

CABINET Agenda

Date Monday 30 November 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, 25 November 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 meetings held on 9th November 2020 and 16th November 2020 (Pages 1 - 10)
- 6 Financial Update - Budget 2020-21 and 2021-22 (Pages 11 - 34)
- 7 Revenue Monitor and Capital Investment Programme 2020/21 Quarter 2 – September 2020 (Pages 35 - 86)

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

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Chadderton.

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 **GREATER MANCHESTER SPATIAL FRAMEWORK:
PUBLICATION DRAFT 2020**

Consideration was given to a report of the Director of Economy which sought approval of the Greater Manchester Spatial Framework for publication and submission to the Secretary of State for Housing, Communities and Local Government. Once adopted the GMSF would replace parts of Oldham's Core Strategy and change the Proposals Map. A list of Core Strategy policies that would be replaced was contained in Appendix 1 to the report. The Proposals Map would be changed through the addition of allocations for housing and employment development, and changes to Green Belt boundaries, as set out in this report.

The Leader, the Cabinet Member for Housing and the Cabinet Member for Neighbourhoods and Districts outlined the main elements of the report.

It was reported that following approval by the ten districts, consultation on the Publication Draft 2020 would commence 1st December 2020 to 26th January 2021.

It was also reported that this document was not the final version and that there was an opportunity to make representations during the consultation period.

When it was adopted the GMSF would become part of Oldham's development plan. It would replace parts of Oldham's Core Strategy and change the Proposals Map. A list of Core Strategy policies that would be replaced was contained at Appendix 1 of the report.

The GMSF: Publication Draft 2020 and supporting documents could be found at <https://www.greatermanchester-ca.gov.uk/what-we-do/housing/gmsf2020/>. The full AGMA Executive Board Report, which included a list of the supporting documents available, could be found at Appendix 2 to this report.

The report summarised the main components of the GMSF: Publication Draft 2020 and what it meant for Oldham. It also set out the implications for the review of Oldham's Local Plan.



Options/alternatives

Option 1: Members approve the GMSF: Publication Draft 2020 and supporting background documents for publication and submission to the Secretary of State for examination as per the report recommendations set out at the beginning of this report.

Option 2: Members do not approve the GMSF: Publication Draft 2020 and supporting background documents for publication and submission to the Secretary of State for examination as per the report recommendations set out at the beginning of this report.

RESOLVED – That:

1. The GMSF: Publication Draft 2020, including strategic site allocations and green belt boundary amendments, and reference to the potential use of compulsory purchase powers to assist with site assembly, and the supporting background documents be approved for publication pursuant to Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 for a period for representations between 1 December 2020 and 26 January 2021.
2. Delegated authority be given to the Director of Economy authority to approve the relevant Statement of Common Ground(s) required pursuant to the National Planning Policy Framework 2019;
3. Delegated authority be given to the Greater Manchester Lead Chief Executive, Housing, Homelessness and Infrastructure, in consultation with Salford City Mayor, Paul Dennett the Portfolio Leader for Housing, Homelessness and Infrastructure to make minor or non-material amendments to the GMSF: Publication Draft 2020 and background documents prior to their publication.

RECOMMENDATION – That Full Council approves the GMSF: Publication Draft 2020 for submission to the Secretary of State for examination following the period for representations.

6

GREATER MANCHESTER TRANSPORT STRATEGY 2040, OUR FIVE-YEAR DELIVERY PLAN (2020-2025) AND OLDHAM LOCAL IMPLEMENTATION PLAN

Consideration was given to a report of the Deputy Chief Executive which sought:

- Endorsement of the refreshed Greater Manchester Transport Strategy and the final version of Our Five-Year Delivery Plan for approval by GMCA and publication in December 2020.
- Approval the Oldham Local Implementation Plan for publication
- Delegated authority to approve future updates to the Oldham Local Implementation plan.

Transport for Greater Manchester (TfGM) had been working with the Greater Manchester Combined Authority (GMCA), the ten

Greater Manchester councils and the Greater Manchester Mayor to prepare new, and updated, transport strategy documents that cover the entire city-region. This work included a refreshed version of the long-term, statutory local transport plan - the Greater Manchester Transport Strategy 2040 - and a final version of Our Five-Year Delivery Plan (2020-2025) which set out the practical actions planned to deliver the Strategy over the next 5 years. In addition, ten new Local Implementation Plans had also been prepared (one for each Greater Manchester council), including Oldham.

Oldham's Five-Year Delivery Plan set out the practical actions planned, over the next 5 years, to deliver the 2040 Transport Strategy and achieve the transport ambitions of the GMCA and the Mayor, in parallel with the development of the Greater Manchester Spatial Framework (GMSF). The Delivery Plan included a mapped summary of proposed place-specific schemes as well as a range of Greater Manchester-wide interventions ranging from Emergency Active Travel measures to support social distancing as part of the Covid-19 recovery, to a GM-wide reformed bus network and associated infrastructure, clean air plan, and integrated fares and ticketing standards. Oldham's Five-Year Delivery Plan would be published in support of the GMSF consultation and as part of the GMSF evidence base in December 2020. This report includes details of the interventions that could result in direct investment in Oldham or are particularly relevant to Oldham. The Delivery Plan also contained details of the strategic transport interventions associated with GMSF allocations that may be brought forward. This report includes details of the GMSF interventions associated with Oldham's GMSF allocations.

Options/alternatives

Option 1 - Members can endorse the refreshed Greater Manchester Transport Strategy and the final version of Our Five-Year Delivery Plan, subject to correction of the errors detailed in Appendix D, approve the Oldham Local Implementation Plan for publication as an appendix to Our Five-Year Delivery Plan and delegate authority to the Leader and the Cabinet Member for Neighbourhoods and Culture to approve future updates of the Oldham Local Implementation Plan.

Option 2 - Members can decide not to endorse the refreshed Greater Manchester Transport Strategy and the final version of Our Five-Year Delivery Plan, not approve the Oldham Local Implementation Plan for publication as an appendix to Our Five-Year Delivery Plan and not delegate authority to the Leader and the Cabinet Member to approve future updates of the Oldham Local Implementation Plan. The GM Transport Strategy would be published without an Oldham Local Implementation Plan, which could have a detrimental impact on investment in Oldham

RESOLVED – That:

1. The refreshed Greater Manchester Transport Strategy and the final version of Our Five-Year Delivery Plan for approval by GMCA and publication in December 2020 be endorsed alongside Greater Manchester's Plan for Homes, Jobs and the Environment (GMSF), subject to

the correction of a small number of errors identified in Appendix D; 2)

2. The Oldham Local Implementation Plan for publication as an appendix to Our Five-Year Delivery Plan be approved acknowledging that this was a 'live' document and would be subject to regular review and updated as appropriate.
3. Authority be delegated to the Leader and the Cabinet Member for Neighbourhoods and Culture to approve future updates of the Oldham Local Implementation Plan.



The meeting started at 6.00pm and finished at 6.23pm

Public Document Pack

CABINET

16/11/2020 at 6.00 pm



Oldham
Council

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

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Chadderton.

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**

5 **MINUTES OF THE CABINET MEETING HELD ON 19TH OCTOBER 2020**

RESOLVED – That the minutes of the Cabinet meeting held on 19th October 2020 be approved as a correct record.

6 **TREASURY MANAGEMENT MID YEAR REVIEW 2020/21**

The Cabinet gave consideration to a report of the Director of Finance which provided the Cabinet with details of the performance of the Treasury Management function of the Council for the first half of 2020/21 and provided a comparison of performance against the 2020/21 Treasury Management Strategy and Prudential Indicators.

The Council was required to consider the performance of the Treasury Management function in order to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). This report set out the key Treasury Management issues for Members' information and review and outlined:

- An economic update for the first six months of 2020/21;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- Why there has been no debt rescheduling undertaken during 2020/21; and
- A review of compliance with Treasury and Prudential Limits for 2020/21.

RESOLVED – That:

1. Treasury Management activity for the first half of the financial year 2020/21 and the projected outturn position be approved and confirmed to Council.

2. Amendments to both Authorised Limit and Operational Boundary for external debt as set out in the table at Section 2.4.5 of the report be approved and commended to Council.
3. Amendments to the Capital Financing Requirement (CFR) as set out in the table at section 2.4.5 of the report be approved and commended to Council.

7

EXPANSION OF KINGSLAND SCHOOL

Consideration was given to a report of the Interim Director of Education and Early Years and the Director of Economy which sought the following recommended changes to Kingsland School.

- Increase the schools PAN (Planned Admission Number) to 100 pupils (70 permanently excluded children and 30 SLC children).
- Refurbish the lower ground floor of Laurel Bank to enable use by the school at an estimated cost of £500,000.
- Set a budget for the school based on the newly proposed PAN and agree the release of funds from the Dedicated Schools Grant to cover the schools currently predicted deficit.

Kingsland School currently had a PAN of 70 (40 permanently excluded children and 30 SLC Children). The PAN of the school has not changed since 2012. In recent years the number of school age children in the borough had increased to approximately 43,500 in 2020 and was predicted to increase to 47,000 by 2025. This increase has put enormous pressure on Kingsland School as there had been a corresponding increase in the number of pupils excluded in the borough, consequently the actual numbers of children in the school was always far in excess the official PAN. Therefore, there was a need to formally increase the PAN of the school. The current number on roll at the school was 148 (although some of these pupils are on part-time timetables). A statutory process would need to be followed in order to formally increase the schools PAN. A six-week public consultation was required, and it was also necessary to inform and gain the approval of the Department for Education for the changes proposed to the PAN.

Option/alternatives

Option 1 – Do nothing.

Option 2: Approve the recommended changes:

- The current budget was not set at an appropriate level for the school and was complicated by the lack of an appropriate PAN. Revising the school PAN would enable more effective budget planning.
- In addition, the extra funding requirements outlined above would be required to enable these targeted interventions to continue.
- The school was currently short of physical space and the development of the lower floor of laurel bank would allow the school to build upon the recent successful Ofsted Inspection and continue its programme of targeted interventions.

RESOLVED – That:

1. Option 2 be approved to;
 - a. Increase the schools PAN (Planned Admission Number) to 100 pupils (70 permanently excluded children and 30 SLC children).
 - b. Refurbish the lower ground floor of Laurel Bank to enable use by the school at an estimated cost of £500,000.
 - c. Set a budget for the school based on the newly proposed PAN and agree the release of funds from the Dedicated Schools Grant to cover the schools currently predicted deficit
2. The spend of up to £500k to support the delivery of the works needed to progress immediately with further delegated authority to the Director of Economy and Director of Finance for an additional £250k should this be required to complete the scheme be approved.

