.170m. It is too early post implementation of earnings disregards to determine the full impact of these changes and these will need to be in place for another year in order to evaluate if they have positively impacted on residents and on collection for those in receipt of low wages.
- 3.17 The DWP reassesses UC every month for claimants and notifies the Council of a change to the award. There can be large numbers of multiple changes for one claimant and the changes can be very minimal or have no effect on entitlement. If a change in entitlement is required, this results in a new assessment of CTR, a new bill is issued and new payment instalment plan for the customer. This can cause confusion for the customer and negatively impacts Council Tax collection and administration. The Council, as part of its Digital by Design transformation programme, has scheduled the automation of appropriate information files in 2020/21 to improve UC/CTR administration.
- 3.18 Local Authorities have started to introduce new schemes for UC/CTR cases for example banded schemes to mitigate this impact. Manchester City Council has introduced a banded scheme in 2019/20 and this sets a percentage level of support depending on how much income the claimant has (from a maximum of 82.5% moving through bands offering 70%, 45%, 30%, 12% and 0%). Banded schemes are easier to administer but do result in cliff edges for claimants as they move from one band to another. Although it is too early to evaluate the full impact of Manchester's scheme, early indications for Manchester City Council as advised in an Institute of Revenues, Rating and Valuation (IRRV) seminar in June 2019 showed that the number of changes to CTR claims had reduced, providing more stability in CTR payments and charges for residents.

3.19 A 'tolerance' scheme could be introduced to allow for multiple changes. Essentially the current CTR scheme remains the same, but changes to entitlement which would increase or decrease entitlement below an agreed level, would not affect the award of CTR. If introducing such a charge, the Council would need to decide:

- The level of tolerance that would need to be actioned;
- Whether the tolerance would apply to both increases and decreases in entitlement equally;
- Whether changes should be accumulated and then actioned when all changes 'add up' to more than the tolerance level; and
- Whether the tolerance level should apply to all applicants irrespective of the income/benefits they receive.

3.20 Blackburn Council has introduced a tolerance scheme in 2019/20. The supplier of Oldham Council's IT systems for Council Tax administration, which is different from the system supplier used by Blackburn, is currently adapting system functionality to accommodate a variety of approaches to tolerance.

Evaluation of the 4 Options

3.21 Based on the evaluation of the 4 options, the Council is therefore proposing a pragmatic approach to adopt for UC/CTR claims, which is to:

- Wait until the number of UC/CTR cases far exceed HB/CTR cases for those of working age to avoid the administrative complexity of essentially operating two working age CTR schemes concurrently;
- Keep a watching brief on progress of other Local Authorities who have moved to a banded or tolerance scheme to further research opportunities in this area;
- Maximise the automation of DWP files during 2020/21 to reduce administrative burden and minimise confusion for residents in the interim;
- Re-visit options for introducing a new UC/CTR scheme in 2021/22.

4 Preferred Option

4.1 The preferred option is Option 1 – to retain the current 85% scheme in 2020/21.

4.2 Following Member approval of the 2020/21 scheme at Budget Council on 26 February 2020, and the inclusion of prescribed scheme regulations for 2020/21, the Council's revised CTR scheme will be published on the Council's website.

4.3 It is important to note that the Council's CTR scheme relies on the incorporation of Prescribed Scheme Regulations which are published by Central Government each year. These regulations are not currently available, but this does not impact on the Council's ability to determine the direction of its CTR scheme.

5 Consultation

5.1 Any change to the 2020/21 scheme requires prior consultation with the major preceptor, the GMCA with regard to the Mayoral Police and Crime Commissioner precept and the Mayoral General Precept (including Fire Services). There would also be a requirement to carry out a public consultation.

5.2 The Council has notified GMCA of its intention not to amend the CTR scheme in 2020/21. Given this intention for no change, there is no requirement for public consultation.

5.3 A key element of the consultation on the proposed Council Tax Reduction Scheme for 2020/21 was its consideration by the Overview and Scrutiny Performance and Value for Money Select Committee at its meeting of 23 January 2020. The Select Committee was content to accept the proposed scheme and commend it to Cabinet without additional comment.

6 Financial Implications

6.1 The direct grant previously paid by the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government) for Council Tax Reduction Support has now been subsumed within the Council's Settlement Funding Assessment and Revenue Support Grant (RSG) figure which has itself been incorporated within Business Rate Top Up grant under the piloting of 100% Business Rate Retention. The link between CTR arrangements and grant compensation is no longer evident, given the level of grant funding that has been reduced under the Government's austerity agenda.

6.2 As at the time of preparing this report, 87% of claimants have made some payment towards their 2019/20 Council Tax bills, suggesting a CTR collection rate of approximately 80%. As outlined above, data is not available to assess how many of these claimants making payments will fall into arrears over the remaining weeks of the year, however it is envisaged that proactive collection methods implemented by the Unity Partnership Ltd will enable the Council to collect an amount between 80% and 85% of the amount due in 2019/20. Weekly monitoring of the collection rate is being maintained to manage the risk of non-collection. One perceived risk at this stage is that the present collection rate will reduce throughout the remainder of the financial year and beyond as the Government's welfare change programme progresses. The amount of disposable income many of the scheme's claimants will have available to meet Council Tax and other financial commitments is likely to reduce. This will have the impact of increasing the risk of arrears from those who are currently paying their Council Tax.

6.3 The table below summarises the current scheme at 85% and illustrations of scheme charging levels (the 82.5% level has been evaluated in this report). Each option assumes collection rate of 80% (deemed feasible given current projected collection levels).

Scheme Illustrations	% Band A Council Tax Property	CTR Billed	Collection Rate	CTR Income
	%	£m	%	£m
	87.5	4.826	80	3.860
	85	5.134	80	4.107
	82.5	5.442	80	4.354
	80	5.750	80	4.600

6.4 For each 2.5% movement of CTR benefit, Council Tax income shifts by approximately £0.308m. However, this is the Council Tax income figure prior to apportionment over the appropriate precepting percentages and projected collection rates of 80%. In 2019/20, the present allocation percentages are Oldham Council 85.55%, GMCA for Police Services 10.41% and finally GMCA for Mayoral General Services (including Fire) at 4.04%. Therefore a £0.308m movement would benefit Oldham Council's available funding by approximately £0.247m after projected collection and is then further reduced following the apportionment to the Council to £0.211m.

6.5 The average impact to claimants assuming December caseload numbers of 21,586 (of which there are 14,039 working age cases), is that for each 2.5% CTR move, a claimant is

likely to see a +/-£21.94 adjustment to their CTR depending on whether the CTR scheme is made more or less beneficial.

6.6 The Council has an Exceptional Hardship Fund for those residents who are struggling to pay their Council Tax. This fund is a discretionary fund and will continue to be utilised in 2020/21 to support those residents experiencing severe financial difficulty.

6.7 However, as set out in paragraph 2.2 of this report, the collection rate is expected to achieve approximately 80% collection. This level of collection in addition to the growing Council Tax tax base is deemed sufficient to meet the 2020/21 budgeted Council Tax Income requirements as included in the current Medium Term Financial Strategy.

(John Hoskins)

7 Legal Services Comments

7.1 The legislation states that each year an authority must consider whether to revise its Council Tax Reduction scheme.

7.2 The revision of a scheme is a decision that the legislation reserves to full Council. Any revision to apply to the scheme for the following year must be made no later than 10 March of the preceding financial year.

7.3 No revision of a scheme can occur unless the authority has, in the following order:

1. Consulted with the major precepting authority – The Greater Manchester Combined Authority for Police and Fire services;
2. Published a draft proposed scheme;
3. Consulted with others likely to have an interest in the scheme.

7.4 In order to discharge its duties under the Equality Act 2010, the authority will need to consider the effects of proposals on people with a protected characteristic as defined by the Act, which can be done by way of an equality impact assessment as happened before the present scheme was made. (Alex Bougatef)

8 Co-operative Agenda

8.1 The approval of support for residents who are of working age and on low incomes is consistent with and embraces the principles of the co-operative agenda.

9 Human Resources Comments

9.1 None.

10 Risk Assessments

10.1 There are a number of risks to be managed in this process:

- Ensuring the revised scheme is not subject to a legal challenge on the basis of equality legislation;
- Developing a scheme which is both fair and affordable to the Council in 2020/21 particularly as it will only be based on limited collection rates information early in the financial year and assumptions on grant funding previously made;
- Linking in Council Tax collection processes to the Council's Council Tax collection strategy.

(Mark Stenson)

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 In taking financial decisions, the Council must demonstrate that it has given 'due regard' to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

15.2 Demonstrating that 'due regard' has been given involves:

- Assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process so that it informs the development of policy and is considered before a decision is taken;
- Ensuring that decision makers are aware of equality duties and any potential equality issues when making decisions.

N.B. Having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately. It means that we must be clear where this is the case and must be able to demonstrate that we have consulted, understood and mitigated the impact.

15.3 To ensure that the process of impact assessment is robust, it needs to:

- Be specific to each individual proposal;
- Be clear about the purpose of the proposal;
- Consider available evidence;
- Include consultation and involvement with those affected by the decision, where appropriate;
- Consider proposals for mitigating any negative impact on particular groups;
- Set out arrangements for monitoring the actual impact of the proposal.

15.4 As with previous Council Tax Reduction Schemes from 2013, an Equality Impact Assessment has been prepared to try to identify any potential disproportionate adverse impacts arising from the proposed scheme and to identify any actions which might mitigate these impacts.

