

CABINET Agenda

Date Monday 19 October 2020

Time 6.00 pm

Venue Virtual TEAMS meeting <https://www.oldham.gov.uk/live>

- Notes
1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Liz Drogan in advance of the meeting.
 2. CONTACT OFFICER for this Agenda is Liz Drogan Tel. 0161 770 5151 or email elizabeth.drogan@oldham.gov.uk
 3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Wednesday, 14 October 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. Recording and reporting the Council’s meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

MEMBERSHIP OF THE CABINET IS AS FOLLOWS:

Councillors Brownridge, Chadderton, Chauhan, Fielding (Chair), Jabbar, Moores, Mushtaq, Roberts and Shah

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 Cabinet meeting held on 28th September 2020 (Pages 1 - 6)
- 6 Revenue Monitor and Capital Investment Programme 2020/21 Month 5 – August 2020 (Pages 7 - 56)

Present: Councillor Fielding (Chair)
Councillors Brownridge, Chadderton, Chauhan, Jabbar, Moores,
Mushtaq, Roberts and Shah

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

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 **MINUTES OF THE CABINET MEETING HELD ON 24TH
AUGUST 2020**

RESOLVED – That the minutes of the Cabinet meeting held on
24th August 2020 be approved.

6 **REVENUE MONITOR AND CAPITAL INVESTMENT
PROGRAMME 2020/21 MONTH 4 – JULY 2020**

Consideration was given to a report of the Director of Finance
which provided an the Cabinet with an update on the Council's
2020/21 forecast revenue budget position as at Annex 1 to the
report and the financial position of the capital programme as at
31 July 2020 (Month 4) together with the revised capital
programme 2020/25, as outlined in section two of the report at
Annex 2 of the report.

Revenue Position

It was reported that the current forecast outturn position for
2020/21 was a projected deficit variance of £17.979m after
allowing for approved and pending transfers to and from
reserves.

The position also included additional costs and pressures that
had been identified by the Authority in this financial year as a
direct result of the Governments lockdown arrangements to
mitigate the spread of COVID-19 commencing on 23 March
2020. The additional pressures included forecasts of both
income shortfalls and additional expenditure that had impacted
on the Authority's budgets as a result of the pandemic

The pandemic had affected nearly all aspects of Council service
delivery; however, the most significant areas of concern were
the People and Place, Children's Services and Community
Health & 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 overall corporate position was partly being offset by the application of the £16.638m unringfenced Government COVID related grant funding received to date. The full Government grant was presented at Annex 1 to the report as a single sum so that it highlighted the level of variation across all Council budgets, given that there was insufficient resource to offset the adverse variance.

However, this summary report presented the position after applying the Government grant across Portfolio areas. As further General Fund grant was expected in respect of lost income for sales, fees and charges, both the overall financial position and the application of Government grant would therefore change during the course of the financial year. An update on the major issues driving the projections was detailed within Annex 1, Section 2 of the report.

As this financial monitoring report reflected the financial position at Month 4, it could be regarded as an indicator of the potential year end position if action was not taken to reduce net expenditure where possible. However, management action had been initiated across all service areas to review and challenge planned expenditure and to maximise income. Although, the effect of this action has yet to take full effect, it is anticipated that by the year end, the outturn position deficit should be reduced and this should start to be demonstrated in the monthly update reports to be presented to Cabinet.

Information on the latest position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report.

Capital position

The report outlined the most up to date capital spending position for 2020/25 for approved schemes. The revised capital programme budget for 2020/21 was £142.617m at the close of Month 4, a net decrease of £5.015m from the original budget of £147.632m. Actual expenditure to 31 July 2020 was £29.373m (20.60% of the forecast outturn).

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

Options/alternatives considered

Option 1 - To approve the forecast revenue and capital positions presented in the report including proposed changes

Option 2 - To approve some of the forecasts and changes included in the report

Option 3 - Not to approve any of the forecasts and changes included in the r

RESOLVED – That:

1. The Forecast revenue outturn for 2020/21 at Month 4 being a £17.979m adverse variance having regard to the action being taken to manage expenditure be approved.
2. The forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund be approved.
3. The use of reserves as detailed in Appendix 1 to Annex 1 to the report be approved.

4. The revised capital programme for 2020/2024 as at Month 4 be approved.

7

**SHORT-TERM SUPPORTED HOUSING PROVISION
(YOUNG PEOPLE, WOMEN, GENERIC/COMPLEX
ADULTS): COMMISSION**



Consideration was given to a report of the Managing Director, Community Health and Social Care – DASS, which sought approval to recommission the provision of short-term supported housing in the Borough.

The report provided details of the current arrangements for the provision of short-term supported housing funded by the council and the budget for the provision (£1.195m p.a.) which was held within Community Services and Adult Social Care, however the service provision was cross-cutting, impacting the strategic intentions of several council directorates and of partner agencies: as such, Cabinet was requested to consider and approve the commissioning intentions outlined in the report and the associated budget, and to delegate a subsequent future contract award to the Cabinet Member for Health and Social Care in consultation with Managing Director Health & Adult Social Care Community Services.

Options/alternatives considered

Option 1 - Allow service provision to continue as is. This is not the recommended option, as:

- The provision was out of contract and there are greater legal risks with this option.
- The local landscape and the legislative context for supported housing was now more stable and it was considered that a procurement exercise could now take place, subject to the need to respond to Covid - 19, at the earliest appropriate/safe date to do so.
- There were desired changes to the service specification that cannot reasonably be undertaken unless part of a new procurement exercise
- Continued uncertainty placed strains on service providers, such as the impact on staff retention, and on landlords, who were less likely to invest in the stock where future use is uncertain.

Option 2 - Not to commission replacement provision. This was not the recommended option, as:

- The provision of supported housing made a significant contribution to the councils duty of prevention and relief of homelessness for households with additional support needs, who struggle in unsupported Temporary Accommodation (TA) provision and cannot access general needs accommodation until their support needs are addressed. The provision reduced from 146 units to 104 in 2016/17 to meet savings targets from these contracts: to cease provision further/altogether would severely compromise the council's ability to meet its duties. It would also create risks where a household may not be owed a duty to

accommodate, but where they have complex support needs: there is likely to be negative impacts for these households - and potentially on the wider community - if their housing and support needs are not met.

- The provision was less costly to the council than TA, or provision in the private landlord sector claiming high rents/Intensive Housing Management: the commissioned provision meets exempt accommodation regulations and the council can therefore claim full HB subsidy. It is also generally of a better standard and quality.
- The provision underpinned several council priorities which would be impacted if the service ceases, making it more difficult for instance, to support care leavers to move on to independence, to support victims of domestic abuse - which was likely to become a new statutory duty - to prevent homelessness, and to improve the mental health of vulnerable residents. It was likely that many households would experience further crises and require higher cost, more intensive services.

Option 3 -To retender the provision, and that Cabinet approve:

- the commissioning intentions outlined for re-tendering of the provision
- that the overall contract value remains £1.195m per annum with provision made for inflationary uplifts
- that a subsequent future contract award, of 3 years plus options to extend by up to two further years, be delegated to the Managing Director Community Health and Social Care Service in consultation with the Cabinet Member for Health and Social Care

Consultation

Consultation with service users, and with a range of key partners/stakeholders informed the options and recommended future service design in this report. Consultation methods included holding stakeholder events; specific ones were held for each service with representation from a range of referring agencies and public sector organizations, plus an aggregated version was taken to the Homelessness Forum – which included representatives from many voluntary sector organization – for comment. Service users within each service were consulted about their views of service.

RESOLVED – That the Cabinet would consider the commercially sensitive information contained at Item 10 of the agenda before making a decision.

8

COUNCIL PERFORMANCE REPORT JUNE 2020

The Cabinet gave consideration to a report of the Head of Strategy and Performance which provided a review of Council performance to June 2020

The report provided the Cabinet with an overview of the Council's performance against priorities outlined within the Corporate Plan, which had been monitored in the period.

Options/Alternatives considered:-
To note the Council performance April- June 2020.

RESOLVED – That the Council Performance Report June 2020 be noted.

9

EXCLUSION OF THE PRESS AND PUBLIC

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

10

SHORT-TERM SUPPORTED HOUSING PROVISION (YOUNG PEOPLE, WOMEN, GENERIC/COMPLEX ADULTS): COMMISSION

The Cabinet gave consideration to the commercially sensitive information in relation to Item 7 – Short-term supported housing provision (young people, women, generic/complex adults): Commission.

RESOLVED – That:

1. The commissioning intentions outlined in the report for re-tendering of the provision be approved.
2. The overall contract value remained at £1.195m per annum with provision made for inflationary uplifts.
3. A subsequent contract award, of 3 years plus an option to extend the contract by up to two further years, be delegated to the Cabinet Member for Health and Social Care in consultation with the Managing Director Community Health and Social Care Service.

The meeting started at 6.00pm and finished at 18.25pm

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Report to Cabinet

Revenue Monitor and Capital Investment Programme 2020/21 Month 5 – August 2020

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

Officer Contact: Anne Ryans, Director of Finance

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

19 October 2020

Reason for Decision

The report provides Cabinet with an update on the Council's 2020/21 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 31 August 2020 (Month 5) together with the revised capital programme 2020/25, as outlined in section two of the report at Annex 2.

Executive Summary

Revenue Position

The current forecast outturn position for 2020/21 is a projected deficit variance of £16.703m after allowing for approved and pending transfers to and from reserves.

The position also includes additional costs and pressures that have been identified by the Authority in this financial year as a direct result of the Government's lockdown arrangements to mitigate the spread of COVID-19 commencing on 23 March 2020. The additional pressures include forecasts of both income shortfalls and additional expenditure that have impacted on the Authority's budgets as a result of the pandemic.

The pandemic has affected nearly all aspects of Council service delivery; however, the most significant areas of concern are the People and Place, Children's Services and Community Health & 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 partly being offset by the application of the £16.638m unringfenced Government COVID related grant funding received to date. In Appendix 1 to the report, the full Government grant is presented as a single sum so that it highlights the level of variation across all Council budgets, given that there is insufficient resource to offset the adverse variance. However, this summary report presents the position after applying the Government grant across Portfolio areas. As further General Fund grant is expected in respect of lost income for sales, fees and charges, both the overall financial position and the application of Government grant will therefore change during the course of the financial year. An update on the major issues driving the projections are detailed within Annex 1, Section 3.

Section 4 of the report advises Cabinet of the grants that the Council has received including two new allocations; £2.276m of Round 2 Infection Control Grant from the Department of Health and Social Care and £1.580m of Opportunity Area grant from the Department for Education. The latter grant is an unringfenced grant but there is an expectation that this is passported to Children's Services in full and the recommendation in the report reflects this position. In both instances, delegation is sought to allocate the grant to specific eligible initiatives in accordance with Government guidance.