8

GREEN HOMES GRANT LOCAL AUTHORITY DELIVERY SCHEME

Consideration was given to a report of the Deputy Chief Executive, People and Place which sought approval from the Cabinet to accept Grant Funding Agreements with the Greater Manchester Combined Authority and appoint contractors to deliver the Greater Manchester Green Homes Grant Local Authority Delivery Scheme.

The Greater Manchester Combined Authority approached Oldham Council to develop a Greater Manchester (GM) Green Homes Grant Local Authority Delivery Scheme bid, as Oldham was the only Council within GM that had an OJEU procured Framework Agreement for energy efficiency measures (through its Warm Homes Oldham scheme).

On 28 August 2020, the GMCA submitted a bid for £4.7m to mainly retrofit External Wall Insulation and Air Source Heat Pumps in homes of all tenures occupied by residents with a gross annual household income of less than £30,000 using local Trustmark registered contractors.

Full details of the bid were reported to the GMCA meeting held on 25 September 2020.

On 1st October 2020, Department of Business, Energy and Industrial Strategy (BEIS) confirmed that the GMCA's application was successful and awarded the bid amount in full.

On 15th October 2020, the GMCA submitted a completed Memorandum of Understanding (MoU) to BEIS, which agreed the terms and conditions of the funding and on 29th October 2020, the GMCA received the first instalment of the funding from BEIS.

Option/alternatives considered

Option 1

- To accept the Grant Funding Agreements issued by the GMCA detailed in the report
- To issue a Call-off Order for an amount to be disclosed in the commercially sensitive report to E.ON Energy

Solutions Ltd under the Warm Homes Oldham Framework Agreement to deliver energy efficiency measures to private sector homes across Greater Manchester, as detailed in the GM GHG LAD Scheme bid.

- To issue an Authority Notice of Change to Inspiral Oldham Ltd under the Housing PFI Project Agreement for an amount to be disclosed in the commercially sensitive report to install External Wall Insulation to Wimpey No Fines Council homes on the Crossley Estate.
- To approve the use of an amount to be disclosed in the commercially sensitive report from the Housing Revenue Account Capital Programme to meet the shortfall in grant funding as detailed within the report.

Option 2 - To reject the Grant Funding Agreements issued by the GMCA detailed in the report. The energy efficiency measures would not be delivered to private sector homes across Greater Manchester and the External Wall Insulation would not be installed to Wimpey No Fines Council homes on the Crossley Estate for an amount to be disclosed in the commercially sensitive report of grant funding would have to be returned to BEIS with the consequential reputational damage that this would cause to Oldham Council and the GMCA.

RESOLVED – That the Cabinet would consider the commercially sensitive information contained at Item 11 before making a decision.

9

HOLLINWOOD JUNCTION AND HOUSING DELIVERY OPTIONS

Consideration was given to a report of the Director of Economy which sought approval to progress the delivery of housing on the former Kaskenmoor School site at Hollinwood Junction.

The Council entered into a Strategic Partnering Agreement (SPA) in relation to council owned land at Hollinwood Junction with Langtree Group plc on 20th June 2011.

The SPA set out the mechanisms by which the Council and Langtree would work together to promote regeneration at Hollinwood Junction.

In the spirit of partnership working Langtree submitted a mixed-use employment led planning application for the Albert Street site and this was approved in June 2013.

It has always been the intention that the remainder of the site of the former Kaskenmoor school should be part of the Hollinwood Junction Joint Venture proposals. However, at that time it was unclear how much surplus land was available for development and therefore it was not formally included within the revised SPA in 2014.

Following the completion of the New Bridge and Hollinwood Academy which are both located on part of the former Kaskenmoor school site, the surplus land was identified. Therefore in 2016 Cabinet approved the inclusion of the surplus Kaskenmoor school land in the SPA with Langtree and a deed of variation was completed to document this.

Approval to dispose of the School Site under Schedule 1 of the 2010 Academies Act was received in July 2012. Approval to

dispose of the School's Playing Fields under Section 77 of the Schools Standards and Frameworks Act 1998 was received in January 2014.

The Kaskenmoor site was unallocated in the Council's Local Development Framework, however, it is adjacent to existing housing and therefore subject to planning, it is considered potentially suitable for residential development.

In line with recent pre-app planning advice, the Kaskenmoor site is expected to accommodate up to 150 x two, three and four bedroom houses to meet the needs of the local community as determined from the Council's housing strategy.



Options/alternatives considered

The options were considered in the commercially sensitive report contained at Item 12.

RESOLVED – That the Cabinet would consider the commercially sensitive information contained at Item 12 of the agenda before making a decision.

10 **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.

11 **GREEN HOMES GRANT LOCAL AUTHORITY DELIVERY SCHEME**

The Cabinet gave consideration to the commercially sensitive information contained at Item 8 – Greens Home Grant Local Delivery Scheme.

RESOLVED – That recommendations contained with the commercially sensitive report be approved.

12 **HOLLINWOOD JUNCTION AND HOUSING DELIVERY OPTIONS.**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 9 - Hollinwood Junction and Housing Delivery Options.

RESOLVED – That the recommendations as detailed within the commercially sensitive report be approved.

The meeting started at 6.00pm and finished at 6.26pm

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Report to Cabinet

Financial Update – Budget 2020/21 and 2021/22

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

Officer Contact: Anne Ryans – Director of Finance
Ext. 4902

Report Author: Anne Ryans – Director of Finance

30 November 2020

Reason for Decision

The report is presented to provide an update on the deployment of additional capital and revenue grants received in 2020/21 since the reports to Cabinet of 23 April 2020 and 24 August 2020, and to advise of the estimated financial challenge for the Council arising from the COVID-19 pandemic.

Executive Summary

The Government has 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 23 April 2020 and 24 August 2020 which presented a range of grant support received towards the end of 2019/20 and early 2020/21. This report outlines the additional and updated grant funding that has 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 advises of the financial information that the Council provides to the Ministry of Housing, Communities and Local Government (MHCLG) on a monthly basis which informs the Government of costs being incurred/income lost by the Council as a result of the pandemic. The information included in the returns highlights the financial

challenge that the Council is facing in 2020/21 although additional Government grant funding is expected. Members are 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.

The Financial Monitoring reports presented to Cabinet during 2020/21 (the report for month 6 is included elsewhere on this agenda) will provide information about the impact of COVID-19 on the financial position of the Council as it develops throughout the year. The reports will also advise of the use of the grants, both COVID and non-COVID related, detailed in this report.

Recommendations

It is recommended Cabinet:

- a) Approves 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.
- b) Approves the administration of the business grant funding as set out at section 2.7 of the report and delegates the determination of any discretionary business grant funding regimes to the Directors of Finance and Economy in consultation with the Leader of the Council and the Cabinet Member for Finance and Green.
- c) Notes the additional capital grant funding that the Council has received.
- d) Notes the estimated extent of the financial challenge that the Council is facing in 2020/21 as a result of the COVID-19 pandemic.
- e) Confirms support for the measures that have been introduced to reduce the call on Council resources in year.
- f) Notes that financial planning for 2021/22 and future years is extremely challenging due to the uncertainty about the impact of the pandemic and the level of Government funding that will be received.
- g) Agrees that the estimated budget reduction requirement for 2021/22 is at a value of £30m.
- h) Notes the public consultation that is taking place with regard to 2021/22 budget reduction proposals (from 9 November 2020).
- i) Approves 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.
- j) Approves the revised decision making timeline for budget setting 2021/22 as set out at section 2.10.8 of the report

1 Background

1.1 Members will recall that the Cabinet meetings of 23 April 2020 and 24 August 2020 considered and approved reports which provided a financial update and outlined a range of revenue grants that had been received from Central Government as follows:

a) April Report

- Those grants received at the end of 2019/20 for use in that financial year which were not included within the 2019/20 Month 9 Financial Monitoring approved at Cabinet on 23 March 2020
- An unringfenced grant of £7.641m received in 2019/20 to support the response to COVID-19 (included in 2019/20 year end reserves)
- A grant of £11.233m relating to 2020/21 but received in 2019/20 to support cash flow (treated as a receipt in advance within the 2019/20 accounts)
- Small business grant funding and retail, leisure and hospitality grant funding totalling £54.738m received on 3 April 2020 (although the funding total was not changed, the Government scheme was subsequently extended to cover a discretionary fund)
- Hardship grant funding of £3.015m received on 3 April 2020 (this was the subject of a separate report also approved at the Cabinet meeting of 23 April 2020)
- The receipt of additional Public Health Grant funding of £0.606m in 2020/21
- A grant to compensate the Council for the extension of the Business Rates Reliefs giving 100% discount in respect of retail, leisure, hospitality and nursery properties. This grant, now increased to £25.463m, will be transferred to the business rates reserve to meet the resultant collection fund deficit in 2021/22.
- The identification of £2.359m of reserves which were to be added to the first tranche of COVID funding at a value of £7.641m creating a fund of £10m to support the Council's response to COVID-19.

b) August Report

- The second (£6.531m) and third (£2.466m) tranches of unringfenced grant funding
- Two tranches of new burdens funding (Local Housing Allowance changes at £0.002m and Business Grants Administration at £0.170m)
- Round 1 Infection Control grant of £2.317m
- Local Authority Test and Trace grant of £1.560m
- Local Authority Emergency Assistance Grant for Food and Essential Supplies £0.361m
- Coronavirus Rough Sleepers Contingency Fund at £0.002m
- Five small unringfenced grants, School Improvement Monitoring and Brokerage grant (£0.104m), Extended Rights to Home to School Travel (£0.038m), Verify Earnings and Pension Service (£0.030m), Transport Grant (£0.009m) and SEND Regional Coordinator Grant (£0.024m)
- Two other ringfenced grants, namely the Reopening High Streets Safely Fund Grant (£0.210m) and the Learning Disability and Autism Community Grant (£0.957m) for which the Council was acting as the lead Authority for Greater Manchester.

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- 1.2 Information on the receipt of a number of capital grants since the start of the financial year was presented in the August report and encompassed:
- £19.046m of highways and transport grants (£8.739m in 2020/21 and £10.307m in 2021/22)
 - £8.714m of schools related grants (£6.833m in 2020/21 and £1.881m in 2021/22)
 - £3.090m of other grants all in 2020/21, the most significant of which are Disabled Facilities Grant (£2.065m) and the Towns Fund (£1.000m).
- 1.3 The August report also advised Members of the requirement to provide financial information in the form of a monthly return to the Ministry of Housing, Communities and Local Government (MHCLG) to inform Government of costs being incurred/income lost as a result of the pandemic. This return also enables Government to make an assessment of the additional level of grant needed by Councils to support the continued provision of services. Since the last report, further returns have been submitted (August, September and October). The information included in the August and September returns is presented at section 2.9.8 and highlights the changing financial position of the Council but also the financial challenge that the Council is facing in 2020/21.