16 **Equality Impact Assessment Completed?**

16.1 An EIA is set out at Appendix 1.

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 FCS-18-19

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: The background paper to this report is the 27 February 2019
Council Report Council Tax Reduction Scheme 2019/20
www.oldham.gov.uk

Officer Name: Caroline Lee and Anne Ryans
Contact No: 0161 770 4905/4902

20 **Appendices**

20.1 Appendix 1 – Equality Impact Assessment.

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Stage 1: Initial screening

Lead Officer:	Caroline Lee
People involved in completing EIA:	Caroline Lee Yvette Maguire
Is this the first time that this project, policy or proposal has had an EIA carried out on it? If no, please state date of original and append to this document for information.	No An EIA on the 2013/14 scheme accompanied the scheme for approval to Council on 12 December 2013. An EIA has also been completed annually since that date. This EIA is for the scheme for 2020/21 onwards.

General Information

1a	Which service does this project, policy, or proposal relate to?	This proposal relates to the Council Tax Reduction (CTR) scheme which is the responsibility of the Revenues and Benefits service within the Commissioning Directorate. The CTR scheme is administered by the Unity Partnership Ltd on behalf of the Council.
1b	What is the project, policy or proposal?	<p>The proposal is the approval of Oldham's CTR scheme for 2020/21 onwards.</p> <p>From 2013/14, all Local Authorities have been placed under a duty to agree a localised Council Tax Reduction (CTR) Scheme at a meeting of full Council for those of working age to replace the national Council Tax Benefit (CTB) scheme.</p> <p>The scheme was calculated to generate an amount of funding that when taken alongside the direct grant received and additional income from technical reforms made the scheme viable. The CTR element of this calculation works on the basis of a presumed collection rate (currently 80%)</p> <p>The Local Government Finance Act 2012 places a duty on the Council to consider whether to review this scheme on an annual basis. Any revised scheme for 2020/21 would need to be determined no later than 10 March 2020. For Oldham, this requires the Council to agree a revised 2020/21 scheme at the 26 February 2020 Budget Council Meeting.</p>

		<p>The Council changed its scheme in 2015/16 to increase the maximum reduction awardable from 80% of the Band A rate of Council Tax to 85%. The Council also changed its scheme in 2019/20 to apply earnings disregards to UC/CTR claimants</p>
1c	<p>What are the main aims of the project, policy or proposal?</p>	<p>There are three key aims of the proposals:</p> <ol style="list-style-type: none"> 1. To continue to use a scheme that is affordable. As at December 2019, 87% of claimants have made some payment towards their 2019/20 bills suggesting a CTR collection rate of approximately 80%. Weekly monitoring of the collection rate is being maintained to manage the risk of non-collection. One perceived risk is that claimants begin to find it harder to make payments due to the on-going impacts of the Government's welfare reforms. As available disposable income for claimants reduces to meet Council Tax and other bills, this could increase the risk of falling into arrears from those who are currently paying their Council Tax. <p>The Authority continues to face significant challenges in order to balance the budget in 2020/21. We are therefore once again looking to maintain a local scheme that is affordable and balances the impact of welfare reforms against the cost of providing a local CTR scheme.</p> <p>The Council is acutely aware that shortfalls in Council Tax collection mean creating a budget pressure that has the potential to require further savings to be made from within Council services.</p> <ol style="list-style-type: none"> 2. To continue to use a scheme that limits the financial impact across all Council Tax Reduction recipients. <p>Central Government has protected pensioners from local cuts in the CTR scheme, and the cost of doing this needs to be aligned with the Council's need to protect vulnerable groups and provide incentives to work.</p> <p>Whilst not providing a specific definition for vulnerable groups, the Government did advise that Authorities should consider their duties under specific legislation when designing a scheme, namely:</p> <p>The Equality Act 2010 Child Poverty Act 2010 The Housing Act 1996</p>

Whilst there is no legal duty to protect people on low incomes (this was revoked in December 2010), as a borough with a number of deprived areas, Oldham still chooses to continue considering the impact of any decisions on this group. This Council continues to consider people on low incomes as part of our equality impact assessment (EIA) process.

We have carried out research since 2013 into the scale of the impact of welfare reforms on Oldham and its people and EIAs have been completed each year.

The Council has made a commitment to seek national accreditation from the Living Wage Foundation with regard to adopting its National Living Wage over a three year timeframe, as confirmed in the paper approved by Cabinet on 28 January 2019.

Most recently on 20 March 2019 and 6 November 2019, reports submitted to full Council have set out the impact of welfare reforms and in particular the impact of the roll out of Universal Credit and the 4 year benefit freeze.

These findings are factored in when identifying those who are most vulnerable under the scheme.

3. To continue to maintain a scheme that will enable the Council to collect as much Council Tax as possible, whilst supporting residents to meet their payments.

Early indications are that collection rates on the debt due for 2019/20 are approximately 80-85%. However, the impact of the roll out of the full service of Universal Credit which began on 26 April 2017 is still being felt across the borough and this could impact on CTR take up and outturn collection levels. The number of recipients of working age CTR has reduced from 16,206 when the scheme was agreed in December 2013 to 14,039 in December 2019 and this could indicate that there is less overall requirement for financial support.

A Council Tax Collection Strategy was launched in 2018 aimed at encouraging early payment by engaging with residents more pro-actively, identifying vulnerable people early in the Council Tax recovery process and signposting to partners and stakeholders where wider support is needed. We have also signed the CAB debt protocol supporting ethical collection methods and have partnered with the debt charity StepChange to provide support. We have also started to use the Money Advice

		<p>Service's recommended Standard Financial Statement (SFS) which standardises affordable repayment arrangements with residents.</p> <p>The Council has introduced a 100% discount scheme for Care Leavers up to the age of 25 from April 2019 to support this group (previously the discount applied from April 2017 up to the age of 21).</p> <p>The Council introduced an Exceptional Hardship Payment scheme from April 2019 to support those residents who are experiencing exceptional financial hardship. This scheme can provide additional help beyond the CTR scheme to those facing major difficulties in paying their Council Tax.</p>
1d	Who, potentially, could this project, policy or proposal have a detrimental effect on, or benefit, and how?	<p>The proposal for the 2020/21 scheme is to maintain the support provided through the existing 2019/20 CTR scheme. As no change is proposed, no further disproportionate detrimental impact on equality groups has been identified.</p> <p>The recommendation is:</p> <p>1) The continuation of the existing CTR scheme which limits support to a maximum of 85% of Council Tax of a Band A Property.</p>


1e. Does the project, policy or proposal have the potential to <u>disproportionately</u> impact on any of the following groups? If so, is the impact positive or negative?				
	None	Positive	Negative	Not sure
Disabled people	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Particular ethnic groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Men or women (include impacts due to pregnancy / maternity)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in a Marriage or Civil Partnership	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Groups with particular faiths and beliefs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are there any other groups that you think may be affected negatively or positively by this project, policy or proposal?				
<i>E.g. vulnerable residents, homeless people, individuals at risk of loneliness, carers or serving and ex-serving members of the armed forces</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	

If the answer is “negative” or “not sure” consider doing a full EIA

1f. What do you think that the overall NEGATIVE impact on groups and communities will be? <u>Please note that an example of none / minimal impact would be where there is no negative impact identified, or there will be no change to the service for any groups.</u> Wherever a negative impact has been identified you should consider completing the rest of the form.	None / Minimal	Significant
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1g	Using the screening and information in questions 1e and 1f, should a full assessment be carried out on the project, policy or proposal?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
1h	How have you come to this decision?	The proposal for the 2020/21 scheme is to maintain the support provided through the scheme or to increase the financial help available through the CTR scheme. On this basis it felt that there will be no disproportionate impact to those with protected characteristics from the propose revision to the 2019/20 scheme.

Stage 5: Signature		
Lead Officer:	Yvette Maguire	Date: 10.12.19
Approver signature:	Caroline Lee	Date: 20.12.19
EIA review date: October 2020		

Appendix (i) to EIA

Several actions have been identified in developing the 2020/21 scheme and are intended to mitigate the impact of CTR and wider welfare reforms. These are set out below:

Activity	Update
Continue to promote existing flexible payments method	<p>Through a range of difference communication channels</p> <p>External:-</p> <ul style="list-style-type: none"> • Social media (Facebook and Twitter) • Website and web banner • Council Tax Bill and Reminder information • Direct debit take up exercise to coincide with annual billing • Media release • Promotion on Revenues and Benefits letters • Call waiting message • Residents Magazine • Early text reminder <p>Internal Communications:-</p> <ul style="list-style-type: none"> • Articles in Team Brief • Councillor and staff briefing
Review effectiveness and take up of current payment methods and introduce new payment options where appropriate	<p>As at 6 December 2019, the collection rate for CTR customers was 61.97% as opposed to 64.19 % as at 7 December 2018.</p> <p>Residents can elect to pay Council Tax over a range of payment dates - 1st, 8th, 15th and 22nd of the month</p> <p>Residents can pay online, by 24/7 telephone touchtone payments, at Post Offices and Payzone outlets</p> <p>A fortnightly direct debit was introduced in 2013 to help customers manage their finances.</p> <p>Residents can choose to spread direct debit payments over 12 months</p>
Continue to deliver energy switching campaigns and auctions	<p>The Warm Homes Oldham service offers energy switching advice to residents in their homes. The service also offers heating and insulation upgrades, support with fuel debt and income maximisation, and other activities to reduce energy bills.</p>