As this financial monitoring report reflects the financial position at Month 5, it can be regarded as an indicator of the potential year end position, however, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. Although, the effect of this action has still to take full effect, it is anticipated that by the year end, the outturn position deficit should be reduced and this is starting to be demonstrated in the monthly update reports that have and which will continue to be presented to Cabinet.

Information on the latest 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, is forecasting an in-year deficit of £4.804m directly as a result of COVID-19. This will have a budgetary impact in 2021/22. The DSG continues to be an area which is facing a financial challenge with a projected deficit increase in 2020/21. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position.

Capital Position

The report outlines the most up to date capital spending position for 2020/25 for approved schemes. The revised capital programme budget for 2020/21 is £142.379m at the close of Month 5, a net decrease of £5.253m from the original budget of £147.632m. Actual expenditure to 31 August 2020 was £32.359m (22.73% of the forecast outturn).

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

Recommendations

That Cabinet approves the:

1. Forecast revenue outturn for 2020/21 at Month 5 being a £16.703m adverse variance having regard to the action being taken to manage expenditure

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2. Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund
 3. Acceptance of the second tranche of the ringfenced Adult Social Care Infection Control Grant (£2.276m) and the delegation of the distribution of the grant, in accordance with the detailed grant conditions, to the Director of Adult Social Services (DASS) and the Cabinet Member for Health and Social Care in consultation with the Director of Finance
 4. Acceptance of the year 4 allocation of the Opportunity Area (OA) Grant from the Department for Education in the sum of £1.580m, the passporting of the grant to the budget of Children's Services and delegation of the distribution of the grant to the Director of Children's Services and the Cabinet Member for Education in consultation with the Director of Finance
 5. Use of reserves as detailed in Appendix 1 to Annex 1
 6. Revised capital programme for 2020/2024 as at Month 5 as presented in Annex 2.

Revenue Monitor and Capital Investment Programme 2020/21 Month 5 – August 2020**1 Background**

- 1.1 The Authority's 2020/21 revenue budget and capital programme was approved by Council on 26 February 2020. Under established budget procedures, all services are required to monitor and review their approved revenue and capital budgets during the financial year. Reporting to Cabinet in the past has been on a quarterly basis, however, as a result of the impact of COVID-19 and the significant change and challenge to the financial position of the Council, financial monitoring reports will be presented to Cabinet on a monthly basis.
- 1.2 As part of the budget monitoring process, the forecast year-end position for revenue and capital has been prepared by all services as follows:
- a) The revenue forecast is based on a comparison of profiled budgets to the actual position as at the end of Month 5 together with known commitments, issues and planned management actions. The forecasts include an estimation of the costs and lost income arising as a result of the Authority's response to COVID-19. Members will recall that the Council is submitting monthly financial information on COVID related pressures to the Ministry for Communities, Housing and Local Government (as highlighted to Cabinet at month 3 and 4). The information in this report is an update on the Round 5 submission made to the Ministry of Housing, Communities and Local Government (MHCLG) on 4 September.
 - b) The capital programme forecast has been based on notified revisions to the approved 2020/21 position including new grant announcements and revisions to the Creating a Better Place programme as approved at Cabinet on 24 August 2020.
- 1.3 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 and of course any further support that the Government may give with regard to additional funding to address the financial challenge created as a result of the pandemic.

2. Current position

- 2.1 The forecast revenue outturn for 2020/21 is an adverse variance of £16.703m. Further details of the current revenue budget position and a full description of this forecast can be found in Annex 1. The pressures relating to COVID-19 total £30.949m, this reduces to £14.311m with the application of the £16.638m unringfenced Government COVID related grant funding received to date. The non-COVID related pressures are £2.392m primarily in Community Health and Adult Social Services (£1.801m) and Children's Services (£2.265m).
- 2.2 The total Portfolio variances are £33.341m as detailed in Annex 1 at Tables 1 and 2 including COVID (£30.949m) and non COVID (£2.392m) pressures. This is comprised of People and Place reporting an adverse variance of £5.920m (£6.286m COVID related), Community Health and Adult Social Care reporting a pressure of

£7.219m (£5.418m COVID related) and Children's Services reporting an adverse variance of £7.270m (£5.005m COVID related). The Services within Reform and Commissioning are similarly reporting adverse variances of £2.376m (£2.502m COVID related) and £0.256m (£0.741m COVID related) respectively. There is a small favourable variance of £0.128m within Chief Executive. Capital, Treasury and Corporate Accounting is reporting a pressure of £10.428m, all of which is COVID related. This highlights the impact of COVID related pressures across the Council.

- 2.3 However, taking an approach to allocating the grant so far received against the costs incurred and using the information in Tables 1 and 2 of Annex 1 shows the net impact across all Portfolio areas as presented below.

Portfolio Area	Gross Costs - COVID-19 Response £000	Apportionment Grant Funding £000	COVID Costs Net of Funding £000	Business as Usual £000	Total Variance £000
People and Place	6,286	(2,762)	3,524	(366)	3,158
Community Health and Adult Social Care	5,418	(5,418)	0	1,801	1,801
Children's Services	5,005	(2,200)	2,805	2,265	5,070
Communities and Reform	2,502	(1,100)	1,402	(126)	1,276
Commissioning	741	(326)	415	(485)	(70)
Chief Executive	569	(250)	319	(697)	(378)
Capital, Treasury and Corporate Accounting	10,428	(4,583)	5,845	0	5,845
Total	30,949	(16,638)	14,311	2,392	16,703

- 2.4 The projected adverse variance is of concern and as a result management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. Robust measures are required to further address and mitigate the impact of COVID-19 on all the Council services.
- 2.5 The current forecasts represent a marginal improvement on those reported at Month 4 but still present a significant challenge for the Authority and it should be noted that in relation to COVID there is an element of estimation as there can be no certainty about the easing back or indeed escalation of lockdown measures and the timeline for the course of the pandemic. Future reports will advise of the progress of mitigating factors and management actions to control and reduce the forecast deficit.
- 2.6 The Government has already provided initial funding support of £16.638m which has been used to offset the overall pressure arising from the pandemic. In addition, a new scheme will reimburse Councils for lost income and allow Council Tax and Business Rates deficits to be repaid over 3 years instead of one. The MHCLG has now provided guidance for the Sales, Fees and Charges (SFC) compensation scheme (although not for Council Tax and Business Rates). The first claim for SFC income lost for the period April to the end of July was submitted to the MHCLG on 8 October 2020 and will be reflected in future reports. The forecasts presented do not

include any estimates or mitigations in anticipation of the funding and assistance that may be received.

- 2.7 As this financial monitoring report reflects the financial position at Month 5, it can be regarded as a continued indicator of the potential position if the corrective action that is being taken not maintained, particularly on those activities that are not related to the COVID response. It is evident that there is time for the financial position to improve and this should start to be demonstrated in the monthly reports which will be presented to Cabinet. It is also anticipated that the additional funding mentioned in para 2.5 will help to reduce the deficit on both the General Fund for main Council services and Collection Fund (Council Tax and Business Rates) once the relevant guidance and instructions have been received from Government.
- 2.8 Sections 4.11 to 4.13 of Annex 1 provide details of the second tranche of the Adult Social Care Infection Control Grant, in the sum of £2.276m. Cabinet is requested to formally accept the grant and delegate the distribution of the grant, in accordance with the detailed grant conditions, to the Director of Adult Social Services (DASS) and the Cabinet Member for Health and Social Care in consultation with the Director of Finance. A detailed report, setting out the individual allocations for adult social care providers, the reporting requirements and timescales will then be prepared as a delegated decision.
- 2.9 Similarly sections 4.14 to 4.16 of Annex 1 provide details of year 4 allocation of the Opportunity Area Grant from the Department for Education (DfE) in the sum of £1.580m. Cabinet is requested to formally accept the grant, passport it to Children's Services in accordance with the expectation of the DfE and delegate the distribution of the grant, in accordance with the detailed grant conditions and the plan approved by the OA Board to the Director of Children's Services and the Cabinet Member for Education in consultation with the Director of Finance.
- 2.10 Information on the latest 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, is forecasting an in-year deficit of £4.804m directly as a result of COVID-19. This will have a budgetary impact in 2021/22.
- 2.11 The DSG continues to be an area which is facing a financial challenge with a projected deficit increase in 2020/21. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. The Schools Forum meeting on 30 September was provided with updated information on the progress towards addressing the DSG deficit, details of which will be incorporated in the month 6 report.
- 2.12 The original approved capital programme for 2020/21 totalled £147.632m. The revised capital programme as at Month 5 taking account of approved carry forwards, approved new funding, new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £142.379m. Actual expenditure at Month 5 was £32.359m (22.73% 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 the contents of this report are;
- a) to approve the forecast revenue and capital positions presented in the report together with the proposed changes including the acceptance of new grants and proposed delegation to the relevant Director and Cabinet Member in consultation with the Director of Finance of the following:
 - a. Adult Social Care Infection Control Grant
 - b. Opportunity Area Grant (Year 4)
 - b) to approve some of the forecasts and changes included in the report
 - c) not to approve any of the forecasts and changes included in the report

4 Preferred Option

- 4.1 The preferred option is that Cabinet approves all forecasts and changes within this report; option (a) at 3.1.

5 Consultation

- 5.1 Consultation with the services within the Council and the Director of Finance. The report will also be presented to the Overview and Scrutiny Performance and Value for Money Select Committee for review.

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 and implemented.

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 FG - 17 - 20

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 1,2 and 3

Officer Name: Andy Cooper

Contact No: 0161 770 4925

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

Officer Name: Lee Walsh

Contact No: 0161 770 6608

20 Appendices

Annex 1 Revenue Budget Monitoring Report 2020/21 Month 5 - August 2020

Appendix 1 Month 5 - Planned Transfers to/ from Reserves
Appendix 2 Financing of the 2020/21 Budget at Month 5

Annex 2 Capital Investment Programme Report 2020/21 Month 5 – August 2020

Appendix A SUMMARY – Month 5 - Corporate Services
Appendix B SUMMARY – Month 5 - Children’s Services
Appendix C SUMMARY – Month 5 - Communities and Reform
Appendix D SUMMARY – Month 5 - Community Health & Adult Social Care
Appendix E SUMMARY – Month 5 - Housing Revenue Account (HRA)
Appendix F SUMMARY – Month 5 - People and Place
Appendix G SUMMARY – Month 5 - Proposed Variations

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REVENUE BUDGET MONITORING REPORT 2020/21**Month 5 - August 2020****1 Background**

1.1 The Authority's 2020/21 revenue budget was approved by Council on 26 February 2020 at a sum of £233.524m incorporating:

- £3.011m of budget reductions approved within the 2020/21 Budget (and £1.776m approved within the 2019/20 Budget)
- £10.008m use of corporate and specific reserves
- £5.150m of other one-off financing measures.