2 Current Position

- 2.1 Since the Cabinet meeting of 24 August 2020, the Council has received a further range of revenue grants, some specifically to support expenditure linked to COVID-19 and some grants to support business as usual activities. These grants are presented as follows and the report therefore seeks approval to revise the budget of the Council accordingly.

2.2 COVID-19 Related Unringfenced Grant

- 2.2.1 The Council has been notified of several COVID related unringfenced grants. These grants can be used for any purpose to support the activities of the Council. The grants are as follows:

Fourth Tranche of General Grant - £6.058m

- 2.2.2 As part of its continued response to the coronavirus pandemic, the Government announced its fourth tranche of general grant funding totalling £1bn in early October. On 22 October 2020, the grant allocations were notified with a total of £919m being allocated to Local Authorities. A different method of distribution was used compared to the first three tranches of funding resulting in grant for the Council of £6.058m. This grant will increase the net revenue budget and be used to offset the COVID related expenditure of the Council. Taking the four tranches of funding together the Council has to date received £22.696m of unringfenced grant.

- 2.2.3 The Government is using the balance of the £1bn funding allocation (£100m) to invest in supporting public leisure centres this winter. The Department of Digital, Culture, Media and Sport (DCMS) is working with Sports England and the MHCLG to design a scheme to provide a suitable funding package. Details of this have yet to be announced and will be included in further update reports.

Sales, Fees and Charges - £1.282m

- 2.2.4 Members will recall that on 2 July 2020 the Government announced a further funding package which included a co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income. On 8 October 2020, the Council made its first claim to the MHCLG for this income compensation. The amount claimed for the period April to July 2020 was

£1.282m and the MHCLG has now confirmed the payment of this sum. It is expected that the grant will be received on 27 November 2020.

- 2.2.5 This grant will increase the net revenue budget and be used to offset the COVID related expenditure of the Council. Further submissions in this regard will be made to MHCLG in December 2020 and April 2021 however, the amounts to be claimed cannot yet be determined.

Funding for Local Authorities for Support to Clinically Extremely Vulnerable (CEV) Individuals - £0.145m

- 2.2.6 On 2 November 2020 the Government issued guidance with accompanying grant funding so that during the national lockdown Councils would be able to support CEV individuals. Funding equivalent to £14.60 per CEV individual on the Shielded Patient List (SPL) has been provided for the 28-day period that restrictions are in force (5 November to 2 December). This is over £32m nationally and the Oldham Council share is £0.145m. The Government has advised that if the number of CEVs significantly increase whilst restrictions are in force, funding will be adjusted accordingly.
- 2.2.7 The funding will be an unringfenced Section 31 grant to provide maximum flexibility, but Councils are expected to use the funding to deliver the activities and outcomes outlined in the Shielding Framework issued to Councils. This includes the overheads of setting up and managing the local system, contacting CEV individuals within the area of intervention, assessing the food and basic support needs of CEV individuals and facilitating the delivery of that support where necessary.
- 2.2.8 This grant will increase the net revenue budget of the Council and although unringfenced will be passported to use for CEV individuals. The Council is deploying this resource to the maximum benefit of those eligible for support.

2.3 COVID Related Ringfenced Grant

- 2.3.1 The Council has been notified of several COVID related ringfenced grants. These must be used for the purpose intended and do not increase the net revenue budget of the Council. The ringfenced grants are as follows:

a) Enhanced Response to COVID - £0.300m

This ringfenced grant was allocated by the Department of Health and Social Care to support the on-going initiatives the Council was funding in July/August when Oldham was one of the very few Authorities in the country with significantly higher infection levels.

b) Infection Control Fund Grant – Round 2 - £2.276m

On 13 May 2020 the Government announced grant of £600m to support social care providers through a new adult social care infection control grant. This grant was to provide support to adult social care providers to reduce the rate of COVID transmission in and between care homes and support wider workforce resilience.

Due to its success in limiting the transmission of COVID-19 within and between care settings, the Adult Social Care Infection Control Fund has been extended until March 2021, with an extra £546m of funding being made available nationally. This is a new grant, with revised conditions from the original Infection Control Fund. It brings the total ringfenced funding for infection prevention and control to £1.146 billion. This ringfenced grant is exclusively for actions which support care homes and CQC-regulated community care providers mainly to tackle the risk of COVID-19 infections

and is in addition to funding already received. Oldham's share of this funding is £2.276m.

The funding is to be paid in 2 equal instalments (tranche 1 was received on 1 October 2020 with tranche 2 due to be received in December 2020). Local Authorities are required to pass 80% of each instalment to care homes within the Local Authority's geographical area on a 'per beds' basis and to CQC-regulated community care providers within the Local Authority's geographical area on a 'per user' basis, including to social care providers with whom the Local Authority does not have existing contracts. The Local Authority has discretion to use the remaining 20% of each instalment on other COVID-19 infection control measures, including providing support to other care settings, and wider workforce measures in relation to COVID-19 infection control.

The Council has followed the Government guidance with regard to payments and is complying with Government reporting requirements.

c) Local Authority Compliance and Enforcement Grant (Surge funding) - £0.155m

On 22 September 2020 the Prime Minister announced £60m would be made available to Local Authorities and the Police to support additional compliance and enforcement activities. Of this £60m, £30m has been allocated to all district and Unitary Authorities including Metropolitan Borough and London Borough Councils in England to spend on COVID-19 related compliance and enforcement activities. On 8 October 2020 the Council was notified of its allocation at a value of £0.155m. The grant was received in full by the Council on 28 October 2020.

The Council is using this funding allocation in accordance with Government guidance to cover additional staffing costs in support of:

- Measures to aid public and business awareness and understanding of regulations and guidance
- Undertaking enforcement of COVID-19 regulations and guidance

The Director of Finance as Section 151 officer is required to certify that any expenditure using this grant was used for the purposes of compliance and enforcement activity.

d) Next Steps Accommodation Programme (NSAP) - £0.147m

The Next Steps Accommodation Programme (NSAP) makes available the financial resources needed to support Local Authorities and their partners with the prevention of rough sleepers returning back to rough sleeping in the local area. Allocations were notified in October 2020 with Oldham being awarded £0.147m. The funding is being deployed to engage additional staffing support and to secure accommodation to, for example, the extend the A Bed Every Night initiative.

A condition of this grant is that the Local Authority must work with the MHCLG's analytical and policy teams for the evaluation of the Next Steps Accreditation Programme. Members should also note that the Local Government Association (LGA) in conjunction with the MHCLG will be launching a peer review process for those Local Authorities which have received NSAP funding.

e) Pilot Scheme Self Isolation Payments – 100% compensation

Oldham Council was one of three pilot Authorities with Blackburn with Darwen and Pendle Councils asked by Government to deliver Self-Isolation Payments (the precursor to the national Test and Trace Support Payments scheme). The pilot offered payments of between £130 and £182 to those who had been required by NHS Test and Trace to self-isolate because they tested positive or were a designated contact of someone required to self-isolate. Take up overall was quite low for the pilot scheme and the Government decided that the payments offered may have been a disincentive to claiming and rolled out the national scheme within 3 weeks of the launch of the pilot. The Council is being reimbursed for payments made under this scheme and the Department for Work and Pensions is in the process of paying in full the £0.027m costs that were incurred.

f) Test and Trace Support Payment Scheme - £0.245m

The national Test and Trace Support payments scheme began on 28 September 2020 and will operate until 31 January 2021. Via this scheme, support is available for those told to self-isolate by the Test and Trace services because they have tested positive for coronavirus or have been in contact with someone who has tested positive.

Payments of £500 are available to those employed or self-employed earners also in receipt of means-tested benefits. Payments are also subject to tax, and only available to those who will lose earned income as a result of self-isolating e.g. where statutory sick pay cannot be claimed.

Oldham Council has been allocated £0.129m for the main scheme and £0.077m for a discretionary scheme (enough to support 154 applications), as well as £0.039m for administrative costs. If more is spent on the main scheme it will be topped up by Government.

The guidance allows awards of discretionary payments of £500 to those who satisfy most of the eligibility for the main scheme but are not in receipt of the qualifying benefits. The funding for this scheme is limited and will not be topped up by the Government - so managing the impact of the demand for discretionary payments may be an issue. Common criteria have been agreed across Greater Manchester for the operation of the discretionary scheme.

g) Contain Outbreak Management Fund – £1.897m

As a result of the movement to Tier 3 COVID status, the Council has received a funding allocation of £8 per head of population from the Contain Outbreak Management Fund in the sum of £1.897m. This is to additional funding to support local initiatives to cover such issues as:

- Targeted testing for hard-to-reach groups out of scope of other testing programmes
- Additional contact tracing
- Enhanced communication and marketing e.g. towards hard-to-reach groups and other localised messaging
- Delivery of essentials for those in self-isolation
- Measures to support the continued functioning of commercial areas and their compliance with public health guidance
- Targeted support for school/university outbreaks
- Community-based support for those disproportionately impacted such as the BAME population

The precise deployment of this resource is currently being determined.

h) Additional Dedicated Home to School and College Transport - £0.180m

The Government initially announced in August that it would make funding available to ensure that there was sufficient transport capacity so children and young people could get to school and college safely and on time given that there may be a requirement for flexible arrangements arising from social distancing. The funding is to support transport to school or college for pupils of compulsory school age and students in 16-19 education (those aged 16-18 and those aged 19 if they are on a course they started before their 19th birthday).

This funding was initially payable to the Greater Manchester Combined Authority /Transport for Greater Manchester as the Local Transport Authority. After discussion, it has been agreed that Oldham's allocation of this funding is two £0.090m tranches of grant to support the costs of additional transport provision for the two halves of the Autumn term.

i) COVID Winter Grant Scheme - £0.975m

On 10 November 2020 the Government announced initial details of the £170m COVID Winter Grant Scheme. Grant has been allocated to Councils on the basis of the population of each Authority, weighted by a function of the English Index of Multiple Deprivation and is aimed at supporting those most in need across England with the cost of food, energy and water bills and other associated costs. Oldham Council has been notified of an allocation of £0.975m covering the period from 1 December 2020 until the end of March 2021.