Activity	Update
Identify and establish referral arrangements to a wider range of support services	<p>We refer to StepChange national debt charity when residents have wider debt issues than Council Tax.</p> <p>The Personal Budgeting Support team (PBS) support residents with money management and debt advice.</p>
Further develop the Welfare Rights Service to support residents to maximise their income	<p>Oldham Council's Welfare Rights Service support residents to maximise their benefit entitlement and provide advocacy support to help residents appeal benefit decisions. The team delivers awareness sessions and outreach surgeries across the borough including at Health and Community Centres. The service works closely with public health to improve health and wellbeing and signpost residents to other services who can offer support such as Healthy Minds and social prescribing options.</p> <p>Other activities include:</p> <ul style="list-style-type: none"> • Awareness raising of changes to benefit rules • Direct liaison with DWP link officers when resident vulnerability has been identified resulting in loss of financial support • Regular activity to publicise success stories • Increased social media efforts • Development of case studies to raise awareness of policy impacts of welfare reform changes <p>The service has developed and produced 'Make The Most of your Money' packs, which are distributed at community events.</p> <p>The team has been successful this year, currently exceeding its income generation target for residents of £1million (as at 30 November 2019, the total was £1.3 million).</p>
Work with partner organisations to provide targeted support to residents	<p>An Information and Advice working group is in place, delivering coordinated action in partnership with the Council, DWP and the voluntary sector</p> <p>The Council signed the CAB debt protocol in 2018 supporting ethical collection methods. More support for integration is planned over the coming year including managing the migration of Universal Support to the CAB from the Council and debtor engagement/mediation with CAB pilot pre-committal action.</p> <p>The Council successfully bid in 2019 to work with the Children's Society to better co-ordinate crisis support across the community and voluntary sector, improving</p>

Activity	Update
	<p>the way in which Local Welfare Provision funding is issued.</p> <p>This is a 2.5 year project which will also generate £100k of funding for the borough.</p>
<p>Continue to monitor the collection rates on a weekly basis</p>	<p>This allows swift action to be taken if collection slows.</p> <p>Oldham has introduced SMS texting to remind people at an early opportunity (pre- statutory first reminder letter) to pay on time. It is anticipated that this will improve collection and result in higher conversion to payment by direct debit.</p> <p>The Council has introduced Automated Voice Messaging (AVM) to support collection activity and engagement with residents.</p>
<p>Continue to monitor the wider impact of welfare reform ensuring effective partnership working continues to support those affected</p> <p>Identify and support those affected by the future changes to welfare reform, particularly the benefit cap and Universal Credit</p>	<ul style="list-style-type: none"> • A Greater Manchester (GM) workshop was held in November 2018 to fully assess impacts of UC roll out on CTR and to consider potential changes to the GM schemes from 2020/21. The changes considered included: <ul style="list-style-type: none"> ○ Introducing a fixed income period for CTR UC claims - claims could be reassessed every three months or six months at a flat rate regardless of changes to the customer's income over that period. Extensive modelling will need to be carried out to determine the costs and benefits of implementing such as scheme and the impacts on CTR administration and the customer. ○ Introducing a 'tolerance' within the scheme to allow for multiple changes. This would continue with the current CTR scheme but changes to entitlement which would increase or decrease entitlement below an agreed level would not affect the award of CTR. The Council would need to decide the level of tolerance to apply within its scheme ○ Introduction of banded schemes. The current scheme could be replaced with one that creates a banded level of support across a wide income range. This would potentially create cliff edges in CTR awards which would need to be worked through.

Activity	Update
	<p>For schemes under consideration from 2020 onwards, much more detailed work would be required to determine:</p> <ul style="list-style-type: none"> • The optimum level of banded/tolerance in a new scheme • Impact on claimants • System functionality • Costs of scheme • Impact on collection <p>Additional work has been carried out to compare the current “as is” approach to UC/CTR in work claims across Greater Manchester.</p>
Get Oldham Working initiatives	<p>The Council continues to encourage people into work Key achievements for Get Oldham Working between May 2013 and November 2019 have included:</p> <p>11,310 work related opportunities created.</p> <p>7,905 job opportunities created and 6,226 filled.</p> <p>1,549 apprenticeships created and 1,013 filled.</p> <p>350 traineeships created and 313 filled</p> <p>1,506 work experience placements created</p> <p>1,451 work experience placements filled</p>
Undertake an annual review of the Council Tax Reduction scheme	The scheme will continue to be reviewed on an annual basis in accordance with statutory requirements.

Appendix (ii) to EIA

No	Action	Required outcomes	By who?	By when?	Review date
1	Continue to promote existing flexible payments method	Increase collection rates Increased take up of direct debit following text reminder exercise	Revenues Manager	April 2019	April 2020
2	Review effectiveness and take up of current payment methods and introduce new payment options where appropriate	Increase collection rates Review payment at Post Office and Payzone	Client Revenues Manager (Exchequer Client)	Nov 2020	July 2021
3	Warm Homes Oldham to continue to provide support with energy bills and related issues	Strong links with Welfare Rights team and Personal budgeting support team to maximise support across the three teams	Benefits and Welfare Rights Manager	Integrated support in place from December 2018	July 2020
4	Identify and establish referral arrangements to a wider range of support services	Maximise access to support for residents through Welfare Rights and CT collection strategy Includes CAB Step Change Use of Standard Financial Statement	Benefits and Welfare Rights Manager	August 2020	December 2020
5	Further develop the Welfare Rights Service to support residents to maximise their income	Ensure the Council can provide help and assistance to those who experience difficulties thus linking support to outcomes from the Public Health Transformation Agenda. Undertake benefit checks and refer	Benefits and Welfare Rights Manager	December 2020	April 2021

Appendix (ii) to EIA

No	Action	Required outcomes	By who?	By when?	Review date
		residents for budgeting support and debt advice. Signpost to Making Every Contact Count (MECC) support including Healthy Minds and other agencies			
6	Continue to monitor the collection rates on a weekly basis	Maximise collection rates and take swift action if collection slows Implementation of Council Tax collection strategy aimed at encouraging early engagement	Head of Revenues and Benefits	On-going	December 2020
7	Continue to monitor the wider impact of welfare reform ensuring effective partnership working continues to support those affected	Early identification of residents affected by Welfare Reform changes allows support to be put in place at the earliest point. Advice and Information group liaison	Benefits and Welfare Rights Manager	April 2020	August 2020
8	Identify and support those affected by the future changes to welfare reform, particularly Universal Credit	Early identification of residents affected by Welfare Reform changes allows support to be put in place at the earliest point Membership of GM welfare rights group and GM Mental Health Welfare Rights advisors group	Benefits and Welfare Rights Manager	February 2020	August 2020
9	Review approach to debt collection by the Council	Increase collection rate across all debts. Agree more affordable payment arrangements with residents. Implement Council Tax collection strategy actions (6	Client Revenues Manager (Exchequer Client)	On-going programme from August 2018	December 2020

Appendix (ii) to EIA

No	Action	Required outcomes	By who?	By when?	Review date
		commitments focussed on early engagement/ Identification of vulnerability).			
10	Link to Get Oldham working initiatives	Reduced number of unemployed Increase support for those in work through earnings disregards for UC claimants	Head of Lifelong Learning, Employment and Skills Service	June 2020 April 2020	September 2020 August 2020
11	Annual review of the Council Tax Reduction scheme	Analyse data and carry out modelling activity on changes Report to Council recommending any changes to the scheme.	Head of Revenues and Benefits	June 2020	December 2020
12	Identify how the breadth and quality of the data collected can be improved	A stronger, more robust and comprehensive data base. Introduction of Revenues software to support targeted debt collection approach taking into account needs of residents	Head of Revenues and Benefits	April 2020	December 2020



Report to Cabinet

Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

Officer Contact: Anne Ryans, Director of Finance

Report Author: Mark Stenson, Head of Corporate Governance
Ext. 4783

10 February 2020

Reason for Decision

To recommend that Cabinet agrees the level of balances necessary to support the 2020/21 budget underpinned by the agreed policy on Earmarked Reserves, setting a properly balanced revenue budget which includes the financing of capital investments within the present investment proposals.

Executive Summary

In order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) is required to report on the robustness of the estimates made for the purposes of the revenue budget calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial resilience of the Council to be taken. It also reports on the Director of Finance's consideration of the affordability and prudence of capital investment proposals. The level of general balances to support the budget and an appropriate level of Earmarked Reserves maintained by the Council in accordance with the agreed Council Policy on Earmarked Reserves, are an integral part of its continued financial resilience supporting the stability of the Council.

There have been several reports issued on the subject of the financial resilience of Local Authorities alongside the publication by the Chartered Institute of Public Finance & Accountancy (CIPFA) of a Local Authority Financial Resilience Index and the implementation of a Financial Management Code. These issues are highlighted in Sections

5 and 6 of the report but have largely been prompted by the financial failure at Northamptonshire County Council during 2018 and the raising of significant concerns about the financial stability of other Local Authorities.

Whilst the Council has prepared a detailed revenue budget within a five year Medium Term Financial Strategy (MTFS), a five year Capital Programme and continues the closure of accounts within an appropriate timeframe allowing early focus on the upcoming challenges and a robust financial transformation programme, there continues to be a reliance on the use of reserves to balance the revenue budget.

Since 2016/17, reserves of £22.937m have been used to underpin the Council's revenue budget. For 2020/21, there is another proposed use of reserves of £10.008m combined with a number of one-off measures totaling £5.150m. The continued use of reserves and one-off measures has had the impact of deferring the changes that are required to balance the revenue budget by on-going sustainable means. The implementation of the next phase of the transformation programme in 2020/21 is expected to begin to address this challenge. However, the expected benefits of the transformation programme will be phased over several financial years. It is anticipated that there will continue to be a need to utilise reserves until the programme is complete.

As detailed within the Council's Audit Completion Report, presented alongside the Statement of Accounts, the External Auditors concluded that for 2018/19 the Council had made proper arrangements to deliver financial sustainability in the medium term. However, it was also pointed out that "the use of reserves to support revenue budgets in the longer term is not sustainable, and the Council will need to ensure that its longer term financial sustainability does not deplete its reserves to unsustainably low levels".