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 5 together with known commitments, issues and planned management actions. The forecasts include the latest estimates in relation to expenditure and lost income arising as a result of COVID-19 and are an update on the round 5 position last reported to the Ministry of Housing, Communities and Local Government (MHCLG) on 4 September 2020.

1.3 In considering the projections included in the MHCLG return and in this report, it is important to note that there is a degree of estimation about the impact of COVID-19. The completion of the returns and forecasting of the likely impact of the pandemic on the Council's budget is based on both actual expenditure/income loss detail but also relies on a series of assumptions, particularly about how long the effects of the pandemic are likely to last, the phasing of the impact and what the new normal will look like. The estimates are therefore expected to change throughout the financial year.

2 Current Position**2.1 Summary Position**

2.1.1 The current net revenue budget of £271.287m represents an increase of £37.763m against the originally approved budget and an increase of £2.001m against the financing of £269.286m that was available at Month 4. The major increase from the previously reported position is the receipt of Opportunity Area Grant Year 4 (£1.580m). The Opportunity Area programme aims to improve social mobility outcomes for children and young people in deprived areas in England. A further allocation has been received in relation to the Wellbeing for Education Return Grant (£0.038m) which aims to support pupils' and students' wellbeing and psychosocial recovery following the return to full time education. The balance is in relation to the treatment of Capital Grants that for accounting purposes need to be reflected in the General Fund. A full funding analysis of the net revenue expenditure is shown at Appendix 2.

2.1.2 The current position for 2020/21 at Month 5 is an initial projected overspend £16.703m. A forecast of the year-end position has been prepared by all services, it is based on a

comparison of profiled budgets to the actual position as at the end of month 5 together with known commitments, issues and planned management actions in relation to 'business as usual' and the pandemic. The table below shows the year-end forecast position against budget for each Portfolio, including the additional costs anticipated as a result of the COVID-19 pandemic.

Table 1 - Summary Forecast Revenue Outturn

	Budget	Forecast	In Year Transfer To/ From Reserves	Variance Month 5	Variance Month 4
	£000	£000	£000	£000	£000
People and Place	62,070	67,906	84	5,920	6,416
Community Health and Adult Social Care	62,909	70,128	-	7,219	7,683
Children's Services	46,502	53,772	-	7,270	7,576
Communities and Reform	33,068	35,783	(339)	2,376	2,434
Commissioning	8,916	11,218	(2,047)	256	256
Chief Executive	7,606	7,477	-	(128)	(176)
Capital, Treasury and Corporate Accounting	16,146	26,574	-	10,428	10,428
Covid-19 Funding	8,997	-	(7,641)	(16,638)	(16,638)
Additional Section 31 Grant	25,072	-	25,072	-	-
NET EXPENDITURE	271,287	272,858	15,129	16,703	17,979
FINANCED BY:	(271,287)	(271,287)	-	-	-
NET FORECAST VARIANCE	-	1,571	15,129	16,703	17,979

- 2.1.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £15.129m, is an adverse variance of £16.703m. A detailed list of the approved and planned use of reserves at Month 5 can be found at Appendix 1. The movement in reserves includes the transfer of the Section 31 Grant Funding (£25.072m) for Business Rate Relief compensation. This is offset by £7.641m of un-ringfenced COVID-19 funding received from Central Government at the end of 2019/20 which was transferred into an Earmarked Reserve at the year-end pending release to offset expenditure in 2020/21. This funding, together with the £8.997m received in year brings the total Government unringfenced COVID support to £16.638m.
- 2.1.4 There are significant variances contained within the projected net overspend. As previously mentioned, the position includes a forecast of all the additional pressures being incurred by the Authority as part of its on-going response to the COVID-19 pandemic, as a direct result of the Governments lockdown arrangements to mitigate the spread of COVID-19 commencing on 23 March 2020. The additional in-year pressures, totalling £14.311m include forecasts of both income shortfalls and additional expenditure that have impacted on the Authority's budgets as a result of the pandemic and are a reduction of £1.245m on the £15.556m included on the Month 4 monitoring report which was based on the Round 4 submission to the MHCLG.
- 2.1.5 Having previously announced on 2 July 2020 that further financial assistance would be available to support Authorities for lost income arising from COVID in relation to Sales, Fees and Charges (SFC), MHCLG has now provided guidance for the compensation

scheme. The first claim for income lost for the period April to the end of July was submitted to the MHCLG on 8 October 2020. It is expected that MHCLG will confirm the grant payment in time for it to be reflected in the next monitoring report. Therefore, no mitigation for this grant assistance has been included in the COVID related pressures within this report. Table 2 below analyses the variance between COVID-19 and 'Business as Usual' operational variances.

Table 2 - Analysis of Variances

	Variance Month 5	COVID 19 Costs included in forecasts	Business as Usual
	£000	£000	£000
People and Place	5,920	6,286	(366)
Community Health and Adult Social Care	7,219	5,418	1,801
Children's Services	7,270	5,005	2,265
Communities and Reform	2,376	2,502	(126)
Commissioning	256	741	(485)
Chief Executive	(128)	569	(697)
Capital, Treasury and Corporate Accounting	10,428	10,428	0
COVID-19 Funding	(16,638)	(16,638)	-
Total	16,703	14,311	2,392

- 2.1.6 The People and Place Portfolio has a reported a pressure of £5.920 compared to £6.416m at Month 4, a reduction of £0.496m. There is favourable business as usual operational variance of £0.366m, an improvement compared to the previously reported favourable outturn of £0.152m. The major movement is a £0.282m reduction in the predicted costs relating to COVID-19; the anticipated pressure is now estimated to be £6.286m.
- 2.1.7 Community Health and Adult Social Care (CHASC) is reporting an overspend of £7.219m, predominantly linked to the rising cost and demand for Community Care. The adverse variance includes £5.418m of COVID-19 related expenditure which is a reduction of £0.460m on the figure reported at Month 4. The movement is therefore a slight reduction of £0.004m in operational activities.
- 2.1.8 Children's Services is forecasting an adverse variance of £7.270m a decrease of £0.306m compared to the previously reported £7.576m, of which £5.005m is related to COVID-19. There are major pressures within the two main service areas: Education, Skills and Early Years; at £1.719m and Children's Social Care; at £5.551m.
- 2.1.9 The Commissioning Portfolio is reporting an overall adverse variance of £0.256m, the same as previously reported at month 4. The COVID related expenditure remains unchanged at £0.741m. The total variance comprises a projected pressure of £0.477m in Commissioning and Procurement and a favourable variance of £0.221m in Finance.
- 2.1.10 Communities and Reform is reporting an adverse variance of £2.376m and the Chief Executive Portfolio is reporting a favourable variance of £0.128m. Capital, Treasury

and Corporate Accounting which is showing an adverse position of £10.428m, the same as at Month 4.

- 2.1.11 Government funding received so far of £16.638m has helped reduce the overall deficit situation and further funding, particularly in relation to SFC is expected (section 2.1.5) and this will reduce the in-year deficit further. A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.1.12 It is important to note that as a result of COVID-19 the following 2020/21 approved budget reductions are currently forecast not to be achieved
- Treasury Management (Capital and Treasury) - £1.000m
 - The Direct Payment Review (CHASC) - £0.150m
 - Property Savings and Accommodation Review (People and Place) - £0.163m (part of an approved £0.261m)
 - Service efficiencies approved in 2019/20 of £1.776m including Children's Services at £1.660m

All the above pressures are included within the forecasts.

- 2.1.13 Clearly, in view of the projected adverse variance at Month 5, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. It is important to note that the recruitment of staff to vacant posts and significant items of expenditure is already monitored via a corporate process. Such service and corporate action will continue with the aim of bringing expenditure nearer to the resources available. In addition, further measures are being implemented to ensure non-essential expenditure is avoided unless there is an exceptional business case to support it.
- 2.1.14 The effectiveness of management action will continue to be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. It is therefore anticipated that by the year end, the outturn position will reflect a lower overall adverse position. As advised above, the mechanism to reimburse Councils for lost income has now been finalised with the first claim submitted covering the period April to July 2020. Any grant received will further improve the financial position.
- 2.1.15 The current financial monitoring position whilst continuing to improve, is still a major concern and can be regarded as a continued warning of the position if corrective action is not vigorously pursued. It is evident that there is time for the financial position to improve and management action to be effective. This should be demonstrated in the coming months and regular updates will continue to be presented to Cabinet on a monthly basis. The Overview and Scrutiny Performance and Value for Money Select Committee will also consider the reports.

3 Portfolio Summaries

3.1 People and Place

3.1.1 The following table shows the forecast position after the approved and planned use of transfer to reserves for the Portfolio.

Table 3 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development	2,105	7,058	-	4,953
Enterprise and Skills	773	1,377	-	604
Environmental Services	53,738	53,524	84	(130)
ICT	4,118	4,673	-	555
Customer Services	1,336	1,274	-	(62)
Total Forecast Net Expenditure	62,070	67,906	84	5,920

Summary

3.1.2 The forecast outturn at Month 5 for the People and Place portfolio, including all pressures associated with COVID-19, is an overspend of £5.920m.

Economic Development

3.1.3 Economic Development Directorate is currently forecasting a pressure of £4.953m compared to £5.147m at Month 4, a reduction of £0.194m. The main reasons for the adverse variance are detailed by service area below:

- The Catering and Cleaning service is showing an adverse variance of £1.608m due to staffing vacancies and reduced food costs which is offsetting lost income as a result of the COVID-19 pandemic
- The Car Parking budget is also showing a pressure of £1.483m which relates to the loss of income as a result of COVID-19
- There is an estimated pressure against the Corporate Landlord/Investment Estate totalling £1.487m, of which £0.951m relates to COVID-19 with the remainder relating to pre-existing issues in the area
- The Strategic Housing Service is projecting a pressure of £0.358m due to additional accommodation costs being incurred as a result of COVID-19
- The Planning Department is projecting a minor pressure of £0.017m relating to agency staffing costs

3.1.4 There is also a requirement to progress work associated with the Greater Manchester Spatial Framework, the Local Plan and the Creating a Better Place Strategy. The 2020/21 Revenue Budget and Medium-Term Financial Strategy was prepared on the basis this work would be financed from revenue reserves. The financial challenges created by COVID-19 mean it is now necessary to reduce the potential call on reserves wherever possible. The service will therefore seek to manage these costs within the

existing service and directorate budget. Furthermore, the Council will consider financing alternative transformational expenditure from the 'Flexible' use of Capital Receipts in line with the strategy that was included within the 2020/21 to 2024/25 Capital Strategy.