The grant will be paid in three instalments; 50% in December 2020, 25% in February 2021 with a final reconciliation of up to the remaining 25% in April/May 2021

The grant must be deployed so that:

- at least 80% of the total funding supports families with children, with up to 20% of the total funding to other types of households, including individuals.
- at least 80% of the total funding is used to support food costs, energy and water bills (including sewerage), with up to 20% on other items.

There are extensive requirements in relation to the administration of the grant, the preparation of management information and reporting. The Council is currently preparing proposals for the distribution of the grant to eligible families/households in Oldham.

2.4 Other Unringfenced Grant Funding

2.4.1 The Council has been notified of six other unringfenced grants as follows:

a) Opportunity Area Grant - £1.580m

The Opportunity Area programme aims to improve social mobility outcomes for children and young people in deprived areas in England. Oldham has been an Opportunity Area since 2017/18. As included within the Month 5 revenue budget monitoring report, the Council has been allocated £1.580m to support this programme for a fourth year. Although this grant is unringfenced, it will be passported to the Education Service in line with Government expectations.

b) Staying Put Grant - £0.116m

The Children and Families Act 2014 introduced a new duty so that Local Authorities must support young people to continue to live with their former foster carers once they turn 18 (the 'Staying Put' duty). This duty came into force on 13 May 2014. Oldham has received funding allocations each year since 2014 and has recently been allocated £0.116m for this purpose in 2020/21. Half of this funding has already been received. The remaining funding will be split equally with payments being made on 30 November 2020 and 26 February 2021. The funding will be passported to the service.

c) Extended Personal Adviser Duty Implementation Grant (New Burdens) - £0.008m

The Children and Social Work Act 2017 introduced a new duty on Local Authorities, requiring them to offer Personal Adviser support to all care leavers up to age 25. This duty came into force on 1 April 2018. The Extended Personal Adviser Duty Implementation grant assists Local Authorities to meet the requirements of this duty in response to young people that may request such support after the age of 21 and up to their 25th birthday. The Council will receive £0.008m in 2020/21.

This funding has been passported to the service in full.

d) Wellbeing for Education - £0.038m

This unringfenced grant totalling £0.038m in 2020/21 is allocated to Local Authorities with an expectation that it is spent to support the Wellbeing for Education Return project which seeks to better equip education settings to support pupils and students' wellbeing and psychosocial recovery returning to full-time education in Autumn 2020. The Department for Education anticipates that the funding is used to:

- Adapt the Wellbeing for Education Return training package, shared with local authorities in September, to include local context and information about local services.
- Make accessible, and deliver, the adapted Wellbeing for Education Return training package to all state-funded education settings in their area in the first half of autumn term 2020.
- Provide ongoing support to all state-funded settings in their area, on promoting and supporting mental health and wellbeing for a period of 6 months.

The Department for Education has asked Councils to provide contact details for the relevant lead managing the delivery of Wellbeing for Education Return and has requested the completion of a voluntary survey.

The Council is using the funding as anticipated with the funding having been passported to the Education service.

e) Local Reform and Community Voices - £0.161m

In 2020/21 the Department for Health and Social Care is making £34.410m available through the Local Reform and Community Voices grant, allocated using the Adult Social Care Relative Needs Formula to cover:

- funding for deprivation of liberty safeguards (DoLS) in hospitals
- local Healthwatch funding
- funding for Independent NHS Complaints Advocacy Services (ICAS)

The Council's share of this funding in 2020/21 is £0.161m

Local Authorities have a duty under the Local Government and Public Involvement in Health Act 2007 (as amended by the Health and Social Care Act 2012) to ensure that an effective local Healthwatch is operating in their area, delivering the activities set out in the legislation. The Local Reform and Community Voices grant provides one element of the non-ring fenced funding provided for local Healthwatch, with the larger proportion having been rolled into the Local Government settlement in 2011 to 2012.

The funding will be passported to support the relevant Adult Social Care services in line with Government expectations.

f) War Pensions Disregard - £0.045m

In November 2016 the Department for Health and Social Care consulted about the allocation of new funding to disregard (for the purposes of social care charging) all payments made under the War Pension Scheme with the exception of Constant Attendance Allowance. For 2020/21 there is a national grant allocation of £12m of which the Council receives a £0.045m. The allocations for 2020/21 reflect War Pensioner populations at 31 March 2019.

The funding has been passported to support the relevant Adult Social Care services in line with Government expectations.

2.5 Other Ringfenced Grant Funding

2.5.1 There is only one non-COVID related ringfenced grant that the Council has received since Members were last updated. This is set out as follows:

a) Role of Virtual School Heads to Certain Previously Looked after Children £0.050m

The Children and Social Work Act 2017 amended the Children Act 1989 to introduce a new duty on Local Authorities to promote the education of certain previously looked-after children, including appointing an officer (commonly known as a Virtual School Head) to discharge this duty through the provision of information and advice to relevant parties supporting the education of those children. This duty came into force on 1 September 2018.

The purpose of this grant is to provide support to local authorities in England, to help them meet their duty to appoint a Virtual School Head for previously looked-after children and make information and advice available to the following parties for the purposes of promoting the education of eligible previously looked-after children:

- Any person that has parental responsibility for the child;
- Providers of funded early years education, designated teachers for previously looked-after children in maintained schools and academies; and
- Any other person the authority considers appropriate for promoting the educational achievement of relevant children.

2.6 Summary of Revenue Grants Received Since the Cabinet meeting of 24 August 2020

2.6.1 The table below summarises the various grants received by the Council since the Cabinet meeting of 24 August 2020. These grants total £15.658m.

Grant	2020/21 £000
<u>Covid-19 Related Unringfenced Grant</u>	
Fourth Tranche of General Grant	6,058
Sales, Fees and Charges compensation	1,282
Local Authority Support for Clinically Extremely Vulnerable Individuals	145
<u>Covid-19 Related Ringfenced Grants</u>	
Enhanced Response to COVID	300
Infection Control Fund Grant – Round 2	2,276
Local Authority Compliance and Enforcement Grant	155
Next Steps Accommodation Programme	147
Test and Trace Support Payment Scheme	245
Contain Outbreak Management Fund	1,897
Additional Home to School and College Transport	180
COVID Winter Grant Scheme	975
<u>Other Unringfenced Grant Funding</u>	
Opportunity Area – Year 4	1,580
Staying Put Grant	116
External Personal Advisor	8
Wellbeing for Education Grant	38
Local Reform and Community Voices	161
War Pensions Disregard	45
<u>Other Ringfenced Grant Funding</u>	
Role of Virtual Schools Heads	50
Total	15.658

2.7 Grant Support for Business

2.7.1 Members will recall that the Council was allocated £54.738m of grant to provide financial support to businesses and in this regard acting as an agent of the Government to make payment to eligible businesses. The grant schemes closed on 28 August and all final payments have been made and a full reconciliation undertaken. Government was notified in accordance with the deadline of 30 October 2020 that in total, payments of £47.835m were made under the small business and retail, hospitality and leisure grant regimes to 4,230 businesses. In addition, £2.501m (the maximum allowable) was paid under the discretionary grant regime. This sum was paid to 259 businesses. The Council's net budget will be amended by £2.501m to reflect the finalised payment of Discretionary Grants at month 7. In total, the Council will return £4.402m of the grant funding of £54.738m.

2.7.2 On 9 September, the Government announced that there would be further funding to support businesses legally required to close due to restrictions being put in place to manage coronavirus. Further changes were announced during October with the Local Restrictions Support Grant (LRSG) introduced which included a number of elements. As a consequence, there are five different funding regimes in place. There were considerable delays in the issuing of Government guidance and this created delays in beginning the payment process. However final information was received late on 2 November 2020 and is summarised below.

2.7.3 To date, the Council has received £10.418m of additional funding to support the LRSG schemes. Of this sum, £3.517m is for LRSG (Closed, Closed Addendum and Sector), £1.884m for LRSG (Open) and £5.017m for the Additional Restrictions Grant as explained below.

2.7.4 The Council is following the detailed guidance issued by Government in the administration of these grant regimes. All of the elements of the LRSG are subject to eligibility criteria with common areas in relation to insolvency, tax regulations, managing the risk of fraud, post-event assurance, monitoring and evaluation requirements and State Aid conditions. The grants are summarised as follows:

a) Local Restrictions Support Grant (Closed)

The grant is payable to businesses required to close under Tier 3 restrictions from 23 October 2020 to 4 November 2020

Central Government is providing funding to Local Authorities to pay grants to eligible businesses that were affected by local restrictions. Oldham entered Tier 3 on 23 October and as such certain businesses were required to close and became eligible for grants. These were:

- Pubs and bars excluding those that stayed open to operate as if they were a restaurant
- Soft play areas
- Casinos
- Bingo halls
- Betting shops
- Adult gaming centres

Grant funding has been allocated to the Council in the sum of £3.517m (also covering payments outlined in (b) and (c) below) to administer the payment of these grants. Payments are being made as follows (note pro rata payments are being made even though the qualifying period was only 13 days given the national lockdown began on 5 November 2020):

- Businesses with properties with a rateable value of £15,000 or under will receive grants of £667 per two weeks of closure (£1,334 per 28-day qualifying restriction period)
- Businesses with properties with a rateable value of over £15,000 and less than £51,000 will receive grants of £1,000 per two weeks of closure (£2,000 per 28-day qualifying restriction period)
- Businesses with properties with a rateable value of £51,000 or over will receive grants of £1,500 per two weeks of closure (£3,000 per 28-day qualifying restriction period)

b) Local Restrictions Support Grant (Closed) Addendum

This grant is payable to businesses required to close due to the national lockdown for the period 5 November to 2 December 2020

Businesses that have been mandated to close by Government due to the national lockdown will receive these grants. These businesses include non-essential retail, leisure, personal care, sports facilities and hospitality businesses. Payments will be made to the same value and qualifying period as those applicable to the LRSG (Closed).

Once national restrictions are removed, grant payments under previous arrangements will be resumed.

c) Local Restrictions Support Grant (Sector)

This grant is payable to qualifying businesses for the period 1 to 4 November 2020

This strand of LRSG support was announced on 9 October 2020. This grant support is payable to businesses that have been required to close nationally since 23 March 2020 (nightclubs, discotheques and adult entertainment venues) and currently applies only from 1 to 4 November 2020 until the start of the national lockdown.