Financial resilience does depend in part on the Council maintaining an adequate level of reserves which are set out in this report. In order to scrutinise the level of reserves held by the Council the policy on Earmarked Reserves was considered by the Audit Committee in June 2019 and it is proposed to action the same review again in 2020/21 after the closure of the accounts for 2019/20.

Whilst the Council is utilising a number of reserves to support the 2020/21 revenue budget, Members can be assured that Oldham Council currently remains financially resilient and is working hard to address the pressures that have arisen over a number of years and therefore still continues to be well placed to meet the difficult financial challenges that it faces.

The Statement of the Chief Financial Officer was presented for scrutiny to the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020. The Select Committee was content to commend this to Cabinet.

Recommendations

It is recommended that Cabinet approves and commends to Council:

- The proposed General Fund Balance currently calculated for 2020/21 at £14.991m.
- The initial estimate of General Fund Balances to support the Medium Term Financial Strategy is as follows:

- £15.187m for 2021/22 and
 - £15.241m for the years 2022/23, 2023/24 and 2024/25.
- The intended report to be presented to the Audit Committee on Earmarked Reserves to ensure this area is subject to appropriate scrutiny.
- The actions necessary to secure a properly balanced budget as presented in paragraph 3.6.
- The actions necessary to ensure the prudence of the capital investments as noted in Section 4.

Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments**1. Background on Calculating the Recommended Level of General Balances to support the 2020/21 Budget**

1.1. There are two approaches for deciding the optimum level of the general contingency reserve required for the Council to support its annual budget process. This is either a percentage of expenditure, which at one stage was recommended by the external auditors to be at a minimum 5% of net expenditure, or an approach based on an assessment of risk.

1.2. The agreed Council approach adopted for a number of years is to use a risk based approach based upon 11 areas of assessed risk:

- Inflation is underestimated in the original estimates
- Interest rates are underestimated
- Changes to grant funding regimes
- Some budgets are only indicative at the time the budget is agreed
- Volatility in some budget headings between years
- Efficiency gains expected in the agreed budget are not achieved
- Unforeseen insurance costs
- Emergencies which cannot be foreseen which occur on an ad hoc basis
- Changes to budgets where targets are not met
- Financial and Partnership guarantees given by the Council including Health Devolution
- Unforeseen events

1.3. The calculation to support the 2020/21 revenue budget is detailed at Appendix 1. It also calculates an indicative recommended level of balances to support the 2021/22, 2022/23, 2023/24 and 2024/25 budgets. These allow for the current pressured state of the Council's finances which, by way of example, include the continued unbudgeted expenditure in certain services, especially children with Special Educational Needs and Disabilities.

1.4. The recommended level of general balances to support the 2020/21 budget is £14.991m. Although the Council is currently reporting a forecast adverse position it is anticipated that management actions will ensure that there will be no requirement to supplement the revenue budget from balances in 2019/20 and that this General Fund balance will be achieved.

1.5. The detailed assumptions supporting the assessment of risk within the detailed general balances calculation are set out in Appendix 2.

1.6. The indicative level of balances for the Medium Term are £15.187m for 2021/22 and £15.241m for the years 2022/23, 2023/24 and 2024/25. These are in line with the level of risk included in the 2020/21 calculation and reflect the need to keep an appropriate level of general balances to manage known challenges.

2. Earmarked Reserves

2.1. The Council has 15 Earmarked Reserves as summarised in Appendix 3 and has estimated Earmarked Reserves at the 2019/20 year-end totalling £69.867m. This total is after the anticipated call down of £20.677m in year offset by Business Rates settlement payments received from Central Government, a waste levy refund from the Greater Manchester

Combined Authority (GMCA) and Oldham's share of the proceeds from the Greater Manchester 100% Business Rates Retention pilot. Management of these reserves takes place via the monthly monitoring reports during the financial year and at year-end as part of the closure of accounts.

- 2.2. Further detail of the estimated Earmarked Reserves held by the Council which are supported by the Reserves Policy are detailed in Appendix 3.
- 2.3. The Earmarked Reserves to meet known or expected liabilities where it is challenging to be specific about the exact financial amount of liability are:
 - Council Initiatives
 - Insurance Reserve
 - Levy Reserve
 - Adverse Weather Reserve
 - Demand Changes Reserve
 - Transformation Reserve
 - Lifecycle Costs Reserve
 - Fiscal Mitigation Reserve
 - Taxation/Treasury Reserve
 - Emergency and External Events
- 2.4. The Earmarked Reserves required for other more specific, including invest to save purposes are:
 - Balancing Budget Reserve
 - Regeneration Reserve
 - Integrated Working Reserve
 - Directorate Reserves
 - District Executive Reserve
- 2.5. In addition there are two other reserves, the School Balances reserve (which is not available for the Council to utilise) and the Revenue Grants reserve which is for specific grant related initiatives.
- 2.6. Since 2016/17, reserves of £22.937m have been used to underpin the Council's revenue budget. For 2020/21, there is another proposed use of reserves of £10.008m combined with a number of one-off measures totalling £5.150m. The continued use of reserves and one-off measures has had the impact of deferring the changes that are required to balance the budget by on-going sustainable means. The implementation of a transformation programme for 2020/21 is expected to begin to address this challenge. However, the expected benefits of the transformation programme will be phased over several financial years. It is anticipated that there will continue to be a need to utilise reserves until the programme is complete.
- 2.7. As detailed within the Council's Audit Completion Report, presented alongside the Statement of Accounts, the External Auditors concluded that for 2018/19 the Council had made proper arrangements to deliver financial sustainability in the medium term. However, it was also pointed out that "the use of reserves to support revenue budgets in the longer term is not sustainable, and the Council will need to ensure that its longer term financial sustainability does not deplete its reserves to unsustainably low levels".
- 2.8. Whilst the level of reserves expected to be available to support the Council in 2020/21 ensures it remains financially resilient, it is evident that continued use of the reserves to underpin the budget over time will reduce future levels of resilience.

3. Robustness of the Estimates

- 3.1. Key factors in ensuring the robustness of estimates include the initial challenge process to establish budget reduction proposals, essential project management to ensure the delivery of the proposals, monitoring and reporting arrangements and the utilisation of key, skilled finance staff in drawing up detailed estimates and monitoring proposals going forward. Cross cutting and sound key assumptions are also vital in ensuring proper estimates.
- 3.2. There are a large number of factors which make the management of the Authority's budget much more challenging than it has been in the past. These include:
- Councils such as Oldham in areas where deprivation is causing pressures on services, face significant continued financial challenges. Unprecedented reductions in Government funding for a sustained period, constrained Council Tax increases to fund Adult Social Care, a decline in other income, rising costs and growing demand for many services are all challenging Councils' financial management and resilience.
 - Considerable uncertainty surrounding the national political landscape, Brexit and the lack of certainty about the future funding of Local Authorities has had an impact. On 12 December 2019, a General Election was held which resulted in a majority Conservative Government. This majority has enabled the Government to push forward on national issues such as leaving the European Union which took place on 31 January 2020 and also the planned reform of funding of Local Authorities particularly with regard to Business Rates.
 - Whilst the publication of the Provisional Local Government Finance Settlement provided funding information for 2020/21 to assist with financial planning over the next financial year, it gave no financial foresight over the longer term. However, with the start of a new five year political mandate in December 2019 and the date of the next budget announced as 11 March 2020 it is anticipated that financial forecasts will become more certain.
 - There continues to be potential changes in Council funding particularly around the movement of Business Rates Retention to a 75% model. It was expected that this would be in place for 2020/21 however, this will be delayed until at least 2021/22. The Council has now received confirmation that the Greater Manchester 100% business rates retention pilot scheme, of which Oldham has been a part since 2017/18, will continue for 2020/21.
 - Major changes to the Local Government Finance System are planned to coincide with a multi-year Spending Review now due to take place in 2020 (having been deferred from 2019/20). As well as reviews and changes to the operation of the Business Rates Retention system, the Government will undertake a 'Fair Funding' review that will examine how resources are distributed among Local Authorities taking account of spending needs and the ability to raise tax revenues and potentially other income locally. These reviews, coupled with the lack of information regarding Government Departmental spending totals for 2021/22 and beyond, means preparing robust forecasts for all of the Council's Government provided/controlled funding sources is extremely challenging, and is based on informed estimates.
 - As detailed within the Council's Month 8 financial monitoring report elsewhere on the agenda, Education and Early Years is a challenging area for the Council. There has been a consistent rise in the numbers of children requiring Home to School Transport which has continued from previous years. Despite investment of resources as part of the budget setting process over the last three financial years, there continues to be a

structural overspend. For 2019/20 there is a projected overspend of £0.742m for this service.

- There is a continued pressure for the Council with regard to its Dedicated Schools Grant (DSG) and in particular the High Needs Block. Despite the support from the Schools block in 2019/20, the DSG in Oldham is still expected to have an overall deficit of £6.033m at the year end. It is an important element of the financial management of the Authority that the DSG is not in a deficit position. There has been action to try to address this, however, this has been more than offset by the increasing numbers of children with special needs entering the schools system. This remains a challenging issue for the Council. Oldham is one of 32 Local Authorities who provided a Recovery Plan to the Department for Education (DfE) to outline how it will bring the DSG into balance over the 3 year period 2019/20 to 2021/22.

3.3. As shown above, the impact of these changes and the level of further funding available in future years is not fully known, but the financial climate is more volatile with the Council carrying more financial risk than has ever been the case. MTFS forecasts suggest funding has stabilised.

3.4. These current and future financial challenges pose significant and increasing risks and require robust financial management along with sufficient reserves to strengthen resilience against future uncertainty.

