

CABINET
30/11/2020 at 6.00 pm



Present: Councillor Fielding (Chair)
Councillors Brownridge, Chadderton, Chauhan, Jabbar,
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 MEETINGS HELD ON 9TH
NOVEMBER 2020 AND 16TH NOVEMBER 2020**

RESOLVED – That the minutes of the Cabinet meetings held on
9th November 2020 and 16th November 2020 be approved.

6 **FINANCIAL UPDATE - BUDGET 2020-21 AND 2021-22**

Consideration was given to a report of the Director of Finance which provided an update on the deployment of additional capital and revenue grants received in 2020/21 since the reports to Cabinet of 23rd April 2020 and 24th August 2020 and provided details of the estimated financial challenge for the Council arising from the COVID-19 pandemic.

The Government had in response to the COVID-19 pandemic, allocated a significant number of grants to provide support to Local Government and therefore the Council. Reports were considered by Cabinet on 23rd April 2020 and 24th August 2020 which presented a range of grant support received towards the end of 2019/20 and early 2020/21.

The report outlined the additional and updated grant funding that had been received since those Cabinet meetings in the sum of £15.658m of ringfenced and unringfenced revenue grants and £0.694 of capital grants, together with a range of grants to support businesses in Oldham.

In addition, the report advised of the financial information that the Council provided to the Ministry of Housing, Communities and Local Government (MHCLG) on a monthly basis which informed the Government of costs being incurred/income lost by the Council as a result of the pandemic.

The information included in the returns highlighted the financial challenge that the Council was facing in 2020/21 although additional Government grant funding is expected.

Members were also advised of the on-going impact of COVID-19 on the financial position of the Council in future years, with



the estimated budget reduction requirement for 2021/22 at a value of £30m.

Options/alternatives considered

Option 1 - Cabinet approves the adjustments to the budget of the Council to reflect the additional grant funding received during 2020/21 as outlined in this report, confirms its support for actions being taken to address the financial challenge, endorses the proposed release of supported voluntary redundancy applicants and notes the updated financial forecasts.

Option 2 - Cabinet does not approve the adjustments to the budget of the Council to reflect the additional grant funding received during 2020/21 as outlined in this report, suggests alternative action to address the financial challenge does not endorse the proposed release of supported voluntary redundancy applicants and does not agree to note the updated financial forecasts

RESOLVED – That:

1. The acceptance of all the additional unringfenced and ringfenced revenue grant funding received since Cabinet considered its last financial update report at its 24 August 2020 meeting (as set out at sections 2.3 to 2.6) together with all corresponding adjustments to the budget of the Council be approved.
2. The administration of the business grant funding be approved as set out at section 2.7 of the report and authority for the determination of any discretionary business grant funding regimes be delegated to the Directors of Finance and Economy in consultation with the Leader of the Council and the Cabinet Member for Finance and Green.
3. The additional capital grant funding that the Council had received be noted.
4. The estimated extent of the financial challenge that the Council was facing in 2020/21 as a result of the COVID-19 pandemic be noted.
5. The measures that have been introduced to reduce the call on Council resources in year be supported.
6. It be noted the financial planning for 2021/22 and future years was extremely challenging due to the uncertainty about the impact of the pandemic and the level of Government funding that would be received.
7. The estimated budget reduction requirement of £30m for 2021/22 be agreed.
8. The public consultation that was taking place with regard to 2021/22 budget reduction proposals (from 9 November 2020) be noted.
9. The release of the supported voluntary redundancy applications received as part of the organisation's recent voluntary workforce reduction programme as detailed within this report be approved.
10. The revised decision making timeline for budget setting 2021/22 as set out at section 2.10.8 of the report be approved.

PROGRAMME 2020/21 QUARTER 2 – SEPTEMBER 2020



Consideration was given to a report of the Director of Finance which provided the Cabinet with an update on the Council's 2020/21 forecast revenue budget position at Annex 1 of the report and the financial position of the capital programme as at 30 September 2020 (Quarter 2) together with the revised capital programme 2020/25, as outlined in section two of the report at Annex 2.

The current forecast outturn position for 2020/21 was a projected deficit variance of £5.369m 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 Government's ongoing arrangements to mitigate the spread of COVID-19 which commenced on 23rd 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 £23.978m un-ringfenced Government COVID related grant funding, of which £16.638m was reported at month 5. The extra grant was a further £6.058m COVID Emergency Funding and £1.282m by way of compensation for loss of income in relation to sales, fees and charges which had now been confirmed following the first submission to the Ministry for Communities, Housing and Local Government (MHCLG) under the income compensation scheme.

In Annex 1 to the report, the full Government grant was presented as a single sum so that it highlighted the level of variation across all Council budgets, given that there was still insufficient resource to offset the adverse variance. 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 (with two further returns scheduled for the current financial year), both the overall financial position and the application of Government grant would therefore change during the course of the financial year.

Section 4 of the report provided Cabinet with the detail of the grants that the Council had received. There had been a number of developments particularly in relation support for businesses and to provide additional support for the Council following the whole of Greater Manchester moving into Tier 3 (very high) COVID restrictions on 23rd October 2020 and the subsequent national lockdown on 5th November 2020.

As this financial monitoring report reflected the financial position at Quarter 2, it could be regarded as an indicator of the potential year end position, 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 had still to take full effect, it was anticipated that by the year end, the outturn deficit should be reduced and this was starting to be demonstrated in the monthly update reports that have and which would continue 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 2020/21 to 2024/25 for approved schemes. The revised capital programme budget for 2020/21 is £89.946m at the close of Quarter 2, a net decrease of £57.686m from the original budget of £147.632m. Actual expenditure to 30 September 2020 was £35.270m (39.65% of the forecast outturn).

It was 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 together with the proposed changes including the acceptance of new grants outlined in section 2.7 of the report (and as set out in section 4 of Annex 1 of the report) and the proposed delegation of the detailed use to the relevant Director and Cabinet Member in consultation with the Director of Finance.

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 report

RESOLVED- That:

1. The forecast revenue outturn for 2020/21 at Quarter 2 being a £5.369m adverse variance having regard to the action being taken to manage expenditure be approved.
2. The detailed allocation of the eight revenue grants set out at section 2.7 and in detail at section 4.2 of Annex 1 to report be delegated to the Cabinet Member and Director within whose Portfolio the grant is administered together with the Director of Finance
3. The forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund be approved.
4. The use of reserves as detailed in Appendix 1 to Annex 1 of the report be approved.
5. The revised capital programme for 2020/21 to 2024/25 as at Quarter 2 as presented in Annex 2 of the report be approved.

The meeting started at 6.00pm and finished at 18.16