As the national 'lockdown' restrictions were imposed from 5 November, the Local Restrictions Support Grant (Sector) ceased to apply, as relevant businesses were eligible for funding from the LRSG (Closed) grant regime as outlined above. The payments for this category of business are also based on rateable values as per the LRSG (Closed) grant regime.

d) Local Restrictions Support Grant (Open)

This grant is payable to qualifying businesses for the period 1 August to 4 November 2020

This strand of LRSG support was announced 22 October 2020 to help recovery for businesses that were not legally required to close but were severely impacted by the restrictions under a Tier 2 designation. It applies to England only and is retrospective, applying from 1 August 2020. This grant regime continues if restrictions are changed and the Local Authority is subject to additional restrictions (as applied in Oldham with Tier 3 being introduced from 23 October).

As the national 'lockdown' restrictions were imposed from 5 November, the Local Restrictions Support Grant (Open) ceased to apply from that date as relevant businesses were then eligible for support from the LRSG (Closed).

The Local Restrictions Support Grant (Open) is aimed at hospitality, hotel, bed & breakfast and leisure businesses. Although there is discretion as to how to award grant funding to individual businesses, the Government expects Councils to use the funding in line with its intentions. The Government has issued the following as a guide only and has indicated that the following approach may be followed:

- Grants of up to £934 payable per 28-day period for businesses occupying properties with a rateable value of exactly £15,000 or under

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- Grants of up to £1,400 payable per 28-day period for businesses occupying properties with a rateable value over £15,000 and less than £51,000
 - Grants of up to £2,100 payable per 28-day period for businesses occupying hereditaments with a rateable value of exactly £51,000 or above

The Council has been issued with a funding allocation of £1.885m calculated using Valuation Office Agency (VOA) data on the number of hospitality, accommodation and leisure businesses in Oldham plus a 5% top-up.

The Government acknowledges that Local Authorities are best placed to determine local needs for supporting recovery, hence allowing discretion. The Council is still determining its approach to this discretionary funding.

e) Additional Restrictions Grant (ARG)

The Additional Restrictions Grant can be used for business support activities and to supplement support payments to businesses made under either Tier 2 or Tier 3 restrictions.

In Greater Manchester (GM), as a result of the discussions between the GM Mayor and the Government, an ARG in the sum of £53.916m was paid to the GM Combined Authority (a separate £6.1m directly to Bolton Council) on 13 November 2020. The Oldham share of £5.017m, calculated on the basis of population was immediately paid by GMCA to the Council .

This is a discretionary grant and there is flexibility over its use. Discussions are taking place at GM level as to a collaborative approach to the use of this resource and as such the Council is still determining its approach to the use of this grant. This funding covers the period from 23 October 2020 up to 31 March 2022.

At the end of the national 'lockdown' from 3 December 2020, it is expected that the LRSO Closed, Sector and Open will be resumed.

2.8 Capital Grants

2.8.1 Since the Finance Update – Budget 2020/21 and 2021/22 which was approved by Cabinet on 24 August 2020, the Council has been notified of the following capital funding allocations from Central Government. These are detailed below:

a) Highways and Transport Funding

The Council has been notified of £0.029m of additional funding for Highways and Transport schemes. In September 2020, the Department of Transport via the Emergency Active Travel Fund Tranche 1 allocated £0.029m for a scheme in Oldham Town Centre as part of the safer street programme.

b) Schools Funding

Over the summer, the Department for Education announced that an additional £560m in condition funding would be made available to maintain and improve the school estate. Consequently, the Council received an additional grant of £0.600m.

c) Other Funding Allocations

Since the last update to Cabinet the Council has received other contributions to schemes not from Central Government. These additional contributions total

£0.065m and are mainly associated with private contributions towards Disabled Facilities Grant works and an insurance claim payment.

The above-mentioned funding allocations totalling £0.694m and are summarised in the table below.

Grant	2020/21 £000
<u>Highways</u>	
Emergency Active Travel Fund Tranche 1	29
<u>Schools</u>	
School Condition Allowance	600
<u>Other Allocations</u>	
Insurance claim payment	43
Disabled Facilities Grant – Private Contributions	9
Revenue contribution to capital schemes	13
Total	694

2.9 Impact of COVID-19 on the Financial Position of the Council

- 2.9.1 Members have previously been advised that, when the 2020/21 Revenue Budget and Capital Strategy/Programme were approved at the Council meeting on 26 February 2020, the impact of COVID-19 could not have been foreseen. The revenue budget was prepared to support Council priorities. The Capital Programme was framed around the ambitions of Creating a Better Place strategy with the 2020/21 to 2024/25 revenue budget aligned accordingly. The level of reserves and balances was considered sufficient to support the 2020/21 budget and the Medium Term Financial Strategy.
- 2.9.2 At the time of the Council meeting, the rationale behind the assumptions supporting budget setting for 2020/21 seemed sound. Those expenditure and income pressures that were known had been addressed. Council Tax and Business Rates assumptions were prudent. Gains from the piloting of Business Rates Retention in Greater Manchester were anticipated as a one-off resource, a year in arrears.
- 2.9.3 It is evident that since February, the finances of the Council have been significantly impacted by the COVID-19 pandemic as reported to Cabinet in both financial monitoring and budget update reports. The Council has had to incur additional expenditure to support the response to COVID and has also lost income from sales, fees and charges including commercial income from its investments and trading activities.
- 2.9.4 The requirement to monitor the impact of COVID-19 and to submit information to the MHCLG has not only informed the Council's own financial monitoring but also allowed Government to understand the pressures being experienced by all Local Authorities.
- 2.9.5 The MHCLG returns outline the costs being incurred/income lost as a result of the pandemic. The first MHCLG return was completed on 15 April, with further monthly returns submitted. Each of the returns has been completed in response to revised guidance as, each time, the MHCLG has refined its information gathering processes.
- 2.9.6 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. Given that

the country is now in a second period of national lockdown, the forecasts are therefore likely to require constant revision.

2.9.7 The return covering the period to the end of September was submitted on 6 October and the table below shows the financial projections included within the month 1 to 6 returns. It highlights that the position has moved each month (a month 7 return was submitted in early November but this will be reported with the month 7 financial monitoring report).

2.9.8 The September 2020 return showed an overall anticipated full year impact of £50.0m with increased expenditure pressures of £29.3m and reduced income of £20.7m (including £6.8m in relation to lost Council Tax and Business Rates). As the budgetary impact of lost Council Tax and Business Rates will occur in 2021/22 (although there will be a cash impact in 2020/21), the adjusted potential shortfall is £43.2m. After offsetting £7.5m of ringfenced grant for specific purposes (Hardship Fund Grant of £3.0m, Infection Control Grant of £2.3m and Test, Track and Trace Grant of £1.6m, the Emergency Assistance Grant for Food and Essential Supplies of £0.3m and the COVID-19 Enhanced Response grant of £0.3m) together with funds that can be recharged to the NHS for Adult Social Care related costs and the £16.6m of unringfenced Government grant that had been notified at that time, there is a potential in year shortfall of £12.3m as shown in the table below.

Pressure	2020 Estimated Costs in a full year					
	April £m	May £m	June £m	July £m	August £m	Sept £m
Increased Expenditure	19.2	17.2	30.7	32.2	30.0	29.3
Reduced Income	27.0	25.9	25.7	23.0	21.5	20.7
Total Anticipated Impact	46.2	43.1	56.4	55.2	51.5	50.0
Exclude Council Tax and Business Rates	(8.0)	(9.6)	(9.3)	(7.2)	(6.4)	(6.8)
Impact Excluding Council Tax and Business Rates	38.2	33.5	47.1	48.0	45.1	43.2
Government Funding						
- Unringfenced Grant	(14.2)	(14.2)	(14.2)	(16.6)	(16.6)	(16.6)
- Hardship Grant Funding	0	0	(3.0)	(3.0)	(3.0)	(3.0)
- Infection Control Grant	0	0	(2.3)	(2.3)	(2.3)	(2.3)
- Test Track and Trace Grant	0	0	(1.6)	(1.6)	(1.6)	(1.6)
- Emergency Assistance to Food Grant	0	0	0	(0.3)	(0.3)	(0.3)
- Covid19 Enhanced Response	0	0	0	0.0	0.0	(0.3)
- Recharge to NHS via Oldham CCG	0	0	(5.2)	(7.1)	(6.3)	(6.8)
Potential Shortfall in Year	24.0	19.3	20.8	17.1	15.0	12.3

2.9.9 The MHCLG returns and the Council's financial monitoring reports are based on the same information but are subject to timing differences. The month 6 financial monitoring report elsewhere on the agenda shows the in-year overall projected financial position including financial pressures that do not relate specifically to COVID related activity. The month 6 report shows an overall adverse variance of £5.369m with COVID related pressures of £4.3m which contrasts with the £12.3m as presented in the table above. The difference is largely due to the monitoring report including two additional unringfenced Government grants of £6.058m and £1.282m (as outlined at 2.2.2 to 2.2.4), which improved the overall financial position.

2.9.10 Whilst Government has provided considerable financial support in response to COVID to date, ultimately, the overall financial impact for the Council will depend on the final level of Government support that is received and on the success of the measures that the Council has already implemented to control net expenditure.

2.9.11 Members will recall that it has been agreed to introduce measures to control expenditure in 2020/21. These are operating well and include:

- A full review of the capital schemes within the Creating a Better Place programme to ensure that the schemes are focussed on maximising the benefit to the Borough whilst minimising the revenue impact (report elsewhere on this agenda)
- Implementing expenditure controls to stop the commissioning of goods and services not deemed essential to the operation of the Council at a time of emergency – both revenue and capital items
- Tightening recruitment controls and reviewing the use of agency/temporary staff. A Recruitment Panel is already in place to take forward this initiative
- Reviewing all revenue budgets to assess if there is an excess resource that can be reallocated to offset the financial challenge presented by COVID-19
- More rigorously enforcing budget holder accountability, especially on all overspending budgets via task and finish meetings with officers and the Cabinet Members with responsibility for the relevant budgets
- Stopping the introduction of new initiatives unless they are essential (such as a response to a Government initiative) which will enable resources (staffing and financial) to be focussed on existing priorities
- Introducing stringent controls on the use of any reserves in order to minimise the call down of reserves. The Reserves Policy covering the outturn position for 2019/20 and the reserves available in 2020/21 was presented to the Audit Committee on 22 July 2020
- Undertaking a complete review of all reserves with a view to decommissioning those deemed to be no longer supporting a priority initiative so they are available to underpin the financial position of the Council.

2.9.12 It is evident that a major challenge still remains in relation to budget setting for 2021/22 and future years. It is inevitable that COVID-19 will have a significant impact on the financial position. Members will recall that there was an already challenging budget reduction target of £23.3m for 2021/22 as presented within the reports approved at Budget Council on 26 February 2020.