3.5. The preparation of the estimates has been based on the following base assumptions:

- Pressures – As identified within the revenue budget monitoring throughout 2019/20, there are a number of pressures which cannot be absorbed by the Directorates. In these instances, the estimates reflect the additional resources required by these particular service areas. However, these assumptions are based on a prudent approach to budget setting and these services will be continually monitored throughout 2020/21 to determine if these additional resources are required or if they can be released to support the overall financial position.
- Interest and inflation assumptions - a prudent view of interest rates and inflation has been taken when constructing estimates for 2020/21. This approach takes account of the recent increase in the interest rate for the Public Works Loan Board (PWLb) to seemingly discourage higher risk investments. Whilst these estimates are considered to be adequate at this point in time the uncertainty within the economy may lead to further revision.
- Invest to save initiatives – The Council is continuing with its Transformation Agenda and the Medium Term Financial Strategy (MTFS) reflects the requirement to invest in transformational activities which will deliver savings in the longer term.
- Council Tax income assumptions - the estimates for Council Tax Tax Base setting rely on an overall collection rate of 97% reflecting the impact of the Council Tax Reduction Scheme. The position will be monitored during the year, but the tax yield could vary for matters outside the control of the Council.
- A best estimate of the amount of income to be collected from Non Domestic Rates with the most up to date information available with regard to the Greater Manchester pooling and pilot scheme arrangements.

3.6. In order to secure a balanced budget year on year, it is essential that the Council's financial arrangements ensure:

- That all budget changes agreed by the Council are actioned to deliver the estimated savings, or alternatives found to the same net value, by the relevant responsible officers.
- Monthly monitoring of all budgets and reporting on an exception basis through the Director of Finance to senior officers and Cabinet.
- Action is being taken to address future forecast budget shortfalls in advance of the forthcoming financial years. In respect of this the Council's recent and on-going preparation of a multi-year MTFS is an example of enhanced good practice.

4. Affordability and Prudence

- 4.1. The current prudential borrowing regime places a duty on the Chief Financial Officer to ensure that the financial impact of decisions to incur additional borrowing over and above that supported by direct Government resources are affordable both in the immediate and over the longer term.
- 4.2. However, given the changes in Local Government finance introduced in 2006/07, there is no longer any direct relationship between supported borrowing and the revenue support to finance it. Consideration of all new capital schemes and their revenue impact is therefore undertaken alongside other revenue issues to ensure that resources are allocated appropriately and are affordable.
- 4.3. In 2017 the Chartered Institute of Public Finance & Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes which required that all Local Authorities must prepare a Capital Strategy report. The Council traditionally prepared a Capital Strategy, however under the new guidance additional disclosures have been added to ensure compliance. The Strategy is now presented so that it includes a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides the implications for future financial sustainability.
- 4.4. The impact of the Council's current investment plans detailed in the capital programme, which is set out elsewhere on this agenda, are planned to be financed as far as appropriate utilising capital grant and capital receipts, with the balance being funded through Prudential Borrowing. Related capital financing charges are included in the revenue budget for 2020/21, with future year's charges being estimated in the MTFS. Commercial investments are expected to generate sufficient resources to finance the costs of associated asset acquisitions.
- 4.5. Given the increased scope of the investment programme relating to the Creating a Better Place initiative, planned capital expenditure is expected to increase significantly from 2020/21 onwards. Despite the challenging financial position, the Council has ensured that there is sufficient revenue budget to meet the capital commitments and it is essential that this remains so going forward. Subject to that, the capital estimates are considered prudent and affordable while supporting the aspirations and ambition of the Council.

5. Financial Resilience

- 5.1. A key issue that must be considered by the Chief Finance Officer when forming an opinion on budget setting arrangements is the financial resilience of the Council of which the level of reserves and balances is a significant element. The issue of financial resilience and sustainability across the Local Authority sector is highly relevant to the ongoing development of the Council's Medium Term Financial Strategy and associated budget

proposals for 2020/21 and beyond. Much more attention has been focused on financial resilience over the past 2 years as highlighted within the Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments report presented to Council on 27 February 2019, and in two reports that have been presented to the Overview and Scrutiny Performance and Value for Money Select Committee, firstly on 13 December 2018 with an update on 22 August 2019. The Audit Committee also considered a report on this matter at its meeting of 12 September 2019.

5.2. These reports highlighted the financial challenges being faced by a number of Local Authorities, some examples of which are presented below:

- In February 2018, the Chief Financial Officer of Northamptonshire County Council issued a notice under the powers of Section 114(3) of the Local Government Finance Act 1988 (see Appendix 4 for more detail), which was the first of its kind for over 20 years. This was followed by an unprecedented issue of a second Section 114 notice in July 2018 as the financial pressures for the Authority had not been adequately addressed.
- In March 2019, Birmingham City Council was issued with a third Section 24 notice (see Appendix 4 for more detail) in three years. The External Auditor, Grant Thornton UK LLP concluded that the Authority faced a “unique level of one-off risks”, including funding for the 2022 Commonwealth Games, but required the Council to take action on a number of areas relating to governance and finance. In a letter, the Auditor warned the Council over its use of non-earmarked reserves, even though at the time reserves stood at a healthy £152m.
- In July 2019, Auditors issued an adverse audit report for Redditch Borough Council, telling the Council it needed to save £1.5m over the next three years and that it was at risk of breaching its statutory duty to set a balanced budget. The report by Grant Thornton UK LLP advised that it had issued a Section 24 Notice, recommending urgent action to prevent both the General Fund and Housing Revenue Account balances being exhausted by the end of 2020/21. The report, considered by the Council’s Audit Committee, advised that the Auditors were not satisfied that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Auditors pointed out that they had previously identified financial issues in 2017/18 saying then that Redditch was “not in a financially sustainable long-term position and did not have sufficiently developed plans to address this”. The escalation to a formal Section 24 Notice suggested that these previous concerns had not been addressed.

5.3. The reports previously presented to Council, the Select Committee and Audit Committee also provided a commentary on publications issued on the subject of financial resilience of Local Authorities as presented in paragraphs 5.4 to 6.8.

Audit Commission Publication

5.4. One important publication was issued on 6 December 2012. The Audit Commission produced a report into their research on the level of reserves held by Councils. The report, whilst produced a number of years ago, set out sound advice and recognised that there is no set formula for deciding the level of reserves that is appropriate. It stated that having the right level of reserves was important and where reserves were low there could be very little resilience to financial shocks and sustained financial challenges. It also stated that where reserves are high, there is a risk that some Councils may retain certain funding which could otherwise be utilised as a one-off to support to the challenging savings targets required and give the time for transformation to deliver savings.

- 5.5. One conclusion from the Audit Commission report was that Councils needed to consider their present decision making around reserves in a number of areas:
- Undertaking an annual review to ensure reserves align with Medium Term Financial Plans.
 - Clarity about what earmarked reserves are for.
 - Ensuring earmarked reserves held to mitigate financial risk reflect an up to-date assessment of risk.
 - Monitoring the level and use of reserves over recent years and comparing the Council's approach to other organisations facing similar circumstances.
 - Budget monitoring and forecasting to give Elected Members greater awareness of likely year-end movements on reserves.
 - Ensuring significant or unexpected variations to budget are dealt with.
- 5.6. In addition, the Audit Commission report also recommended that the advice of the Director of Finance to Members on the level of reserves to be held includes a summary of the issues to be considered. To progress this issue in more detail in Oldham, the reserves position is reported to the Audit Committee annually with the detailed Reserves Policy presented which aligns the Earmarked Reserves with the Corporate Objectives of the Council. Budget Monitoring reports considered at Cabinet also include the detailed usage of reserves.

National Audit Office Publication

- 5.7. In March 2018, the National Audit Office (NAO) published a report examining the financial sustainability of Local Authorities. Key messages from the report include:
- In real terms, Government funding for Local Authorities has reduced by 49.1% between 2010/11 and 2017/18. The reduction by 2019/20 was expected to reach 56.3%;
 - In the three years to 2016/17, service reductions accounted for less than half of funding reductions. Use of reserves and reductions in other spend have become more important in terms of balancing budgets;
 - In Councils that provide Social Care services, reserves have grown since 2010/11 but started to fall back in 2016/17; and
 - Reserves - based on their rate of use in that year (10.6%), single tier and County areas had the equivalent of less than three years' worth of reserves left.
- 5.8. Within the report the NAO also recommended that:
- Ministry for Housing, Communities and Local Government (MHCLG) should work with the sector to develop a long-term plan that is genuinely able to address the current financial and demand pressures in the sector and to secure its financial sustainability;
 - MHCLG should continue to strengthen its processes for assessing Local Authority funding requirements at future spending reviews especially in children's social care;
 - MHCLG should continue to build on its improved oversight of the sector's financial sustainability;
 - Government, led by MHCLG, should develop a clear understanding of the role and significance of Local Authorities as a whole in the context of the current funding climate; and
 - Government should improve outcome data.

- 5.9. This report from the National Audit Office shows that the majority of Local Authorities have coped well with the continual reductions in central support, but an increasing proportion are experiencing financial stress which has been reported in the press.

Public Accounts Committee

- 5.10. On 12 March 2019, the Public Accounts Committee released a paper on the subject of Local Authority Financial Resilience. The briefing paper was issued due to the concerns around Local Authority Financial Resilience. Since 2010, and the uncertainty around future funding of Authorities, debates have been held on whether Local Authorities in England have enough access to sufficient funding to discharge their statutory duties. It also had regard to the media reports of financial difficulties of Local Authorities since the financial crisis of Northamptonshire County Council.
- 5.11. A key theme throughout the paper was the level of reserves and the unplanned use of these resources by Local Authorities particularly in recent years and the report made reference to the work completed by CIPFA on its Local Authority Financial Resilience Index.
- 5.12. The paper makes it clear that the funding of Local Authorities is a key concern across the sector and that the outcome of national funding changes as detailed in paragraph 3.2 will be fundamental in ensuring that Authorities are sustainable in the long term.