Enterprise and Skills

- 3.1.5 The Enterprise and Skills Directorate is forecasting a pressure of £0.604m compared to £0.750m at month 4, a favourable variance of £0.147m. The Town Centre area, which includes the Market Service is currently forecasting an overall loss for the financial year of £0.667m which includes an anticipated loss of certain rental income due to COVID-19. Offsetting this pressure is an anticipated underspend due to a reduction in staffing costs of £0.064m within the Enterprise Development service.

Environmental Services

- 3.1.6 The Environmental Services area is forecasting a £0.130m underspend. The Waste Levy payable to GMCA is currently expected to increase by £0.645m which is in excess of the budget available as a result of additional costs incurred in relation to COVID-19 due to both the cancellation of managed weekly collections at the start of the year and a general increase in the level of household waste during the lockdown. However, it is currently expected that variances in the overall GM Waste Disposal budget will be managed by the Combined Authority and the pressure has been removed from the Directorate forecast. Variances triggering the overall underspend include:

- Public Protection is showing a pressure totalling £0.413m, of which £0.158 relates to loss of income due to COVID-19
- The Highways Operations (Council) is showing a pressure of £0.094m of which £0.107m is lost income as a result of COVID-19
- Waste Management is showing an underspend of £0.081m with £0.206m additional COVID-19 impacts being offset by underspends in staffing vacancies
- Underspends totalling £0.556m consisting of £0.251m in Highways Operations (Unity), £0.289m in Street Lighting (S.38 / S.278 inspection fees) and minor variances of £0.016m within Environmental Management and the Fleet service areas

ICT and Customer Services

- 3.1.7 ICT is forecasting an overspend of £0.555m, £0.665m of which is attributable to COVID-19 costs. There is a pressure relating to Microsoft licenses of £0.068. These overspends are offset by staffing underspend arising from vacancies. Customer Services is forecasting a small favourable outturn of £0.062m

Achievement of Budget Reductions

- 3.1.8 There is a £0.261m Budget Reduction in place as part of the Creating a Better Place strategy; however, given the effects of the current COVID-19 pandemic it is anticipated that £0.163m of the saving will not be fully achieved in year. The impact of this is included in the figures above.

3.2 Community Health and Adult Social Care

3.2.1 The Portfolio provides social care support to adults and carers across Oldham with a key aim of integrating and aligning the work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient. This covers both the commissioning and the provision of services. The following table shows the forecast position for the Portfolio at Month 5. There is currently no planned use of reserves for the Directorate.

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

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning	21,221	20,884	-	(337)
Community Business Services	1,688	1,562	-	(126)
Community Health & Social Care	28,519	27,807	-	(712)
Director Adult Social Care	(8,733)	(9,233)	-	(500)
Learning Disability	11,599	14,271	-	2,672
Mental Health	7,587	8,368	-	781
Safeguarding	1,028	1,051	-	23
Adult Social Care - COVID 19	-	5,418	-	5,418
Total Forecast Net Expenditure	62,909	70,128	-	7,219

Summary

3.2.2 The pandemic is having a significant impact on the Portfolio, with a projected budget pressure of £7.219m, a reduction of £0.464m compared to that reported at month 4 which is in the main attributable to a forecast reduction in the need for financial support given to care homes to maintain bed occupancy levels. This excludes costs to support hospital discharge which are being recharged to the NHS via the CCG (in accordance with NHS guidance). It is however anticipated that this support will begin to step down. With the revised guidance issued in September 2020 the precise operational details have not yet been finalised. Once implemented, this will potentially have an impact on the costs to be borne by the Council and the financial forecasts may therefore be subject to revision. The costs remaining with the Council are predominantly measures to support the care provider market including a premium to the uplift in care fees, support for community enablement, and investment to maintain a sustainable level of bed-based occupancy. Other charges include an unachievable budget reduction, the inability to undertake planned transformational change and loss of income from client contributions and other cost recoveries. The expenditure is net of the Infection Control Grant highlighted later in the report.

3.2.3 'Business as usual' variances are in line with those reported at month 4.

Commissioning & Community Business Services

3.2.4 Commissioning is forecasting an underspend of £0.337m, a favourable movement of £0.289m compared to the position at month 4. The main reason is due to a reduction in core payments made to Supported Living care providers in the independent care

sector. This is considered to be a temporary position influenced not only by the effect COVID-19 has had on the client base but also the small increase of people becoming eligible for Continuing Health Care funding.

Community Business Services is forecasting a £0.126m underspend for the year due to vacant posts.

Community Health & Social Care

- 3.2.5 This area is forecasting an underspend of £0.712m, a favourable variance of £0.338m compared to that reported at month 4. A major factor is the volatile nature this market holds and that several higher cost packages of care have become fully funded by Continuing Health Care NHS resources due to increased clinical needs.

Director of Adult Social Care

- 3.2.6 Director Adult Social Care is forecasting a favourable variance of £0.500m due to the anticipated uplift in the Better Care Fund allocation, consistent with previous years agreements.

Learning Disability

- 3.2.7 Learning Disability is forecasting an overspend of £2.672m which represents a reduction of £0.122m on the month 4 forecast. The overspend is related entirely to increases in care costs, both in terms of client numbers and to a greater extent the complexity of care and as previously reported the Transforming Care Programme continues to present considerable financial challenge.

Mental Health

- 3.2.8 Mental Health is forecasting an overspend of £0.781m. With the general population living longer and surviving other illnesses, the number of people developing dementia is increasing and therefore attracting the dementia premium when placed in care homes. A working group has been created to identify high cost and/or out of borough support which aims to optimise value for money when reviewing and procuring appropriate care packages.

Safeguarding

- 3.2.9 Safeguarding is reporting an overspend of £0.023m, an adverse shift of £0.063m since month 4. This is due to an upturn in activity causing additional staffing requirements which are being resourced through temporary agency measures.

Achievement of Budget Reductions

- 3.2.10 There is one Budget Reduction for the Portfolio in 2020/21; £0.150m relating to a review of Direct Payments. As previously mentioned, this is currently forecast to be unachievable as a result of COVID-19 and the impact of this is reflected in the information presented above.

Progress against Locality Plans

- 3.2.11 A key element of the Health and Social Care devolution agenda is the submission of a Locality Plan setting out the joint vision of Council and Oldham Clinical Commissioning Group (CCG) for the greatest and fastest possible improvement in the health and wellbeing of our residents by 2021. 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.
- 3.2.12 The financial performance against the latest version of the 2020/21 Locality Plan, as reported to the GM Health and Social Care Partnership, is shown in the table below:

Table 5 – Locality Plan

	Revised Budget £000	Forecast £000	Variance £000
Community Health and Adult Social Care	61,360	68,579	7,219
Public Health	18,114	18,114	0
Children and Families	41,550	47,101	5,551
Total	121,024	133,794	12,770

- 3.2.13 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. This includes forecast overspends that are a result of additional activity due to COVID-19. At this stage this shows the gross cost before the allocation of a share of the Government grant that has been paid to compensate the Council for COVID-19.

3.3 Children's Services

- 3.3.1 The following table shows the forecast position. There is currently no planned use of reserves for the Directorate.

Table 6 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	35,940	41,491	-	5,551
Education, Skills & Early Years	8,251	9,970	-	1,719
Preventative Services	2,350	2,350	-	-
Schools	(39)	(39)	-	-
Total Forecast Net Expenditure	46,502	53,772	-	7,270

Summary

- 3.3.2 The Portfolio has a projected overspend of £7.270m which includes additional costs that are related to the impact of COVID-19. The principal underlying reasons are detailed below.

Children's Social Care

- 3.3.3 This area is projecting a £5.551m overspend which includes an anticipated additional cost related to COVID-19 of approximately £2.226m in the main relating to the provision of in-house residential care, placements and staffing pressures, plus a further £1.660m of unachievable savings.
- 3.3.4 There are other additional overspends included within the forecasts, these are one off pressures in relation to restructuring costs and the anticipated loss of contractual income and account for £0.546m of the adverse variance.
- 3.3.5 There is a further forecast operational deficit of £1.119m as a result of increased costs in relation to social care placements including Out of Borough (£0.924m), staffing (£0.165m) and interpreter services (£0.030m).

Education, Skills and Early Years

- 3.3.6 The Directorate is estimating a £1.719m overspend which includes £1.199m of costs associated with COVID-19; the main contributing factors in relation to which are as follows:
- £0.541m - Home to School Transport budget anticipated impact from September 2020 due to social distancing measures
 - £0.159m - Out of Borough half term opening costs related to COVID-19, SEN Home Tutoring and Lost Learning
 - £0.499m – Loss of Income; Service Level Agreement (SLA) Income to QEST service, Post16 parental fines and Get Oldham Working.
- 3.3.7 Further additional pressures in relation to 'business as usual' total £0.600m and include
- £0.93m as a result of underachievement of traded income within the QEST/ Educational Psychology service;
 - £0.101m relating to additional expenditure in SEND Reform;
 - £0.240m relating to staffing pressures across the Directorate.
 - £0.166m for the Oldham Education Partnership

Preventative Services

- 3.3.8 Preventative Services includes Early Help, Targeted Youth, Tackling Troubled Families and the Multi Agency Safeguarding Hub and is predicting a balanced position for the year.

Achievement of Budget Reductions

3.3.9 The Budget Reductions for Children's Services are solely in relation to the Portfolio's target of achieving efficiencies, linked to previous allocated resources for a new operating model; £1.660m in total all of which is currently forecast to be unachievable as a result of COVID-19 and is included as part of the overall pressure above.

3.4 Communities and Reform

3.4.1 The following table shows the forecast position for the Communities and Reform Portfolio after the approved and planned use of reserves and includes additional costs for COVID-19.

Table 7 – Communities and Reform

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
People	2,404	2,300	-	(104)
Public Health & HLA	23,523	24,007	(339)	145
Youth, Leisure & Communities	5,457	7,566	-	2,109
Transformation and Reform	-	122	-	122
Communications and Research	889	978	-	89
Policy	40	83	-	43
Strategy and Performance	755	727	-	(28)
Total Forecast Net Expenditure	33,068	35,783	(339)	2,376

3.4.2 The forecast outturn at Month 5 is an over spend of £2.376m compared to £2.434m at Month 4, a slight decrease of £0.058m. This is after the approved use of £0.339m reserves. COVID related pressures stand at £2.502m in the main as a result of a reduction in the anticipated pressure on Oldham Community Leisure (OCL). A favourable variance of £0.126m relates to 'Business as Usual'. The paragraphs below outline the main movements within the Portfolio.