2.9.13 The Government has announced the end of the Comprehensive Spending Review (CSR) is 25 November and therefore it is expected that on that day information will be published to give an overarching indication of Government funding intentions. Members will recall that the CSR has already been reduced to cover a one year rather than a multi-year settlement period. In this regard it must be recognised that the position the Government is dealing with is constantly changing and hence it is extremely difficult for both the Government and by extension, the Council, to take medium to long term forward view. Nonetheless the Council and the Local Government sector urgently needs the Government to announce its funding intentions for 2021/22 and future years. However, it is only when the Provisional Local Government Finance Settlement is received that there can be any confidence about Government funding for 2021/22. Members should note that the 2020/21 Settlement was released on 20 December 2019 at a time when there was a good deal more certainty about the economic and financial situation. A late announcement for 2021/22 would not therefore be unexpected.

2.10 Progress in Addressing the Budget Reduction Requirement for 2021/22

2.10.1 In the absence of more detailed information upon which to base estimates, it has proved challenging to determine the budget reduction requirement for 2021/22. Updated forecasts have been prepared for 2021/22 and future years using the best information available but include considerable estimation. This has confirmed the already planned budget reduction of at least £30m (as reported to the August meeting of Cabinet) is required for 2021/22. Members will recall that the aim is to address this budget reduction requirement by programmes of activity based around three themes:

- Property and Assets
- Workforce Redesign
- Transformation of Service Provision

2.10.2 Budget proposals that contribute towards the delivery of the target of £30m have been prepared at a total of £8m and public consultation on proposals impacting directly on Oldham citizens began on 9 November 2020 (see link to the consultation webpage <https://online.snapsurveys.com/s/bna3i1>), partner consultation will begin on 23 November with staff consultation on those proposals directly impacting on staff beginning on 4 January 2021. The Council aims to issue a further S188 Notice on 4 January 2021 with regard to any staff related proposals.

Voluntary Workforce Reduction Programme

2.10.3 In support of the Workforce Redesign theme, and in order to deliver the required savings, the Council launched a voluntary workforce reduction programme inviting the workforce to submit applications for a range of saving-creating options. These included:

- Voluntary Redundancy
- Flexible Retirement
- Voluntary Reduced Hours
- Annual Leave Purchasing

2.10.4 In response to the programme, the Council received 171 applications for Voluntary Redundancy. The assessment of applications was initially undertaken at a service level and then further assessed by a corporate panel. For the Council this process has now concluded and details of the applications by Directorate area can be found in the table below. Applications recommended for approval (subject to Cabinet decision) within the Council total 72 (55.9 Full Time Equivalent) and represent salary savings (including on-costs) of £2.246m. Exit costs (including redundancy payments and pension strain costs) amount to £1.917m providing an average repayment period of 13.3 months (such costs can be managed within existing budgetary resources).

Summary of Voluntary Redundancy Applications by Directorate

Directorate	Posts	FTE
Chief Executive's	3	2.6
Children's Services	14	9.5
Commissioning	7	5.2
Communities & Reform	16	12.7
Community Health & Adult Social Care	2	1.1
People and Place	30	24.8
Grand Total	72	55.9

2.10.5 In total, 43 supported applications (totalling 37 full time equivalent) relate directly to budget reduction proposals. The remaining 29 applications (totalling 18.9 full time equivalent), represent additional savings. These consequent savings will be presented as a supplementary budget reduction proposal for approval.

2.10.6 The Unity Partnership has also operated a voluntary redundancy process and received 28 applications as a result. These will be assessed and ratified in-line with the organisation's governance structure.

Next Steps and Revised Timeline for Decision Making

2.10.7 At this stage there remains a gap between the budget reductions under consideration and the £30m target. Much depends on the Local Government Finance Settlement. Current estimates are based on grant funding levels anticipated at February 2020 (there is no better information) and much has changed since then. The financial challenge that the Council is facing has been worsened by COVID-19 but it is expected that funding from Government will be increased to acknowledge the challenge that Local Government is facing. As advised above, the Council will not be fully able to determine the budget reductions required until after the Provisional Local Government Finance Settlement is received, however it is likely that the Council will need to use one off measures, including the use of reserves, to provide the necessary financial support to deliver a balanced budget for 2021/22.

2.10.8 Given that the Provisional Local Government Finance Settlement is likely to be announced close to Christmas and because the intention is not to consult on budget proposals impacting on staff until January 2021, it has required a revision to the Council's decision making cycle. The table below sets out the existing and proposed dates for consultation and decision making for the 2021/22 budget.

Action/Decision	Current Date	Proposed Date
Public Consultation	9 November 2020 to 1 February 2021	9 November 2020 to 1 February 2021
Staff Consultation	9 November 2020 to 1 February 2021	4 January 2021 to 18 February 2021
Overview & Scrutiny Performance & Value for Money Select Committee – Administration	21 January 2021	28 January 2021
Overview & Scrutiny Performance & Value for Money Select Committee – Opposition	2 February 2021	9 February 2021
Budget Cabinet	8 February 2021	23 February 2021
Budget Council	24 February 2021	4 March 2021

2.10.9 Whilst the month 6 financial monitoring position would indicate that there is likely to be a limited call on reserves to support the financial position in 2020/21, this means that the Council will have reserves and the necessary financial resilience to support budget setting for 2021/22. However, whilst sufficient reserves are available, Members should note that the utilisation of reserves will have an impact on the Council's medium term 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. It is therefore imperative that the process of reviewing the budget and identifying efficiencies continues beyond the current budget cycle.

2.11 Summary

- 2.11.1 In summary, the Council is facing an unprecedented financial challenge, both in-year and in future financial years. It is evident that whilst in-year Government support has significantly increased and the potential financial challenge being faced in year has reduced, there is still considerable uncertainty, especially with the introduction of a second national lockdown. The challenge for 2021/22 is undiminished and consequently the net spending of the Council will have to be reduced. However, in such a rapidly changing and unpredictable environment it is essential to continue the action to control spending in year and take forward budget reductions towards the £30m target.
- 2.11.2 Any shortfall between resources required in 2020/21 and 2021/22 and resources available will have to be addressed by using reserves. Whilst the Council currently holds adequate reserves to manage the anticipated financial position, action is required to minimise such use as a priority. The use of reserves is a short term measure to allow time for the implementation of permanent budget reductions.

3 Options/Alternatives

- 3.1 There are two options presented for consideration:

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.

4 Preferred Option

- 4.1 The preferred option is Option 1, that Cabinet approves the adjustments to the budget of the Council to reflect the additional grant funding received during 2020/21, confirms its support for actions taken to address the financial challenge, endorses the proposed release of supported voluntary redundancy applicants and notes the updated financial forecasts.

5 Consultation

- 5.1 There has been consultation of Members and officers on the content of this report with detailed briefings for the Cabinet Member for Finance and Green. The start of the public consultation process on budget reduction proposals on 9 November is a key element in the budget setting process. Public consultation will conclude on 1 February 2021.

6 Financial Implications

- 6.1 The exact financial implications for the Council on the COVID-19 pandemic are currently unclear however all relevant information in this regard is included in the body of the report.

6.2 The Financial Monitoring reports presented to Cabinet during 2020/21 will provide continued information about the impact of COVID-19 on the financial position of the Council and the use of the grants discussed in this report. (Anne Ryans)

7 Legal Services Comments

7.1 Legal issues are addressed in the body of the report. The preferred option would regularise the adjustments to the Council's budget having regard to the funding received and immediate requirement to fund Covid-19 related expenditure. (Colin Brittain)

8 Co-operative Agenda

8.1 Addressing the emergency pandemic and providing the best support to all our residents is a key priority for the Council. The administration of Government funding in accordance with guidance and allocation of supplementary resources in this emergency is consistent with this principle.

9 Human Resources Comments

9.1 The voluntary redundancy programme detailed within has been led by the Human Resources Service and included the full engagement and consultation of the recognised Trade Unions (including the associated issue of a Section 188 notice). The release of staff under this scheme will support in-year and recurring savings. (Paul Dernley)

10 Risk Assessments

10.1 The allocation additional resources by Central Government supports the overall financial position of the Council. There remains a risk to the future financial resilience of the Council if the gap between resources available and anticipated spending is not reduced. (Mark Stenson)

11 IT Implications

11.1 There are no IT implications arising from this report.

12 Property Implications

12.1 There are no property implications arising from this report.

13 Procurement Implications

13.1 There are no procurement implications arising from this report.

14 Environmental and Health & Safety Implications

14.1 There are no environmental and health and safety implications arising directly from this report.

15 Equality, community cohesion and crime implications

15.1 None.

16 Equality Impact Assessment Completed?

16.1 No.

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FG-25-20

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: Background papers are contained within Appendix 1 and reports to Cabinet on 23 April 2020 and 24 August 2020
Budget Consultation documentation contained on the Councils webpage <https://online.snapsurveys.com/s/bna3i1>

Officer Name: Anne Ryans
Contact No: 0161 770 4902

20 Appendices

20.1 Appendix 1 - Letter to the Leader of the Council dated 22 October 2020 – Allocations of Additional Local Authority Funding



Ministry of Housing,
Communities &
Local Government

To Council Leaders in England

Rt Hon Robert Jenrick MP

*Secretary of State for Housing, Communities
and Local Government*

***Ministry of Housing, Communities & Local
Government***

Fry Building
2 Marsham Street
London
SW1P 4DF

Tel: 0303 444 3450

Email: robert.jenrick@communities.gov.uk
www.gov.uk/mhclg

22 October 2020

Dear Leader,

ALLOCATIONS OF ADDITIONAL LOCAL AUTHORITY FUNDING

Local government plays a vital role in our national response to COVID-19. I am continually grateful for the work you do together with central government to trace and contain outbreaks, support communities and business, and get the whole country through this challenging period.

Following the Prime Minister's announcement on 12 October of new financial support for all local authorities, I am today confirming the allocations to individual councils of that funding. I have been clear that Government will stand behind councils and ensure they have the resources required to respond to the Pandemic. In order to meet this commitment, we have provided an unprecedented range of support. The Prime Minister's announcement brings direct funding for spending pressures to £6.4 billion, this includes £4.6 billion in un-ringfenced funding, £1.1 billion from the Infection Control Fund, £300 million to support Test and Trace, as well as funding allocated to councils from the new Local Alert Level system and a number of grants to support communities and vulnerable people. In total, almost £30 billion has been committed to local areas to support councils, businesses and communities.

As with the previous funding package announced in July, Government will use the COVID-19 Relative-Needs Formula to determine funding allocations. This takes account of population, and deprivation as well as adjusting for the varying cost of delivering services across the country. In addition, we have taken account of the funding local authorities have already received relative to their forecast needs. Recognising that all local areas are facing unprecedented pressures especially as we head into winter every local authority will receive at least £100,000. This approach will ensure the funds are distributed in a way that balances the need to support all areas across England, whilst maximising efficiency and targeting resources where they are most needed.