CIPFA's Local Authority Financial Resilience Index

- 5.13. In July 2018, CIPFA launched a consultation on its proposal to publish an annual index of financial resilience for English Councils based on six indicators. The decision to develop an index was driven by CIPFA's desire to support the Local Government sector as it faces continued financial challenges. It was proposed that the index would be based on publicly available information and provide an assessment on the financial health of each English Council. On 4 December 2018, CIPFA issued the response to this consultation and the indicators were expanded. On 16 December 2019, CIPFA published its Local Authority Financial Resilience Index and further detail of this is presented in Section 6.

CIPFA's Financial Management Code

- 5.14. On 15 March 2019, CIPFA also published a consultation on its proposed Financial Management Code that would support its Financial Resilience Index. This consultation concluded on 30 April 2019 with the formal Financial Management Code being published in October 2019. The objectives of this code are "to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability".
- 5.15. The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to:
- Financially manage the short, medium and long-term finances of a Local Authority
 - Manage financial resilience to meet foreseen demands on services
 - Financially manage unexpected shocks in their financial circumstances
- 5.16. The Financial Management code builds on the success of the CIPFA Prudential Code which requires Local Authorities to demonstrate the long-term financial sustainability of their capital expenditure. The Code is also consistent in that it is based upon principles rather than prescriptions and each Local Authority must demonstrate that they meet the requirements of this code.

- 5.17. Local Authorities are expected to apply the requirements of the Financial Management Code by 1 April 2020 and therefore provides Local Authorities with a platform for good financial management throughout 2020/21. It however, is noted by CIPFA that Authorities will need to ensure that their governance and management styles fit the requirements of this Code and as such, have indicated that the implementation date of 1 April 2020 is for the commencement of a shadow year. It is therefore expected that by 1 April 2021, Local Authorities are fully compliant with this Code.
- 5.18. The Finance Service is undertaking work to ensure its compliance with this Code and can already evidence it meets many of the requirements. The detailed guidance notes to inform the headline requirements have not yet been issued and once received a full assessment of any changes can be made. The Finance Service expects to be fully compliant by 2021/22. Changes required in the wider organisation will also be subject to review.

6. More recent information not previously reported to Members

Grant Thornton / CIPFA “Financial Foresight” report

- 6.1. On 9 July 2019, Grant Thornton in partnership with CIPFA released “Financial Foresight” which is a new model created to align with CIPFA’s Financial Resilience Index. Using Local Authority data from 2009/10 to 2017/18, it provides insights and future financial forecasts over a 20-year period and focuses on the financial sustainability of Councils.
- 6.2. This model is supported by a briefing which details current insights on Local Government financial resilience and potential future strategies. The report, highlights that “up to 100 Councils face reserves depletion within five years”. Details on the specific Authorities noted within the Financial Foresight report have not been shared however, as indicated by CIPFA’s Financial Resilience Index, Oldham’s reserves are not an area for immediate concern. The report has also identified four key areas where Authorities should be focusing their efforts to ensure future financial sustainability. These are:
- **Implement targeted financial recovery** – deploying an approach which allows Councils to control expenditure and have a “mature approach” to the use of reserves.
 - **Establish a good growth model** – to enable Councils to create a joined-up model for income generation that “predicts, projects and maximises” growth across a range of areas such as taxation, population, commercial activities and capital programmes.
 - **Trace service line trajectories** – recognising that financial resilience can only be achieved if services have a clear and reliable cost and demand forecast.
 - **Reshape transformation plans** – rationalising transformation plans, by having fewer, more strategic programmes and projects.
- 6.3. It should be noted that the Council is currently focusing efforts in the key areas highlighted within the report. For example, the Council:
- Operates expenditure and recruitment review panels to control expenditure.
 - Has a robust approach to the review and management of reserves.
 - Has an Income Strategy and Commercial Property Investment Strategy to maximise income generation.
 - Has financial planning arrangements in place to assess demand and cost pressures.
 - Is implementing the next phase of its ambitious transformation programme from 2020/21.

However, there is still much work to do to ensure the Council’s future financial sustainability.

CIPFA Financial Resilience Index December 2019

- 6.4. As highlighted in paragraph 5.13, on 16 December 2019, CIPFA published its Local Authority Financial Resilience Index. This index included nine primary and seven secondary indicators which are as follows:

Primary Indices

- Reserves sustainability
- Level of Reserves
- Change in the use of reserves
- Ratio of interest payable to net revenue expenditure
- Gross external debt held by the Council
- Ratio of children's and adults social care spend to net revenue expenditure
- Proportion of fees and charges to total service expenditure
- Ratio of Council Tax as a proportion of net revenue expenditure
- Difference between baseline funding level and retained income over baseline funding level

Secondary Indices

- Unallocated reserves to net revenue expenditure
- Earmarked reserves (total usable excluding public health and schools) to net revenue expenditure
- Average % of change in unallocated reserve
- Average % of change in earmarked reserves over past 3 years
- Ratio of HRA reserves divided by net revenue expenditure
- Ratio of children's social care expenditure to net revenue expenditure
- Ratio of adult's social care expenditure to net revenue expenditure

- 6.5. There are no Oldham indicators where risk is extremely high or a cause for immediate concern. However, reserves sustainability and change in reserves when compared to other Authorities are around the mid-point on the risk scale. The change in Unallocated and Earmarked reserves is high relative to nearest neighbour Authorities.

- 6.6. The Index does provide some useful information and confirms the position that, the Council at the end of 2018/19 was financially resilient. It also serves to reinforce the message that the continued use of reserves to support spending will impact on the financial position and the future financial resilience rating of the Council.

Audit Strategy Memorandum 2019/20

- 6.7. At its meeting of 20 January 2020, the Audit Committee was presented with the Audit Strategy Memorandum 2019/20 from the Council's External Auditors, Mazars LLP. Detailed within this report were areas of significant risk in relation to Value for Money that the External Auditor will be focusing on as part of the audit programme for 2019/20 Final Accounts. One significant risk identified was the Financial Sustainability of the Council and the significant financial gap that the Council faces over the MTFS period, alongside the Council's use of reserves to balance the budget in previous years.
- 6.8. The External Auditor has indicated that there will be a focus on the arrangements the Council has for ensuring financial resilience and that specific factors are included within the Council's MTFS. There will also be a review into the arrangements in place to monitor progress in delivering budget reduction plans.

7. Budget Recommendations

- 7.1. In conclusion, the Chief Finance Officer is able to advise Members of the robustness of the estimates and the affordability and prudence of capital estimates for 2020/21. Despite the use of reserves over recent years the level of reserves is adequate to support the 2020/21 financial position and demonstrates financial resilience. However, this is only the case provided that action is taken to ensure that the balances are set at the level of £14.991m for 2020/21 as calculated in this report and that all budget options, or in year alternatives, are delivered as planned and monitored.

8. Consultation

- 8.1. The professional opinion of the Director of Finance on the overall adequacy of the total level of reserves is integral to the sign off of the overall agreed budget. It is seen as a key factor in why Local Authorities have been able to manage significant on-going year on year reductions in budget whilst remaining financially resilient.
- 8.2. The Earmarked Reserves as set aside by the Council at each financial year-end have been independently verified by the external auditor.
- 8.3. For the future it is important that the organisation undertakes an appropriate independent scrutiny of its reserves and reduces its reliance on reserves to support the budget setting process. It is proposed that the Audit Committee continues to consider reports from the Director of Finance on the matter.
- 8.4. The Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments was considered by the Overview and Scrutiny Performance and Value for Money Select Committee on 23 January 2020. The Select Committee was content to commend the report to Cabinet

9. Financial Implications

- 9.1. The review of reserves and provisions has identified that the Council will be required to maintain the recommended level of general balances to support the 2020/21 budget, in line with good practice and the duties of the Director of Finance.

10. Legal Services Comments

- 10.1. Under section 25 of the Local Government Act 2003, the Chief Finance Officer must report on the robustness of the estimates made for the purposes of budget calculations and the adequacy of the proposed financial reserves. (Paul Entwistle)

11. Co-operative Agenda

- 11.1. The adequacy of reserves and balances to underpin its agreed budget enables the Council to have long term security to support its aims and objectives and takes forward the co-operative ethos of the Council.

12. Human Resources Comments

- 12.1. Not Required.