3.4.3 Public Health and Heritage, Libraries and Arts (HLA) services are together showing overspends of £0.145m at Month 5. There are income pressures for the Music Service and Theatre Workshop due to COVID-19 and reduced service provision, which is offset in part with underspends on staffing and non-pay costs.

3.4.4 Youth, Leisure and Communities is showing an overall overspend of £2.109m. There are income pressures within Outdoor Education due to COVID-19 and reduced service provision which is in part offset against vacancies within Community Safety and District Partnerships. The main pressure of £1.969m relates to the Leisure contract and the centre closures due to COVID-19.

3.4.5 Transformation and Reform is reporting an adverse variance of £0.122m being project expenditure which will be funded from wider Directorate underspends.

3.4.6 There are several low value variances, as follows:

- People Services is showing a favourable variance of £0.104m which relates to underspends on staffing costs. The service is currently undertaking a restructure which is in the implementation stages
- Communications and Research is forecasting an adverse variance of £0.089m; unachievable income and additional spend on payments to contractors
- Policy is showing an overspend of £0.043m - there are pressures on income and supplies and services offset in part with vacant posts.
- Strategy and Performance is showing an underspend of £0.028m at Month 5.

Achievement of Budget Reductions

3.4.7 There are no approved budget reductions in this area for 2020/21.

3.5 Commissioning

3.5.1 The table below shows the forecast position after the approved and planned use of reserves for the Portfolio.

Table 8 - Commissioning - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	283	760	-	477
Finance	8,632	10,458	(2,047)	(221)
Total Forecast Net Expenditure	8,916	11,218	(2,047)	256

Summary

3.5.2 The forecast outturn position at Month 5 is an overspend of £0.256m, the same as reported at month 4, this is after a £2.047m use of reserves. A sum of £0.741m of the adverse variance is attributable to the pandemic.

Commissioning and Procurement

3.5.3 Commissioning and Procurement is reporting an unchanged overspend of £0.477m. The service is continuing to experience difficulties in recruiting to permanent posts, resulting in a more expensive temporary staffing solution (£0.240m). The service is also reporting a pressure of £0.237m against the Early Payment scheme which is in part due to Government guidance in response to COVID-19 in that suppliers move to immediate payment terms (£0.060m) and the remainder (£0.177m) relates to an existing budgetary pressure against the Early Payment Scheme income budget.

3.5.4 Finance is showing an underspend of £0.221m There is a pressure due to the loss of Council Tax summons income which is offset by vacancies in the Finance division and a forecast reduction in non-pay costs.

Achievement of Budget Reductions

3.5.5 The 2020/21 Budget Reductions for the Commissioning portfolio of £0.400m are forecast to be fully achieved.

3.6 Chief Executive

3.6.1 The table below shows the forecast position including additional cost associated with COVID-19.

Table 9 – Chief Executive

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive	2,257	2,171	-	(86)
Chief Executive Management	1,554	1,554	-	-
Legal Services	3,211	3,169	-	(42)
Executive Office	583	583	-	-
Total Forecast Net Expenditure	7,606	7,477	-	(128)

Summary

3.6.2 The Portfolio is showing an underspend of £0.128m, 'business as usual' underspends totalling £0.697m are offset by estimated pressures of £0.569m due to the impact of COVID-19.

Chief Executive

3.6.3 Chief Executive is reporting an underspend of £0.086m at month 5. Additional mortuary costs due to COVID-19 are in part offset by a reduction in GM contributions and also a reduction in costs for the Coroners Service in 2020/21.

Legal Services

3.6.4 The service is reporting an underspend of £0.042m at month 5. There is an impact of COVID-19 with an anticipated reduction in income in Registrars and Land Charges and the recovery of court costs. There are staffing pressures due to COVID-19 as external expertise is required regarding contractual issues and to deal with the backlog of schools' admission appeals. This is in part being offset by an anticipated underspend within the Elections budget due to the postponement of the local election in May 2020.

Achievement of Budget Reductions

3.6.5 There are no Budget Reductions for the Chief Executive Portfolio in 2020/21.

3.7 Capital, Treasury and Corporate Accounting

3.7.1 The following table shows the forecast position, without 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	16,146	26,574	-	10,428
Total Forecast Net Expenditure	16,146	26,574	-	10,428

Summary

Capital, Treasury and Corporate Accounting

- 3.7.2 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. As at Month 5, the projected adverse variance is £10.428m, all of which is as a result of COVID-19.
- 3.7.3 The adverse variance within the Capital and Treasury service area is £10.148m and is as a result of the anticipated loss of income from approved treasury management investment activities and rental income as a result of the global pandemic.

Housing Benefits

- 3.7.4 The service is anticipating an overspend of £0.280m due to the temporary suspension of not recovering benefits overpayments as per Local Government Association (LGA) bulletin 6.4 as part of the Government's response to the COVID-19 outbreak.

Achievement of Budget Reductions

- 3.7.5 The 2020/21 Budget Reductions for Capital, Treasury and Corporate Accounting total £2.200m. Within this is £1.000m for Treasury Management which will not be achieved due to global pandemic and is included within the pressure noted above.

4 Ringfenced Grants

- 4.1 Members will recall that in addition to the unringfenced grants highlighted in the report, including the COVID-19 funding of £16.638m that has already been received and increase the net revenue budget of the Council, the Government has provided a range of ringfenced grants to support the response to COVID-19. Whilst these are included in the budget, the increased expenditure is offset by grant within the relevant service area. These are set out as follows:

- Hardship Fund Grant (£3.015m)
- Infection Control Fund Grant (£2.317m)
- Local Authority Test and Trace Service Support Grant (£1.560m)
- Local Authority Emergency Assistance Grant for Food and Essential Supplies (£0.361m)
- Coronavirus (COVID-19) Rough Sleepers Contingency Fund (£0.002m)
- Additional Support Grant - The Council has also been provided with a grant of £0.300m to support the enhanced measures introduced in Oldham to address the increased infection rates. Detailed guidance has not yet been received in relation to this funding, but is it being used to support the increased costs the Council is facing

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- 4.2 A further grant of £0.210m relating to the Reopening High Streets Safely Fund will be included in future monitoring report once the Council has finalised its Funding Agreement with Government.

Grant Support for Businesses

- 4.3 Members will also recall that Cabinet of 23 April was advised that the Council had been awarded grant funding of £54.783m to provide support for small businesses and those in the retail, hospitality and leisure sectors in the form of two grant funding schemes, the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RLHGF). The Government subsequently announced that this funding allocation would also provide Discretionary Grant support for those businesses not qualifying for the other categories of grant.
- 4.4 The funding has been ringfenced but in accordance with accounting guidance, as the Council is acting as an agent in the administration of the SBGF and RLHGF grant regimes, these payments will be netted off the grant received and are not required to be shown gross in the budget. The Local Authority Discretionary Grants Fund is required to be included in the 2020/21 revenue budget as additional external funding matched by expenditure.
- 4.5 The grant schemes closed on 28 August and all final payments were made by 30 September 2020. A reconciliation is now being undertaken to facilitate final budget adjustments. It is important to note that the grant schemes have been administered in accordance with Government guidance and following all appropriate protocols.
- 4.6 On 9 September, the Government announced a new round of business grants payable when businesses in England are required to close due to local lockdowns or targeted restrictions. Grants of up to £1,500 will be payable every three weeks. To be eligible for the grant, a business must have been required to close due to local COVID-19 restrictions. The largest businesses will receive £1,500 for every three weeks they are required to close. Smaller businesses will receive £1,000.
- 4.7 The Government has issued guidance which indicates that:
- any businesses still closed at a national level (e.g. nightclubs), will not be eligible
 - if a business occupies a property with a rateable value less than £51,000 or occupies a property or part of a property subject to an annual rent or mortgage payment of less than £51,000, it will receive £1,000
 - if a business occupies a property with a rateable value of exactly £51,000 or above or occupies a property or part of a property subject to an annual rent or mortgage payment of exactly £51,000 or above, it will receive £1,500
 - Local Authorities will also receive an additional 5% top up amount of business support funding to enable them to help other businesses affected by closures which may not be on the business rates list. Payments made to businesses from this discretionary fund can be any amount up to £1,500, and may be less than £1,000 in some cases.
 - Local Authorities will be responsible for distributing the grants to businesses in circumstances where they are closed due to local interventions
 - Further eligibility criteria may be determined by Local Authorities
 - As with other COVID business grants, local grants to closed businesses will be treated as taxable income

- 4.8 Whilst at the time of preparing this report, this is not operational in Oldham, it is important to note that as this is different from both previous Business Grant schemes and its administration will require new processes to be put in place. The scale of payments and therefore the grant received and distributed by the Council is as yet unknown but preparatory work in case its implementation is required is being undertaken using the experience of the previous grant payment arrangements.

Self-Isolation Payments – Pilot Scheme

- 4.9 During August, the Council was asked to participate in a pilot scheme to make payments to individuals that had tested positive for COVID-19 and were required to self-isolate but were in receipt of in-work benefits or self-employed. The Council will receive compensation for all payments made and set up costs and this will be included in the budget as a ringfenced grant. This pilot scheme has however been superseded by a wider national scheme and will be wound down during October. A full reconciliation will be undertaken once the pilot scheme has been concluded and Government has agreed the value of the grant to be paid to the Council. This financial detail will be included in future reports.

Test and Trace Support Payment Scheme

- 4.10 From 28 September 2020, the Government has introduced a new national Test and Trace Support Payment scheme for people on low incomes who are unable to work while they are self-isolating because they cannot work from home. This involves a payment of £500 to qualifying individuals and the Council will be fully recompensed by means of a grant for expenditure incurred. The financial detail will be included in future reports.

Infection Control Grant

- 4.11 The Government on 14 September announced a second tranche of the Adult Social Care Infection Control funding amounting to £546.000m. The first tranche of £600.000m provided funding of £2.317m for Oldham's care homes and the wider provider market. The funding, in accordance with the grant conditions was pass-ported to the market with the intention that it be spent by the end of September. The second tranche extends the support to the end of March 2021. Oldham's allocation of the round 2 funding was confirmed as £2.276m on 1st October 2020, the allocation in accordance with the revised grant conditions is summarised in the table below. It should be noted that the grant has not been included within the figures presented within this report, it will be introduced in the month 6 report and will have a neutral impact on the financial position of the Council. The basis of the allocation is shown in the table below.