While the additional grant will once again be un-ringfenced, recognising that local authorities are best placed to determine local priorities, I would expect you to continue to prioritise adult social care, children's services, public health services, household waste services, shielding the clinically extremely vulnerable, homelessness and rough sleeping, domestic abuse, managing excess deaths (including costs relating to additional mortuary capacity) and support for re-opening the country.

Alongside this, to address the ongoing challenges council leisure centres are facing, the Department for Digital, Culture, Media and Sport will introduce a new £100 million fund to support centres which are most

in need. This complements the existing Sales, Fees and Charges scheme established by the Government which supports leisure centres directly run by local councils. Further details on the scheme will be set out in due course by DCMS.

You will also be aware that the Department of Health and Social Care has separately announced up to £465 million of funding to support areas moving up to a higher alert level to ensure they can take the additional steps required as a result of the necessary measures put in place to contain the virus, working alongside NHS Test and Trace. Alongside this, Government will continue to back businesses, for instance through the Job Support Scheme. With this comprehensive further support, I hope you will agree with me that we are putting our communities in a strong position to get through the challenges of the next few months.

The Chancellor has today also announced additional funding to allow councils to support businesses in high-alert level areas which are not legally closed, but which are severely impacted by the restrictions on socialising. The funding councils will receive will be based on the number of hospitality, hotel, B&B, and leisure businesses in their area.

I recognise this is a challenging time for us all, but it's thanks to your efforts and expertise at a local level that we have come this far and I want to thank you and your staff for your hard work and commitment to continuing to serve your communities. I look forward to continuing to work closely with you as we come through this pandemic. What we have achieved so far through the strength of partnership between national and local government gives me confidence we can face the unique challenges this winter brings together.

A handwritten signature in black ink that reads "Robert Jenrick". The signature is written in a cursive style and is positioned above a short horizontal line.

RT HON ROBERT JENRICK MP



Report to Cabinet

Revenue Monitor and Capital Investment Programme 2020/21 Quarter 2 – September 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

30 November 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 30 September 2020 (Quarter 2) 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 £5.369m 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 ongoing arrangements to mitigate the spread of COVID-19 which commenced 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 £23.978m unringfenced Government COVID related grant funding, of which £16.638m was reported at month 5. The extra grant is 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 has 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 is presented as a single sum so that it highlights the level of variation across all Council budgets, given that there is still 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, certainly 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 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. There have 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 23 October 2020 and the subsequent national lockdown on 5 November 2020.

As this financial monitoring report reflects the financial position at Quarter 2, 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 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.

However, it is important to note the worsening position in relation to the course of the pandemic and the introduction of a new national lockdown. Financial pressures on the Council could increase and therefore the variance could rise. Much therefore depends on the future direction of the pandemic, Government action and the response required from the Council.

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 a deficit of £5.285m 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 an increased 2020/21 deficit projected of £5.785m. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. Cabinet will receive a comprehensive update in the report 'Schools National Funding Formula' that will be presented to the meeting on 14 December.

Capital Position

The report outlines 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 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 Quarter 2 being a £5.369m adverse variance having regard to the action being taken to manage expenditure
2. Delegation of 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 the Cabinet Member and Director within whose Portfolio the grant is administered together with the Director of Finance
3. Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund
4. Use of reserves as detailed in Appendix 1 to Annex 1
5. Revised capital programme for 2020/21 to 2024/25 as at Quarter 2 as presented in Annex 2.

Revenue Monitor and Capital Investment Programme 2020/21 Quarter 2 – September 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 Quarter 2 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 MHCLG (as highlighted to Cabinet in previous months). The information in this report is an update on the Round 6 submission made to the Ministry of Housing, Communities and Local Government (MHCLG) on 6 October, (the Round 7 return has subsequently been submitted on 6 November 2020 and will form the basis of the month 7 report).
 - b) The capital programme forecast has been based on notified revisions to the approved 2020/21 position including new grant announcements, revisions to the Creating a Better Place programme as approved at Cabinet on 24 August 2020 and the outcome of the annual review of the capital programme which took place over the summer months.
- 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. Clearly, given the changing course of the pandemic and the worsening local and national position including the introduction of a new lockdown, there are likely to be further changes that cannot be foreseen at this time.

2. Current position

- 2.1 The forecast revenue outturn for 2020/21 is an adverse variance of £5.369m, a significant reduction, mainly, but not exclusively as a result of additional COVID related funding received from MHCLG. 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 £28.228m, this reduces to £4.250m with the application of the £23.978m un-ringfenced Government COVID related grant funding received to

date. The non-COVID related pressures are primarily in Community Health and Adult Social Services (£1.752m) and Children's Services (£2.152m).

- 2.2 The total Portfolio variances are £29.347m as detailed in Annex 1 at Tables 1 and 2 including COVID (£28.228m) and non COVID (£1.119m) pressures. This is comprised of People and Place reporting an adverse variance of £4.179m (£4.803m COVID related), Community Health and Adult Social Care reporting a pressure of £6.626m (£4.874m COVID related) and Children's Services reporting an adverse variance of £7.157m (£5.005m COVID related). The Services within Communities and Reform and Commissioning are similarly reporting adverse variances of £2.003m (£2.431m COVID related) and £0.687m (£1.137m COVID related) respectively. There is a small favourable variance of £0.233m within Chief Executive, with a £0.550m COVID related pressure. Capital, Treasury and Corporate Accounting is reporting a pressure of £8.928m of this £9.428m is COVID related with an offsetting £0.500m favourable business as usual variance resulting in the main from reduced capital financing requirements, following a comprehensive review of the capital programme.
- 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 the table below shows the net impact across all Portfolio areas:

Portfolio Area	Gross Costs-COVID-19 Response £000	Apportion Grant Funding (Expenditure) £000	Apportion Grant Funding (SFC) £000	COVID Costs Net of Funding £000	Business as Usual £000	Total Variance £000
People and Place	4,803	(3,332)	(685)	786	(624)	162
Community Health and Adult Social Care	4,874	(4,721)	(153)	(0)	1,752	1,752
Children's Services	5,005	(3,988)	(198)	819	2,152	2,971
Communities and Reform	2,431	(1,984)	(49)	398	(428)	(30)
Commissioning	1,137	(792)	(159)	186	(450)	(264)
Chief Executive	550	(424)	(36)	90	(783)	(693)
Capital, Treasury and Corporate Accounting	9,428	(7,458)	-	1,970	(500)	1,470
Total	28,228	(22,697)	(1,281)	4,250	1,119	5,369

- 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 Council services.
- 2.5 The current forecasts represent a significant improvement on those reported at Month 5, largely as a result of additional Government funding and also as a result of reduced capital financing costs as a result of reprofiling the capital programme. Despite this, there remains 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, particularly given the current escalation of restrictions and the uncertain 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 £23.978m, including the first claim submitted to the MHCLG Sales, Fees and Charges (SFC) compensation scheme (now confirmed in the sum of £1.282m), all of which has been used to offset the overall pressure arising from the pandemic. There will also be a new scheme which will provide support for Council Tax and Business Rates losses. This is expected to be announced with the Spending Review on 25 November 2020. Assistance allowing Council Tax and Business Rates deficits to be repaid over 3 years instead of one has already been introduced.
- 2.7 The Government has announced further support in the form of unringfenced and ringfenced revenue grants to assist the Council with its response to COVID since Members considered the month 5 monitoring report. These are :
- a) Local Authority Support for Clinically Extremely Vulnerable Individuals - £0.145m
 - b) Enhanced Response to COVID Grant - £0.300m
 - c) Next Steps Accommodation Programme - £0.147m
 - d) Local Authority Compliance and Enforcement Grant - £0.155m
 - e) Test and Trace Support Payment Scheme Grant - £0.245m
 - f) Contain Outbreak Management Fund - £1.897m
 - g) Additional Home to School and College Transport Funding - £0.180m
 - h) COVID Winter Grant Scheme - £0.975m

Cabinet is asked to delegate the detailed allocation of the eight grants set out above to the Cabinet Member and Director within whose Portfolio the grant is administered and Director of Finance:

- 2.8 Additional support for business has been announced which will be administered by the Council and action is in train to ensure businesses receive grant payments. Further detail is provided in section 4.6 of Annex 1.
- 2.9 As this financial monitoring report reflects the financial position at Quarter 2, whilst showing a significant improvement, it can still be regarded as a continued indicator of the potential deficit position if the corrective action that is being taken is 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 further and this should start to be demonstrated in the reports which will be presented to Cabinet in the latter part of the year. It is also anticipated that the additional funding mentioned in para 2.6 will help to reduce the deficit on the Collection Fund (Council Tax and Business Rates) once the relevant guidance and instructions have been received from Government.
- 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, directly as a result of COVID-19, is forecasting an increased in-year deficit of £7.110m, which produces a forecast cumulative deficit outturn of £5.285m. 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, increased deficit of £5.785m now being forecast for 2020/21, as reported to the Schools Forum on 30 September 2020. The Schools Forum meeting on 25 November 2020 subsequently considered a number of papers, this included an update on the Dedicated Schools Grant to take account of the latest expenditure predictions and their impact on the project deficit for 2020/21 and the DSG Recovery Plan. It also considered the proposed funding model for 2021/22 which included an option to move 0.5% from the Schools Block to the High Needs Block together with the outcome of consultation with schools on these issues. The latest position in relation to all these matters will be fully addressed in the report 'Schools National Funding Formula' that will be presented to Cabinet on 14 December.