13. Risk Assessments

- 13.1. There is a statutory requirement for the Director of Finance to calculate the balances required by the Council to support the production of the annual budget. The methodology

utilised as detailed in Appendix 1 and 2 of this report is to assess the required level on the basis of risk. (Mark Stenson)

14. IT Implications

14.1. Not Required.

15. Property Implications

15.1. Not Required.

16. Procurement Implications

16.1. Not Required.

17. Environmental and Health & Safety Implications

17.1. Not Required.

18. Equality, community cohesion and crime implications

18.1. Not Required.

19. Equality Impact Assessment Completed?

19.1. Not Required.

20. Key Decision

20.1. Yes.

21. Key Decision Reference

21.1. FCS-10-19

22. Background Papers

22.1. 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 provided in Appendices 1-4
Officer Name:	Mark Stenson
Contact No:	0161 770 4783

23. Appendices

23.1. Appendix 1 General Balances Calculation
Appendix 2 Eleven Areas of Risk for Oldham Council
Appendix 3 Anticipated Earmarked Reserves as at 31/03/2020
Appendix 4 Definition of a Section 114 and Section 24 Notice

General Balances Calculation

Appendix 1

Area of Risk	2020/21 Budget £000	Risk Factor	Value £000	2021/22 Budget £000	Risk Factor	Value £000	2022/23 to 2024/25 Budget £000	Risk Factor	Value £000
Inflation									
Salaries including pensions	93,571	0.50%	468	95,910	0.50%	480	98,308	0.50%	492
Premises	11,199	0.25%	28	11,199	0.50%	56	11,199	0.50%	56
Transport	5,483	0.25%	14	5,483	0.50%	27	5,483	0.50%	27
Supplies	95,469	0.25%	239	93,969	0.25%	235	92,969	0.25%	232
PFI	21,558	0.00%	0	21,774	0.25%	54	21,991	0.25%	55
Other	Quantum		150	Quantum		150	Quantum		150
			899			1,002			1,012
Interest Rates									
Changes in rates	Quantum		250	Quantum		250	Quantum		500
			250			250			500
Grants									
H. Benefit/ Council Tax Support	1,138	0.00%	0	1,138	1.00%	11	1,138	1.00%	11

New Homes Bonus	598	0.00%	0	0	0.00%	0	0	0.00%	0
Business Rates Top Up	41,048	0.00%	0	39,819	0.50%	199	40,615	0.75%	305
Retained Business Rates	50,424	1.00%	504	39,227	1.50%	588	40,033	3.00%	1,201
Grants in Lieu of Business Rates	11,230	1.00%	112	8,561	1.00%	86	8,734	1.00%	87
Improved Better Care Fund	10,858	2.53%	275	10,858	1.00%	109	10,858	1.00%	109
Independent Living Fund Grant	2,580	0.00%	0	2,500	1.00%	25	2,420	1.00%	24
Homelessness Support Grant	358	0.00%	0	358	0.00%	0	358	0.00%	0
Rough Sleeping Initiative Grant	37	0.00%	0	0	0.00%	0	0	0.00%	0
Lead Local Flood Authority	12	0.00%	0	12	0.00%	0	12	0.00%	0
Social Care Support Grant	6,954	0.00%	0	6,954	0.00%	0	6,954	0.00%	0
Public Health Grant	0	0.00%	0	16,445	1.00%	164	16,445	1.00%	164
Department for Work and Pensions (DWP) New Burdens Grant	122	0.00%	0	0	0.00%	0	0	0.00%	0
Discretionary Housing Payments Grant	638	0.00%	0	638	0.00%	0	638	0.00%	0
PFI Credits	13,262	1.00%	132	13,262	1.00%	132	13,262	1.00%	132
Dedicated Schools Grant	Quantum		1,000	Quantum		500	Quantum		500
			2,023			1,814			2,533
Estimated Budgets									
Academies Loss	Quantum		250	Quantum		250	Quantum		250

Carbon Emissions	Quantum		25	Quantum		25	Quantum		25
			275			275			275
Volume Changes									
Council Tax including Adult Social Care	96,465	1.00%	965	101,158	0.25%	253	106,072	0.25%	265
Collection Fund Surplus	1,400	1.00%	14	0	0.00%	0	0	0.00%	0
Unity Partnership Ltd	Quantum		250	Quantum		300	Quantum		200
			1,229			553			465
Budget Savings									
2020/21	4,787	25.00%	1,197	4,787	2.00%	96	4,787	1.00%	48
2021/22	0	0.00%	0	23,243	18.00%	4,184	23,243	2.00%	465
2022/23	0	0.00%	0	0	0.00%	0	13,016	19.00%	2,473
			1,197			4,280			2,986
Insurance									
Medical Malpractice linked to Health Devolution	Quantum		500	Quantum		100	Quantum		100
			500			100			100
Emergency Planning									
ICT disaster	Quantum		500	Quantum		500	Quantum		500
Flooding	Quantum		250	Quantum		250	Quantum		250
Offices	Quantum		250	Quantum		100	Quantum		100
Emergency Planning	Quantum		500	Quantum		500	Quantum		500
Contractor Failure	Quantum		750	Quantum		500	Quantum		500
Environmental Incident	Quantum		750	Quantum		500	Quantum		500

Unforeseen disaster	Quantum		500	Quantum		500	Quantum		500
			3,500			2,850			2,850
Changes									
Debt Collection	Quantum		100	Quantum		100	Quantum		100
			100			100			100
Financial Guarantees									
Contractual Disputes	Quantum		500	Quantum		500	Quantum		500
Levying Bodies	Quantum		250	Quantum		250	Quantum		500
Pensions	Quantum		500	Quantum		500	Quantum		500
Devolution	Quantum		1,250	Quantum		750	Quantum		750
Investments	Quantum		1,000	Quantum		750	Quantum		500
Grant Claw back	Quantum		250	Quantum		350	Quantum		500
			3,750			3,100			3,250
Other									
Flexible Use of Capital Receipts	Quantum		400	Quantum		0	Quantum		0
Transformation Agenda	Quantum		250	Quantum		250	Quantum		500
General	Quantum		618	Quantum		613	Quantum		670
			1,268			863			1,170
TOTAL			14,991			15,187			15,241

Eleven Areas of Risk for Oldham Council

Number	Area of Risk	Analysis of Risk
1	Inflation is underestimated in the original agreed estimates	<p>There are two issues. Firstly, there may be some items of expenditure - those where prices are linked into exchange rate for example - where any estimate of inflation is a “best guess“ and the future market rate is difficult to predict given price volatility and the longer-term impact of Brexit. The risk assessment puts a figure to the higher level of inflation that would seem to be unreasonable to include in a budget but might come to pass. Secondly, information is less accurate for years 2 and 3.</p> <p>At the present time the level of inflation for the past financial years has been certain for areas such as salaries with minimal wage increases. Certain other costs have increased at a higher rate than estimated. Going forward given the fluctuations in exchange rates into the next three financial years the inflationary pressures are very difficult to estimate, and the dynamics may change with increased pressure on wage costs due to a recognition the levels set in the pay cap need review against commodities such as fuel. The calculation of a recommended balance reflects this.</p>
2	Interest rates are underestimated	<p>This is similar to 1 above, but for a specific area of risk.</p> <p>Interest rates at the present levels for borrowing money are at a very low level. The general prediction is that there is no imminent increase to interest rates due, however there may be a cut to rates early in 2020. Allowing for borrowing profiles, the 2020/21 budgets have been prepared on the present levels of interest paid by the Council linked to the present estimate of borrowing required. A small change in the interest rates could have a significant impact on the Council’s budget in respect of the amount paid. Predictions of when accurate interest rate rises will occur have proved to be challenging for a number of years and continue to be volatile.</p> <p>In respect of the return achieved by the Council on money it has placed on the money market then the return as budgeted for is at a historically low level. There is also an added pressure that safe havens for the Council to invest surplus cash have reduced in past years.</p> <p>There is the specific risk to consider here of the continued volatile banking market and the consequential risk to Councils of the security of their investments.</p>

3	Changes to grant funding regimes	<p>The Government system for allocating grants can appear short-term and a “best guess” has to be offered in lieu of hard facts. Currently there are a number of issues with the general regime.</p> <p>The Chancellor of the Exchequer’s one-year spending review only guaranteed funding for 2020/21 with no indication of future funding sources. This has been confirmed by the Provisional Local Government Finance Settlement.</p> <p>Changes to the present business rates regime linked into the full retention pilot being managed by the Greater Manchester family.</p> <p>Major changes to the Local Government Finance System are planned to coincide with the beginning of the next Spending Review period in 2021/22 (delayed from 2020/21). As well as changes to the operation of the Business Rates Retention system, the Government is undertaking a ‘Fair Funding’ review that is examining how resources are distributed among Local Authorities taking account of spending needs and the ability to raise tax revenues and potentially other income locally.</p> <p>The continuing transformation of functions linked into devolution such as those provided by the health service.</p> <p>Potential changes to specific grant funding will be included as part of the proposed Business Rates Retention scheme which is still under review.</p> <p>Changes to the types of expenditure than can be funded by a particular grant is also a potential issue i.e. Dedicated Schools Grant.</p>
4	Some budgets are only indicative at the time the budget is agreed	<p>There are some initiatives that are known will happen but are not sufficiently advanced to accurately cost.</p> <p>The impact of the current trend where a number of schools currently administered by the Council who may wish to become an independent Academy is unknown and the corresponding impact this has on previously notified grant funding.</p>

5	Volatility in some budget headings between years	<p>There are long standing areas of risk where the Council budget for the middle of the range but might find the outturn for a year at the higher end.</p> <p>In respect of Council Tax there is a risk that the Collection Rate falls reducing the future amount which can be drawn down in future years.</p>
6	Efficiency gains expected in the agreed budget are not achieved	<p>The budget includes an assumption that the Council will deliver savings; the risk is that they may be delivered at a slower rate than is currently expected.</p> <p>Based upon 2009/10 to 2019/20 experience, the achievement of the budget reduction programme in monetary terms has shown significant achievement, although this is becoming increasingly difficult for services to maintain. In the next four financial years from 2020/21 there are further challenging budget savings required. These savings requirements mean it is prudent to retain some balances should these targets not be achieved.</p>
7	Unforeseen Insurance Costs	<p>Acts of God can result in higher insurance traffic than had been anticipated.</p> <p>Oldham Council would seem to be appropriately covered on this aspect re the general assessment in that it has been based on a detailed yearly Actuarial Review. It also has included a reserve to meet the costs of MMI claims should the Scheme of Arrangement be activated. The assessment of the Council that the scheme would be activated proved to be accurate and sensible prudent accounting has negated any financial impact from the initial levy. The matter will now be subject to continual review.</p> <p>The uncertainty going forward is associated with the current economic climate and adverse weather conditions, which it is anticipated, will increase the number of claims made against the Council. On the present Insurance arrangements however the value of claims is individually capped at £250,000 for liability claims and £100,000 for premises.</p> <p>With the transfer of Public Health functions and the devolution agenda on health a new risk now exists to the Council around whether insurance cover can be obtained from the present insurance arrangements in respect of medical malpractice.</p>