Table 11: Infection Control Grant

Allocation	£k	Basis of Allocation
Care homes	1,197	Allocated on the basis of 1,782 registered beds
Community Care Providers	624	Allocated on the basis of 1,834 service users in community settings
80% of Full Allocation	1,821	
20% of Full Allocation	455	Discretion in allocation but must be for infection control measures
Full Allocation	2,276	

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- 4.12 The funding will be paid to the Council in two equal tranches. The first has now been received and the second is due in December. The grant conditions stipulate that the first tranche of the grant must be paid to providers within 20 working days, i.e. no later than 29 October 2020. The grant conditions set out the infection control measures that can be implemented through the use of the grant. As with the first round of the Infection Control Fund, where providers are not able to evidence that the funding provided has been spent on measures to support infection control, the funding must be repaid to the local authority by the end of March 2021.
- 4.13 Cabinet is requested to formally accept the second tranche of the Adult Social Care Infection Control Grant (£2.276m) and delegate the distribution of the grant, in accordance with the detailed grant conditions, to the Director of Adult Social Services (DASS) and the Cabinet Member for Health and Social Care in consultation with the Director of Finance. A delegated report, setting out the individual allocations for adult social care providers, the reporting requirements and timescales will then be prepared.

Opportunity Area Grant (Year 4)

- 4.14 As briefly outlined at section 2.1.1, the Council has been notified of and has received the Year 4 allocation of the Opportunity Area (OA) Grant in the sum of £1.580m, the funding is paid to the Council as a Section 31 grant from the Department for Education (DfE). This is an unringfenced grant but the Council has, in accordance with Government expectations, passported previous grants to the service in full. Oldham has already received £7.880m of OA funding over its original intended lifespan of September 2017 to August 2020. The increased funding extends the arrangements to August 2021.
- 4.15 Oldham OA's projects are aimed at a wide range of age groups, from age 0 to age 19. The programme brings together national and local government, education leaders, teachers, voluntary organisations and employers with the aim of ensuring the children and young people in the borough get the educational opportunities and support they need and deserve. The activity for the programme, in conjunction with the DfE, is directed under advisement from the OA Partnership Board which has Council Officer and Member representation. The Year 4 plan of activity has been approved by the OA board and by the Minister of State for Universities.
- 4.16 Cabinet is requested to formally accept the year 4 allocation of the Opportunity Area Grant from the DfE (£1.580m) and delegate the distribution of the grant, in accordance with the detailed grant conditions and the plan approved by the OA Board to the Director of Children's Services and the Cabinet Member for Education in consultation with the Director of Finance. The reports approved under delegation, will outline the detailed deployment of the funding.

5 Schools

- 5.1 The Council's expenditure on schools is funded primarily by grant provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance (England) Regulations 2020. 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 maintained school.

5.2 Members will recall the DSG is made up of the following 4 blocks of funding as follows;

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

5.3 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 has historically agreed transfers between Schools Block and High Needs Blocks in 2018/19 (1%) and 2019/20 (0.84%). A further 0.5% has been agreed for the current financial year (£1.009m).

5.4 The position remains unchanged from that reported at Quarter 1 and again at month 4, namely: With the continued support from the Schools Block, the High Needs Block has a slight in year deficit of £0.002m. This contributes to a cumulative deficit forecast of £14.879m as at 31 March 2021. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £4.918m (as illustrated in the table below). This in turn is a significant element of the overall deficit on the DSG.

Table 12 – DSG High Needs Block

DSG Key Issues	£000
Original Budget Allocation including adjustment for imports/exports	39,190
Contribution from Schools Block (Schools Forum approval)	1,009
2020/21 Total Budget Available	40,199
Estimated Expenditure	(40,201)
Projected in Year Deficit	(2)
Deficit Brought Forward 01/04/2020	(14,879)
Cumulative Deficit	(14,881)
Offset by;	
- Virement from Schools Block- 2016/17 to 2019/20	6,237
- Savings in Schools and Early Years Block- 2015/16 to 2019/20	3,726
Projected Deficit 31/03/2021	(4,918)

Overall DSG Position and Recovery Plan

- 5.5 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 2019. As previously reported to Members the financial elements of the recovery plan have been continuously updated to take account of estimated additional cost pressures, formal notification of additional funding and the agreed funding methodology for 2020/21 (including the reduced 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2020/21) that was approved by Cabinet on 16 December 2019.
- 5.6 A report was presented to Schools Forum on 1 July 2020 showing the current projected deficit for 2020/21 as £5.635m. Further pressures and increased funding in 2021/22 show a forecast deficit at the end of 2021/22 of £2.464m. It should be noted that the recovery plan is predicated on a further 1% transfer in 2021/22, for which both Schools Forum and Secretary of State approval would be required under the current regulations. The revised Recovery Plan is summarised in the table below and shows a revised deficit if the 1% transfer is not sought:

Table 13 - Overall DSG Position

	2020/21 £000	2021/22 £000
Balance/ Variance Brought Forward	(4,916)	(5,635)
Movements Per Original Plan	1,048	5,081
Revised Forecast Variance	(3,868)	(554)
Estimated additional pressures	(1,767)	(5,510)
Additional Funding		3,600
Revised Net Forecast Variance	(5,635)	(2,464)
If the 1% movement is not agreed		1,894
Revised Net Forecast Variance	(5,635)	(4,358)

- 5.7 The new 2020 Regulations mean that there will no longer be an automatic 1% trigger for the production of a DSG deficit recovery plan, instead the DfE will focus on those Authorities requiring help through a more measured and targeted approach. As the current recovery plan has been agreed with the Schools Forum, and it is appropriate to present information in this format at this time, it is proposed that the Authority will continue to use the recovery plan arrangements as an effective means of monitoring the DSG position and returning the deficit to a surplus and will continue to liaise with the Schools Forum accordingly. The projected deficit for 2021/22 will change as a result of the announcement on 20 July of funding allocations for 2021/22. The information is being examined and future projections will reflect the revising level of funding. However, there is clearly some work to do to manage the DSG deficit over a realistic timeframe.
- 5.8 Members should note that the Schools Forum meeting on 30 September 2020 received an update on the Dedicated Schools Grant to take account of the latest funding announcements and expenditure predictions and their impact on the project deficit for 2020/21 and the Recovery Plan. These will be incorporated in the month 6 report.

6 Housing Revenue Account (HRA)

- 6.1 The current HRA position is presented in Table 13 and compares the initially approved HRA position to the current estimated outturn. The actual closing balance for 2019/20 at £21.795m was £0.045m more than the estimate of £21.750m. The original HRA forecast was for a planned in-year decrease in balances of £3.520m, mainly to support housing related expenditure in the Capital Programme. The revised forecast is for a decrease of £3.656m, an adverse movement of £0.136m. The variance is mostly attributable to additional anticipated expenditure on dwellings for disabled and other essential adaptations.

Table 14 - Housing Revenue Account Forecast Position

HRA Income & Expenditure Account	Original Budget £000	Latest Forecast £000	Variance to Budget £000
HRA Balances Brought forward	(21,750)	(21,795)	(45)
Deficit on HRA Services	3,520	3,656	136
HRA Balances Carried Forward	(18,230)	(18,139)	91

7 Collection Fund

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

Table 15 - Collection Fund Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	(185)	(3,110)	(3,295)
Surplus Released In Year	410	1,060	1,470
(Surplus)/ Deficit for the Year	2,788	28,913	31,701
Additional Section 31 Grant **	0	(25,072)	(25,072)
Balance Carried Forward	3,013	1,791	4,804

**Compensatory Section 31 Grant as referred to at Section 2.1.3

Table 16 - Collection Fund – Share of Balances; Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	2,557	1,773	4,330
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	318	-	318
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	138	18	156
Total (Surplus)/Deficit	3,013	1,791	4,804

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- 7.2 Council Tax and Business Rates remain a significant source of funding for Council services. However, these areas can be volatile, particularly for the 2020/21 financial year with the impact of COVID-19, as such the financial position of the Collection Fund is under constant review. In recent weeks it has become apparent that it is not only reduced collection rates that are affecting the Council's Collection Fund balances but also the increased amount of reliefs given thus reducing the overall tax base. This has been most evident in relation to Council Tax with an increased number of individuals becoming eligible for the Council Tax Reduction Scheme and subsequently benefitting from the £150 bill discount as made available by the Government through the award of the COVID-19 Hardship Fund Grant.
- 7.3 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2020/21. As with previous years the additional benefit from the pilot will be shared with GMCA who receive a maximum of 50% of the benefit in line with the original pilot agreement.
- 7.4 After discounting the Business Rates loss due to the extension of 100% reliefs to retail, hospitality, leisure and nursery businesses which will be fully compensated by Government grant, there is a forecast Collection Fund in-year deficit of £6.629m. This position is after excluding the in-year release of the prior year Council Tax surplus of £0.410m, and Business Rates release of £1.060m. This means that the projected year-end Collection Fund position (incorporating both Council Tax and Business Rates) is a deficit of £4.804m of which the share for the Council is £4.330.
- 7.5 The Secretary for State for Housing, Communities and Local Government recently announced a new support package for local government, which includes the ability to spread collection fund deficits over three years rather than one. The full extent of the support will not be known until the Spending Review is announced. This is anticipated to be during November 2020.
- 7.6 The potential spreading over a period of time of the impact of elements of the rates retention scheme is something that has been used before, specifically with regard to the backdated appeals provision from 2013/14 when the scheme was first introduced. A similar approach is expected to be applied to both Council Tax and non-domestic rates and is expected to be incorporated into the regulatory process of estimating the collection fund deficits in January 2021. This will mean that 2020/21 Collection Fund deficits will still be recovered but over a longer time frame than the existing regulations require and reduce the impact on the 2021/21 budget setting process.

8 Use of Reserves

- 8.1 Members will recall that at the Council budget meeting of 26 February 2020, it was agreed that Earmarked Reserves of £10.008m be used to support the 2020/21 budget.
- 8.2 At the end of the 2019/20 financial year, funding was received from Central Government to support the Council in its response to COVID-19. This funding was at a value of £7.641m. Due to the timing of the receipt of these funds, it was deemed appropriate to hold these resources in a specific Earmarked Reserve to fund the additional expenditure to be incurred in 2020/21 in this regard. Hence this reserve is required to underpin the budget in 2020/21.

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- 8.3 Within the Council's approved Reserves Policy for 2019/20 to 2020/21 are details regarding the requirements for a specific Earmarked Reserve to hold any Business Rates gains that have been generated through the Business Rates Retention Pilot and that are required to be transferred to the GMCA. For 2020/21, the amount to be passported to GMCA is £2.047m. The Business Rates Retention Piloting agreement requires the Council to pay the GMCA the £2.047m in 2020/21 as approved in the month 3 monitoring report.
- 8.4 Included within the Quarter 1 monitor was an anticipated transfer to Earmarked Reserves of £0.084m to support the upgrading of crematorium equipment in line with approved plans and the use of £0.339m of the Growing Oldham Feeding Ambition Revenue Grant reserve used to take forward projects agreed with the grant provider, the University of Manchester (this grant will have to be returned to the provider if it is not used as intended).
- 8.5 As outlined at section 2.1, a further £25.072m is to be transferred to reserves. This is additional Section 31 Grant Funding paid to the Council's General Fund in 2020/21 and having been transferred to reserves will be released to reimburse the corresponding element of the Collection Fund deficit in 2021/22.
- 8.6 Therefore, the total planned use of reserves as at Month 5 is £10.027m (excluding the £25.072m and £0.084m transfers to reserves). When this is added to the £10.008m which underpins the 2020/21 budget, reserves of £20.035m have been already applied in this financial year. The 2019/20 accounts were closed with £79.360m of Earmarked Reserves and £7.934m of Revenue Grant Reserves. Current levels (excluding the £25.072m in relation to the Collection Fund) are £59.409m and £7.595m although there are some commitments against the reserves.
- 8.7 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. However, as there is a need to minimise the use of reserves in order to support the financial resilience of the Council. Only those reserves supporting essential business will be utilised this year.

9 Flexible Use of Capital Receipts

- 9.1 Members will recall that at the Council meeting of 26 February 2020, it was approved that up to £3.750m 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.
- 9.2 A number of schemes in support of the transformation programme were identified which met the qualifying expenditure requirements as detailed within the statutory guidance issued by the MHCLG. It is currently estimated that due to the pandemic and the revision of service priorities, up to £1.900m of the anticipated transformational work cannot be delivered in year in accordance with the original timescales and is reflected in the financial monitoring position reported above. There is an on-going review of the programme and there is the potential for some work to be brought back on stream and alternative projects to be undertaken thus reducing the adverse impact. The position is being closely monitored and is expected to change in future reports.

10 Conclusion

- 10.1 The current projected position, after adjustment for reserves and receipt of additional Government funding to support COVID pressures, is an overall significant corporate overspend; with the non-COVID related forecast over spending within Community Health and Adult Social Care and the Children's Services Portfolios a cause for concern. As outlined in Section 2, 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 – especially in attempting to mitigate the impact of COVID-19 on the day to day operations of the Council.
- 10.2 It is anticipated that the month on month financial monitoring reports will continue to reflect the outcome of such activities and show an improved financial forecast for 2020/21. The Director of Finance has now put in place appropriate measures to attempt to reduce the impact of the overspend which will include detailed reviews of all revenue and capital budgets.
- 10.3 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 2020/21 in year position will be factored into financial planning estimates for 2021/22 and future years as appropriate.
- 10.4 Members should note that any unaddressed in-year pressure will have to be balanced by the use of reserves. Whilst, as outlined above, the Council holds sufficient levels of reserves to cover such a gap, the utilisation of reserves will reduce the Council's financial resilience. A significant reduction in reserves will also limit the ability of the Council to support the implementation of programmes of service transformation and the setting of future years' budgets

Planned Use of Reserves 2020/21 - Month 5

Reserve Name	Balance as at 01 April 2020	Forecast use/ creation of reserves 2020/21 - Month 4	Forecast use of reserves 2020/21 - Month 5	Anticipated Closing Balance 31 March 2021	Reason for Use of Reserve
	£000	£000	£000	£000	
Earmarked Reserves					
Directorate Reserves					
Mercury Emissions	0	(84)		(84)	The transfer of a contribution made by via each cremation for the purchase of new Mercury abatement equipment
Fiscal Mitigation					
COVID-19	(10,000)	7,641		(2,359)	This funding was provided by Government to support Local Authorities with additional costs incurred as part of the COVID-19 pandemic
Business Rates	(2,617)	2,047		(570)	Detailed within the Reserves Policy for 2019/20 to 2020/21 is the requirement to transfer an element of the Business Rates gains across to the GMCA as part of the Business Rates Retention pilot agreement. The amount to be transferred across in 2020/21 which relates to 2019/20 is £2.047m
Business Rates - Collection Fund Deficit Compensation		(25,072)		(25,072)	This transfer to reserves reflects the payment of additional Section 31 Grant Funding of £25.072m for the extension of 100% business rates reliefs to retail, hospitality leisure and nursery businesses. This is paid to the Council in 2020/21 to offset the Collection Fund deficit created by the reliefs given to business. The grant will be paid in to the Council's General Fund in 2020/21 and will be transferred to reserves and released to reimburse the corresponding element of the Collection Fund deficit in 2021/22
Sub Total	(12,617)	(15,468)	0	(28,085)	
Balancing Budget Reserve					
Corporate Reserve to balance budget	(4,182)	4,182		0	
Waste Levy Refund 2019/20	(3,113)	3,113		0	As agreed by Council on 26 February 2020, £10.008m of Earmarked Reserves are required to support the 2020/21 budget
2019/20 Business Rates Pilot Scheme Gain	(1,413)	1,413		0	
Business Rates Retention Returned Funding	(1,300)	1,300		0	
Sub Total Balancing Budget Reserve	(10,008)	10,008	0	0	
Total Planned use/creation of Earmarked Reserves 2020/21	(22,625)	(5,460)	0	(28,085)	
Revenue Grant Reserves					
Growing Oldham Feeding Ambition	(339)	339		0	To continue the Growing Oldham Feeding Ambition project in 2020/21
Total Planned use of Revenue Grant Reserves 2020/21	(339)	339	0	0	
NET Use/Increase of Reserves Earmarked and Grant Reserves	(22,964)	(5,121)	0	(28,085)	
Represented by:					
Increase to Reserves	0	(25,156)	0	(25,156)	
Total Use of / Change to Reserves Earmarked and Grant Reserves	(22,964)	20,035	0	(2,929)	Use of a total of £20.035m of reserves in 2020/21. Movement of £25.157m to reserves (£25.073m to address the Collection Fund shortfall in 2021/22)

APPENDIX 2

FINANCING OF THE 2020/21 BUDGET AT MONTH 5	Original Budget	Prior Months	Additions to M5	Revised Budget
	£'000	£'000	£'000	£'000
Net Expenditure Budget	(233,524)			(233,524)
Financed by:				
Business Rates Top-up Grant	(41,048)	(606)		(41,654)
Grants in Lieu of Business Rates	(11,230)	(25,075)		(36,305)
Improved Better Care Fund Grant	(10,858)			(10,858)
Independent Living Fund Grant	(2,580)			(2,580)
Adult Social Care Support Grant	(6,954)			(6,954)
Opportunity Area Grant (Year 4)	0		(1,580)	(1,580)
Housing Benefit & Council Tax Administration Grant	(1,138)			(1,138)
New Homes Bonus Grant	(598)			(598)
Flexible Homelessness Support Grant	(194)			(194)
Homeless Reduction Grant	(164)			(164)
Rough Sleeping Initiative Grant	(37)			(37)
Lead Local Flood authority grant	(12)			(12)
Department for Works and Pensions (DWP) New Burdens	(122)			(122)
Verify earnings and Pensions service		(30)		(30)
School Improvement Monitoring & Brokerage Grant		(104)		(104)
Capital grants		(143)	(383)	(520)
Extended rights to Free Travel		(38)		(38)
Transport Grant		(9)		(9)
SEND Regional Co-ordinator		(24)		(24)
New Burdens Funding - Business Grants Round 1		(170)		(170)
Local Housing Allowance Changes		(2)		(2)
Local Reform and Community Voices		(161)		(161)
War Pensions Disregard		(45)		(45)
Local Authority Emergency Assistance Grant		(361)		(361)
COVID-19 Tranche 2		(6,531)		(6,531)
COVID-19 Tranche 3		(2,466)		(2,466)
Wellbeing for Education Return			(38)	(38)
Total Government Grant Funding	(74,935)	(35,762)	(2,001)	(112,697)
Council Tax Income - General	(88,078)			(88,078)
Council Tax Income - Adult Social Care Precept	(8,679)			(8,679)
Collection Fund Surplus	(1,400)			(1,400)
Retained Business Rates	(50,424)			(50,424)
Total Locally Generated Income	(148,581)	0	0	(148,581)
Total Grant and Income	(223,516)	(35,762)	(2,001)	(261,278)
Balance to be addressed by Use of Reserves	(10,008)			(10,008)
Total Financing	(233,524)	(35,762)	(1,998)	(271,287)

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CAPITAL INVESTMENT PROGRAMME REPORT 2020/21

Month 5 – August 2020

1 Background

- 1.1 The original capital programme for 2020/21 reflects the priorities outlined in the capital strategy as approved at Cabinet on 10 February 2020 and confirmed at the Council meeting on the 26 February 2020.
- 1.2 The position as at 31 August 2020 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.

2 Current Position

- 2.1 The approved capital programme summary position for the five financial years 2020/21 to 2024/25, approved by Council on 26 February 2020 is summarised in Table 1 and shows capital programme expenditure of £147.632m in 2020/21.

Table 1 : Original Budget - Capital Programme 2020/21 to 2024/25

2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
147,632	131,467	102,510	40,999	56,973	479,581

- 2.2 Table 2 shows the revised capital programme for 2020/21 as at 31 August 2020 at an overall expenditure level of £142.379m, following a number of changes explained in the following paragraphs.
- 2.3 The approved virements of £0.157m (an increase to the 2020/21 budget) represent changes since the M04 position as detailed later in the report (para 2.5)
- 2.4 Actual expenditure to 31 August 2020 was £32.359m (22.73% of forecast outturn). This spending profile is lower than in previous years. The position will be kept under review and budgets will be managed in accordance with forecasts.

Table 2 – 2020/21 Capital Programme at Month 5

Directorate	Revised Budget (M04) £000	Approved Virements (to M05) £000	Proposed Virement/ Rephase £000	Revised Budget (M05) £000	Forecast £000	Variance £000
Corporate Services	26,011	-	-	26,011	26,011	-
Children's Services	21,970	-	-	21,970	21,970	-
Communities and Reform	260	-	-	260	260	-
Community Health & Adult Social Care	3,132	-	-	3,132	3,132	-
Housing Revenue Account	5,735	-	-	5,735	5,735	-
People and Place	85,509	157	(395)	85,271	85,271	-
Overall Total	142,617	157	(395)	142,379	142,379	-

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

2.5 The approved budget change of £0.157m represent new funding, as detailed below:

Table 3 – Approved Virements

Scheme	£000
Additional Revenue Contribution (RCCO) funding – Royton District Grants (Local Investment Fund)	13
S106 funding - Royton Park scheme	144
Total	157

2.6 The proposed changes total a net of £0.395 shown in Appendix G and include additional Environment Agency Grant totalling £0.159m and further rephasing between years of £0.554m.