8	Emergencies which cannot be foreseen which can occur on an ad hoc basis	<p>Were disasters to occur, the Council needs to have balances in place to pick up costs that will fall to the Local Authority. A disaster such as one involving ICT could occur on a one-off basis.</p> <p>The Council area does also cover higher grounds including Saddleworth, which if weather conditions are extreme can lead to additional unbudgeted costs such as snow clearance or flooding in winter.</p> <p>There is an emerging risk to the Council around the environmental impact from items outside of its control such as the illegal dumping of waste which requires remediation.</p>
9	Changes to budgets where targets are not met	<p>Change necessarily means doing things in a way for which we have no evidence. The assumptions made maybe wrong.</p> <p>This is the most difficult area to predict but there will be unforeseen costs which are not envisaged when the budget is prepared.</p> <p>It is also anticipated that a change in the general environment caused by an economic shock outside the control of the Council could cause a reduction in the debt collected.</p>
10	Financial and Partnership guarantees given by the Council including health devolution	<p>There are a number of obligations and risks to the Council around its financial guarantees which have been given to a wide variety of organisations and projects:</p> <ul style="list-style-type: none"> • In a complex organisation there are contractual disputes for claims against the Council. • There is a desire from contributing Districts to keep levy increases as low as possible. This will increase the financial stress on these organisations and ultimately it is the Districts who would assist if there is a shortfall. • In respect of staff previously employed by the Council but transferred to other organisations the Council has agreed to underwrite the pension costs. This risk has increased in recent times due to changes in national standards re recognising cost risk. • Grant clawback could occur whereby the Council is the accountable body for a grant. • Investments of the Council where market value can fluctuate. • There is a risk around Health Devolution and associated financing agreements between the Council and Oldham CCG.
11	Unforeseen Events	<p>This covers matters not considered in 1-10 but where it is considered prudent to hold an amount in the General Balances.</p>

Anticipated Earmarked Reserves as at 31/03/2020

Earmarked Reserve	Balance £000	Assessment of Current Risk
Council Initiatives Reserve	(3,289)	<p>There are a number of projects and programmes of work which the Council considers to be priority initiatives. This includes:</p> <ol style="list-style-type: none"> 1) There is a Corporate Priority to support the learning and attainment agenda to promote the improvement of results in schools. 2) Costs associated with the development of the Northern Roots project.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 506</p> <p>Insurance Reserve</p>	(12,165)	<p>This includes:</p> <ol style="list-style-type: none"> i) Any claims made prior to 1974 when the external insurance arrangements of the Council are not clear and the assumption is that the Council will bear the full cost of any claim made. ii) Claims relating to asbestos related matters which are not covered by external insurance premiums. These claims are expected to reach their peak in the next ten years. iii) Derelict buildings classed as heritage buildings where the Council's Insurers will only provide insurance cover on a debris only basis. Should there be a fire then it is possible the Council will have to replace at full cost without insurance cover in place. iv) Other claims against the Council not covered by the terms and conditions of the Insurance Policy. A recent trend has been for insurance companies to be more challenging around whether coverage is in place for high value claims. <p>The amount to include in the Insurance Reserve at the year-end is calculated via an Actuarial report which is currently being produced for the end of the financial year 2019/20. The amount could increase or decrease at the year-end as reported dependent upon the output of this Actuarial Review.</p>

Levy Reserve	(403)	This reserve has been set aside to smooth the impact of future levy increases on the Council budget.
Adverse Weather Reserve	(1,500)	This reserve is set aside to support unplanned expenditure as a result of an unforeseen weather event such as flooding or severe winter weather when the base budget provision is not adequate to meet the costs incurred within the financial year. As seen in recent events within the North West area the damage caused by severe weather cannot be foreseen at budget setting and can be considerable in terms of damage caused.
Demand Changes Reserve	(2,000)	The Council has set funds aside to allow for the unbudgeted increase in demand, especially costs associated with Looked After Children or children with Special Educational Needs and Disabilities which are difficult to predict and because of circumstances outside the control of the Council which can fluctuate from year to year.
Transformation Reserve	(7,736)	This reserve has agreed resources set aside to provide for any costs of implementing the Council's budgets requirements as set out in the Medium Term Financial Strategy to fund investment required to enable the continued transformation of services to achieve efficiency savings.
Lifecycle Costs Reserve	(6,581)	This reserve is required to equalise out between years the costs estimated to be incurred by the Council on both Building Schools for the Future (BSF) and the non BSF PFI and LIFT contracts already let. It is anticipated that over the next few years the money set aside in this Reserve will remain at the same level to offset the increases in the Unitary Charge on the project to the revenue account in the later financial years of the PFI contract. The grant to support the PFI remains static throughout the period of the scheme whilst costs increase but are felt to be at risk of potential reduction from future Government austerity measures.

Fiscal Mitigation Reserve	(13,140)	The financial environment in which the Council operates has changed from 1st April 2013. Instead of having certainty around the amount of income it will receive in relation to Business Rates, there is a risk of underperformance and business rate appeals. Should there be less income collected than previously estimated, then a proportion of the loss falls on the Council and will impact on the overall amount of resources available for future budgets. It is also the case that the cost of change will be considerable given the budget reductions required from the Council in the next five years. This reserve reduces the risk to the Council of reducing resources due to external matters outside its control such as a reduction in economic output and will finance some of the future costs of change the Council is likely to face.
Taxation/Treasury Reserve	(625)	There is from time to time unforeseen tax liabilities to the Council imposed from the audits undertaken by HMRC. This reserve has been set aside to meet these unforeseen costs.
Emergency and External Events Reserve	(2,681)	This reserve has been established to ensure that the Council has sufficient resources to address costs arising from events such as flooding including the requirement to undertake emergency repairs.
Balancing Budget Reserve	(10,008)	This reserve provides the resources required to underpin the 2020/21 budget.
Regeneration Reserve	(4,156)	The Council has an extensive and ambitious regeneration agenda and resources have been set aside to support projects such as the Heritage and Arts Centre and Town Centre vision which span more than one financial year.
Integrated Working Reserve	(2,989)	This reserve represents resources that have been set aside to support initiatives arising from the Greater Manchester devolution agenda including joint working with the Oldham Clinical Commissioning Group (CCG) around Adult Social Care, other Greater Manchester Councils and the Greater Manchester Combined Authority.

Directorate Reserves	(2,085)	This is a reserve created following discussions within the Council whereby requests from services to finance future expenditure on key Council priorities have been agreed.
District Executive Reserve	(509)	This is a reserve which has funds set aside to support existing commitments of the District Executives across the Borough.
Total Estimated Earmarked Reserves 31/03/2020	(69,867)	

Schools/Grant Related Reserves

Individual School Balances	(1,935)	This earmarked reserve consists of the estimated individual school balances as at 31/03/2020 held by schools under their delegated budgets. These funds are not available for Council use. The gross estimate for school balances is £7.968m, however the overall DSG deficit of £6.033m will reduce this forecast closing position to £1.935m.
Revenue Grants Reserve	(8,055)	This is a technical reserve created under the accounting requirements of International Financial Reporting Standards. It relates to grants received often in relation to education services which are paid over to the Council in the financial year but with grant conditions giving the flexibility for the expenditure to be incurred by the end of the Academic Year. Previously these grants would have been classed as receipts in advance in the final accounts. The money must be spent in accordance with the specific grant conditions.

Definition of a Section 114 Notice

What is a S114 Notice?

Within the Local Government Finance Act 1988, Section 114 (3) dictates that:

“The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.

In general terms this means that for Local Government, it is the Chief Finance Officer or Section 151 officer who has the role under law of being the most senior financial advisor to the wider Council's leadership on its financial plans. Uniquely across the public sector however, the CFO also has the power and responsibility to legally suspend spending for a period of time if they judge the Council does not have a balanced budget or the imminent prospect of one.

What Happens when a S114 Notice is Issued?

It means that no new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, however existing commitments and contracts will continue to be honoured.

Council officers must therefore carry out their duties in line with contractual obligations and to acceptable standards, while being aware of the financial situation. Any spending that is not essential or which can be postponed should not take place and essential spend will be monitored.

The only allowable expenditure permitted under an emergency protocol would include the following categories:

- existing staff payroll and pension costs
- expenditure on goods and services which have already been received
- expenditure required to deliver the council's provision of statutory services at a minimum possible level
- urgent expenditure required to safeguard vulnerable citizens
- expenditure required through existing legal agreements and contracts
- expenditure funded through ring-fenced grants
- expenditure necessary to achieve value for money and / or mitigate additional in year costs

Councillors have 21 days from the issue of a Section 114 notice to discuss the implications at a Full Council meeting.

Definition of a Section 24 Notice

What is a S24 Notice?

Under the Local Audit and Accountability Act 2014, External Auditors can issue Councils with a Section 24 Notice. This is a statutory recommendation and is a strong warning to a Council of the Auditor's concerns but stops short of a public interest report. A Section 24 Notice requires Full Council to agree its response to the points included within the recommendations within 1 month of issue and to publish how it proposes to address the issues raised. Whilst such a notice may relate to a range of financial issues, it can act as a warning in relation to financial resilience. Although rare, there have been two recent instances of Local Authorities receiving such notices.