2.7 Due to the COVID-19 pandemic, there remains an element of uncertainty about the forecast position and it is inevitable that this will change in the remaining months; that said, the forecasts are based on the latest and most up to date information. A further breakdown of Table 2 on a service by service area basis is shown at Appendices A to F and the detailed breakdown of proposed virement/rephasing, both expenditure and financing, is shown in Appendix G.

Re-profiling of the Capital Programme

2.8 The revised capital programme for 2020/21 to 2024/25, taking into account all the above amendments in arriving at the revised forecast position, is shown in Table 4 together with the projected financing profile.

Table 4 – 2020/2025 Capital Programme

Directorate Budget	Revised Budget 2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate Services	26,011	442	4,200	3,200	10,330	44,183
Children's Services	21,970	15,989	5,000	-	-	42,959
Communities and Reform	260	1	-	-	-	261
Community Health & Adult Social Care	3,132	703	400	400	400	5,035
Housing Revenue Account	5,735	3,922	3,800	2,835	-	16,292
People and Place	85,271	55,128	92,386	49,869	23,642	306,296
Grand Total	142,379	76,185	105,786	56,304	34,372	415,026

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

Funding	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Grant & Other Contributions	(30,314)	(41,506)	(4,452)	(1,973)	(1,973)	(80,218)
Prudential Borrowing	(95,118)	(26,625)	(84,706)	(42,647)	(30,634)	(279,730)
Revenue	(5,758)	(3,922)	(6,200)	(7,735)	-	(23,615)
Capital Receipts	(11,188)	(4,132)	(10,428)	(3,949)	(1,765)	(31,462)
Grand Total	(142,378)	(76,185)	(105,786)	(56,304)	(34,372)	(415,025)

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

- 2.9 The revised Provision for Emerging Priorities for 2020/21 to 2024/25, taking into account all the above amendments are contained within the Corporate Services budget and is as follows:

Table 5 – Provision for Emerging Priorities

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Provision for Emerging Priorities	1,301	442	4,200	3,200	10,330	19,473

Capital Receipts

- 2.10 The revised capital programme requires the availability of £11.188m of capital receipts in 2020/21 for financing purposes. The total net usable capital receipts currently received in year is £0.545m.
- 2.11 The capital receipts position as at 31 August 2020 is as follows:

Table 6 – Capital Receipts 2020/21

	£000	£000
Capital Receipts Financing Requirement		11,188
Usable Capital Receipt b/fwd.	-	
Actual received to date	(545)	
Further Required/(Surplus) in 2020/21		10,643

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

- 2.12 Given the significant amount of receipts needed to finance the capital programme in this 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 on-going review throughout the year. It is of course recognised that the pandemic has had an impact of business/economic activities making capital disposals more challenging.
- 2.13 The Capital Strategy and Capital Programme 2020/25 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 31 August 2020 is illustrated in the table below:

Table 7 – Capital Receipts 2020/25

Capital Receipts	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Receipts Carried Forward	-	6,711	(19)	8,701	12,400
Estimated Capital Receipts Received in year	(3,932)	(10,862)	(1,708)	(250)	(1,075)
Total Receipts	(4,477)	(4,151)	(1,727)	8,451	11,325
Capital Receipts Financing Requirement	11,188	4,132	10,428	3,949	1,765
Over/(Under) programming	6,711	(19)	8,701	12,400	13,090

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

- 2.14 As shown above, the most recent projection indicates a potential shortfall in later years of the programme. However, until a thorough review of the asset disposal programme has taken place, it is prudent to retain the current programme and review during the course of the current year.

Annual Review of the Capital Programme

- 2.15 In accordance with previous practice, a review of the capital programme has taken place (the Summer Review). This aimed to examine any further opportunities to reallocate, decommission or reprofile resources. It is also included an in-depth analysis of capital receipts. The work of the review is being drawn together and will be presented in a future report.

3 Conclusion

- 3.1 Whilst the current projected position is showing the outturn to match the budget, a further detailed review of the capital programme is being undertaken in preparation for the Council's Annual Capital Strategy 2021/22 to 2025/26. The aim is to establish if there are any surplus resources that can be realigned, or any further re-profiling required. Whilst the Creating a Better Place review has recently concluded, it is likely that there will be some further rephasing across all years to reflect the current developments of individual projects/schemes considering the current position of the Council and the impact of the Covid-19 pandemic.
- 3.2 The capital programme is being continually monitored and is reported to Members on a regular basis.

4 **Appendices**

- 4.1 Appendix A - SUMMARY – Month 5 - Corporate Services
- Appendix B - SUMMARY – Month 5 - Children’s Services
- Appendix C - SUMMARY – Month 5 - Communities and Reform
- Appendix D - SUMMARY – Month 5 - Community Health & Adult Social Care
- Appendix E - SUMMARY – Month 5 - Housing Revenue Account (HRA)
- Appendix F - SUMMARY – Month 5 - People and Place
- Appendix G - SUMMARY – Month 5 - Proposed Variations

SUMMARY – MONTH 5 (AUGUST 2020) – Corporate Services

Service area	Revised Budget M04 £000	Approved Virements (to M05) £000	Proposed Virement / Rephase £000	Revised Budget M05 £000	Forecast £000	Year End Variance £000
Corporate	25,616	-	-	25,616	25,616	-
General Services	396	-	-	396	396	-
	26,011	-	-	26,011	26,011	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 5 (AUGUST 2020) - Children's Services

Service area	Revised Budget M04 £000	Approved Virements (to M05) £000	Proposed Virement / Rephase £000	Revised Budget M05 £000	Forecast £000	Year End Variance £000
Children, Young People & Families	179	-	-	179	179	-
Schools – General Provision	712	-	-	712	712	-
Schools – Primary	5,778	-	-	5,778	5,778	-
Schools – Secondary	4,413	-	-	4,413	4,413	-
Schools – Special	657	-	-	657	657	-
Schools – New Build	10,231	-	-	10,231	10,231	-
	21,970	-	-	21,970	21,970	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 5 (AUGUST 2020) - Communities and Reform

Service area	Revised Budget M04 £000	Approved Virements (to M05) £000	Proposed Virement / Rephase £000	Revised Budget M05 £000	Forecast £000	Year End Variance £000
District Investment Fund	260	-	-	260	260	-
	260	-	-	260	260	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 5 (AUGUST 2020) – Community Health & Adult Social Care

Service area	Revised Budget M04 £000	Approved Virements (to M05) £000	Proposed Virement / Rephase £000	Revised Budget M05 £000	Forecast £000	Year End Variance £000
Adult Services	3,132	0	-	3,132	3,132	-
	3,132	0	-	3,132	3,132	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 5 (AUGUST 2020) - Housing Revenue Account (HRA)

Service area	Revised Budget M04 £000	Approved Virements (to M05) £000	Proposed Virement / Rephase £000	Revised Budget M05 £000	Forecast £000	Year End Variance £000
Housing Revenue Account	5,735	-	-	5,735	5,735	-
Reform Total	5,735	-	-	5,735	5,735	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 5 (AUGUST 2020) - People and Place

Service area	Revised Budget MO4	Approved Virements to MO5	Proposed Virement/ Rephase	Revised Budget	Forecast	Year End Variance
	£000's	£000's	£000's	£000's	£000's	£000's
Asset Management	2,568			2,568	2,568	-
Asset Management - Education Premises	3,653			3,653	3,653	0
Boroughwide Developments	16,538	13		16,551	16,551	-
Developments	268			268	268	-
District Partnership – Boroughwide	257			257	257	-
Environment – Countryside	45			45	45	0
Environment – Parks	256	144		400	400	-
Environment - Playing Fields & Facilities	12			12	12	0
ICT	5,091			5,091	5,091	-
Parks & Playing Fields	23			23	23	0
Private Housing – HMRF	250			250	250	-
Private Housing	800			800	800	0
Public Realm	177			177	177	-
Schools – Special	3			3	3	0
Schools – New Build	9,500			9,500	9,500	-
Strategic Acquisitions	0			0	0	0
Town Centre Developments	28,750			28,750	28,750	-
Transport - Accident Reduction	674		(1)	673	673	0
Transport - Bridges & Structures	3,566	40	(174)	3,432	3,432	-
Transport - Fleet Management	1001			1001	1001	0
Transport - Highway Major Works/Drainage schemes	10,087	(39)	(220)	9,828	9,828	-
Transport – Metrolink	0			0	0	0
Transport - Minor Works	1,440			1,440	1,440	-
Transport – Miscellaneous	524	(1)		523	523	0
Transport - Street Lighting	26			26	26	-
People and Place Total	85,509	157	(395)	85,271	85,271	0

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

SUMMARY – MONTH 5 (AUGUST 2020) - People and Place Cont'd

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 5 (AUGUST 2020) - Proposed Variations

EXPENDITURE BUDGETS TO BE REPROFILED AS AT 31 AUGUST 2020	2020/21	2021/22	Comments
Directorate / Scheme	£000	£000	
People and Place			
Transport Investment – Growth Deal 3	(333)	333	Rephase to Future Years
Environment Agency - Valley Mews	53	-	Additional Environmental Agency funding
Environment Agency - Golburn Clough	53	-	Additional Environmental Agency funding
Environment Agency - Oak View Road	53	-	Additional Environmental Agency funding
BR 224 Rhodes Hill Culvert, Rhodes Hill Lees	(100)	100	Rephase to Future Years
BR 120 The Causeway Bridge, The Causeway off Gateway Crescent	(3)	3	Rephase to Future Years
Thurston Clough Culvert, Delph	(71)	71	Rephase to Future Years
C19454 Stannybrook Road (Daisy Nook Farm to Boundary)	(27)	27	Rephase to Future Years
Burnley Street, Chadderton	(20)	20	Rephase to Future Years
People and Place TOTAL	(395)	554	
TOTAL	(395)	554	

FINANCING BUDGETS TO BE REPROFILED AS AT 31 AUGUST 2020	2020/21	2021/22	
Fund Source	£000	£000	
Grants and Contributions	395	(554)	
Prudential Borrowing	-	-	
Revenue Contribution	-	-	
Capital Receipts	-	-	
TOTAL	395	(554)	

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