2.12 The original approved capital programme for 2020/21 totalled £147.632m. The revised capital programme as at Quarter 2 reflects the outcome of the annual review of the capital programme and therefore takes account of approved carry forwards, approved new funding, new schemes and variations and proposed variations/ re-phasing. This gives projected revised expenditure of £89.946m, a significant reduction of £52.433m compared to the previous month as a result of the comprehensive re-appraisal of the programme. Actual expenditure at Quarter 2 was £35.270m (39.65% 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 outlined in section 2.7 above (and as set out in section 4 of Annex 1) and the proposed delegation of the detailed use to the relevant Director and Cabinet Member in consultation with the Director of Finance.
- 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 - 18 - 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 and 2

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 Quarter 2 – September 2020

Appendix 1 Quarter 2 - Planned Transfers to/ from Reserves

Appendix 2 Financing of the 2020/21 Budget at Quarter 2

Annex 2 Capital Investment Programme Report 2020/21 Quarter 2 – September 2020

Appendix A SUMMARY – Quarter 2 - Corporate Services

Appendix B SUMMARY – Quarter 2 - Children's Services

Appendix C SUMMARY – Quarter 2 - Communities and Reform

Appendix D SUMMARY – Quarter 2 - Community Health & Adult Social Care

Appendix E SUMMARY – Quarter 2 - Housing Revenue Account (HRA)

Appendix F SUMMARY – Quarter 2 - People and Place

Appendix G SUMMARY – Quarter 2 - Proposed Variations

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REVENUE BUDGET MONITORING REPORT 2020/21**Quarter 2 - September 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 Quarter 2 together with known commitments, issues and planned management actions. The forecasts include the latest estimates in relation to expenditure arising as a result of COVID-19 and are an update on the round 6 position reported to the Ministry of Housing, Communities and Local Government (MHCLG) on 6 October 2020 (the round 7 return has subsequently been submitted on 6 November 2020 and will form the basis of the month 7 report). The forecasts, for the first time also include the claim in relation to the loss of income as a result of the pandemic under the income compensation scheme for lost sales, fees and charges (SFC) as submitted to MHCLG on 8 October 2020. The claim (£1.282m) has been accepted and will be paid in full on 27 November 2020.

1.3 In considering the projections included in the MHCLG returns and in this report, it is important to note that there is a high degree of estimation in relation to the impact of COVID-19, particularly given the Council, along with the remainder of Greater Manchester was placed under Tier 3 (very high) lockdown restrictions on 23 October 2020, followed by a second national lockdown commencing on 5 November 2020 for an initial 4 week period. The completion of the returns and forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure/income loss recorded to date 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 £279.288m represents an increase of £45.764m against the originally approved budget and an increase of £8.001m against the financing of £271.287m that was available at Month 5. The major increase from the previously reported position is the receipt of £7.340m additional COVID-19 related funding from MHCLG; £6.058m being the fourth tranche of COVID-19 emergency

funding for local government and a £1.282m initial claim for loss of income in relation to SFC bringing the total received in year to £23.978m. An increase of £0.124m in general grant funding has also been received (£0.116m of Staying Put grant and £0.008m of External Personal Adviser Duty Implementation Grant). There is also an additional £0.391m in compensation for the granting of business rate relief to retail, leisure, hospitality and nursery businesses. The balance of £0.146m 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 Quarter 2 is an initial projected overspend £5.369m, a significant reduction of £11.334m compared to the £16.703m reported at month 5. 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 Quarter 2 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 Use of Transfer To/(From) Reserves	Variance Quarter 2 (Month 6)	Variance Month 5
	£000	£000	£000	£000	£000
People and Place	62,466	66,822	(176)	4,179	5,920
Community Health and Adult Social Care	63,110	69,736	-	6,626	7,219
Children's Services	48,024	55,504	(323)	7,157	7,270
Communities and Reform	33,103	35,445	(339)	2,003	2,376
Commissioning	9,351	12,085	(2,047)	687	256
Chief Executive	7,605	7,372	-	(233)	(128)
Capital, Treasury and Corporate Accounting	13,829	22,755	-	8,928	10,428
Covid-19 Funding	16,337	-	(7,641)	(23,978)	(16,638)
Additional Section 31 Grant	25,463	-	25,463	-	-
NET EXPENDITURE	279,288	269,719	14,937	5,369	16,703
FINANCED BY:	(279,288)	(279,288)	-	-	
NET FORECAST VARIANCE	-	(9,569)	14,937	5,369	16,703

2.1.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £14.937m is an adverse variance of £5.369m. A detailed list of the approved and planned use of reserves at Quarter 2 can be found at Appendix 1. The movement in reserves includes the transfer to reserves of the Section 31 Grant Funding (£25.463m) 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 £16.337m received in year brings the total Government unringfenced COVID support to £23.978m.

- 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. These additional in-year COVID related pressures, totalling a net £4.250m 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 £10.061m on the £14.311m included on the Month 5 monitoring report which was based on the Round 5 submission to the MHCLG. This reduction is in the main due to the confirmed grant funding of £7.340m from MHCLG as referred to in para 2.1.1. Table 2 below analyses the variance between COVID-19 and 'Business as Usual' operational variances.

Table 2 - Analysis of Variances

	Variance Quarter 2	COVID 19 Costs included in forecasts	Business as Usual
	£000	£000	£000
People and Place	4,179	4,803	(624)
Community Health and Adult Social Care	6,626	4,874	1,752
Children's Services	7,157	5,005	2,152
Communities and Reform	2,003	2,431	(428)
Commissioning	687	1,137	(450)
Chief Executive	(233)	550	(783)
Capital, Treasury and Corporate Accounting	8,928	9,428	(500)
COVID-19 Funding	(23,978)	(23,978)	-
Total	5,369	4,250	1,119

- 2.1.5 The People and Place Portfolio has a reported a pressure of £4.179 compared to £5.920m at Month 5, a reduction of £1.741m with a proposed net use of reserves totalling £0.176m. There is favourable business as usual operational variance of £0.624m, an improvement compared to the previously reported favourable outturn of £0.366m. The major movement is a £1.483m reduction in the predicted costs relating to COVID-19; the anticipated pressure is now estimated to be £4.803m compared to that of £6.286m at month 5.
- 2.1.6 Community Health and Adult Social Care (CHASC) is reporting an overspend of £6.626m, predominantly linked to the rising cost and demand for Community Care. The adverse variance includes £4.874m of COVID-19 related expenditure which is a reduction of £0.544m on the figure reported at Month 5. The movement is therefore a slight reduction of £0.049m in operational activities.
- 2.1.7 Children's Services is forecasting an adverse variance of £7.157m of which £5.005m remains related to COVID-19 and with a proposed £0.235m use of reserves. This is a

decrease of £0.113m compared to the previously reported £7.270m. There are major pressures within the two main service areas: Education, Skills and Early Years; at £1.407m and Children's Social Care; at £5.845m.

- 2.1.8 Communities and Reform is reporting an adverse variance of £2.003m, including £2.431m of COVID related pressures offset by a favourable operational variance of £0.428m. Similarly, the Commissioning Portfolio is reporting an overall adverse variance of £0.687m, an adverse movement of £0.431m compared to that reported at month 5, mainly due to additional COVID related expenditure. The total variance is comprised of pressures of £0.517m in Procurement and £0.170m in Finance.
- 2.1.9 The Chief Executive Portfolio is reporting a favourable variance of £0.233m, whilst Capital, Treasury and Corporate Accounting which is showing an adverse position of £8.928m, a favourable change of £1.500m compared to Month 5.
- 2.1.10 Government unringfenced funding received so far now totals £23.978m, the increase of £7.340m has helped reduce the overall deficit position, additional funding is expected, as at a minimum, two further SFC returns are scheduled to be submitted for the 2020/21 financial year, which it is anticipated will again reduce the in-year deficit. Furthermore, additional funding/ reimbursements are expected from the GMCA, an initial £2.083m was received at the end of October and will be incorporated in the month 7 monitoring report. A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.1.11 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.

- 2.1.12 As previously reported, in view of the projected adverse variance at Quarter 2, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income and the recruitment of staff to vacant posts and significant items of expenditure continue to be 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.
- 2.1.13 The effectiveness of management action will continue to be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. Clearly there has been a significant reduction in the forecast deficit from the previous month, largely, but not exclusively as a result of additional funding, Assuming no major changes in circumstances occurs, it would be anticipated that by the year end, the outturn position will reflect an even lower overall adverse position. However, the local and national position in relation to COVID-19 is worsening and an

increase in expenditure/ loss of income could potentially impact on the financial position. It is not possible to project this with any accuracy at the time of preparing this report.

- 2.1.14 Alongside planned management actions to reduce the overspend, further returns have and will be submitted to the MHCLG for the re-imburement of COVID related expenditure and loss of sales, fees and charges. Any grant received will further improve the 2020/21 financial position.
- 2.1.15 The current financial monitoring position whilst continuing to improve, is still a major concern as it impacts on the overall financial resilience of the Council. It is evident that there is time for the financial position to continue to improve and management action to be effective but given the volatility of the COVID-19 position there is no certainty in this regard. Changes should be demonstrated in the coming months and updates will continue to be presented to Cabinet on a regular basis. The Overview and Scrutiny Performance and Value for Money Select Committee will also continue to 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	2,203	5,802	(260)	3,339
Enterprise and Skills	773	1,377	-	604
Environmental Services	53,913	53,554	84	(275)
ICT	4,212	4,785	-	573
Customer Services	1,365	1,303	-	(62)
Total Forecast Net Expenditure	62,466	66,822	(176)	4,179

Summary

- 3.1.2 The forecast outturn at Quarter 2 for the People and Place portfolio, including all pressures associated with COVID-19, is an overspend of £4.179m.

Economic Development

- 3.1.3 Economic Development Directorate is currently forecasting a pressure of £3.339m compared to £4.953m at Month 5, including a £0.260m use of reserves. The main reasons for the adverse variance are detailed by service area below:

- The Catering and Cleaning service is showing an adverse variance of £0.726m due to staffing vacancies and reduced food costs offsetting lost income as a result of the COVID-19 pandemic

-
- The Car Parking budget is also showing a pressure of £1.092m 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 £1.260m, 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 £0.246m due to additional accommodation costs being incurred as a result of COVID-19
 - The Planning Department is projecting a minor pressure of £0.015m 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, as per the 2020/21 Revenue Budget and Medium-Term Financial Strategy this work will be financed from revenue reserves and the appropriate drawdowns have been now been incorporated in the month 6 monitoring position.

Enterprise and Skills

3.1.5 The Enterprise and Skills Directorate is forecasting a pressure of £0.604m. 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 £0.063m within the Enterprise Development service.

Environmental Services

3.1.6 The Environmental Services area is forecasting a £0.275m 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. Pending final confirmation, it is expected that variances in the overall GM Waste Disposal budget will be managed by the Combined Authority and the pressure has therefore been removed from the Directorate forecast. Variances triggering the overall underspend include:

- Public Protection is showing a pressure totalling £0.330m, of which £0.106 relates to loss of income due to COVID-19
- The Highways Operations (Council) is showing a pressure of £0.082m of which £0.048m is lost income as a result of COVID-19
- Waste Management is showing an underspend of £0.095m with £0.048m additional COVID-19 impacts being offset by underspends in staffing vacancies
- Underspends totalling £0.555m consisting of £0.260m in Highways Operations (Unity), £0.295m in Street Lighting (S.38 / S.278 inspection fees).
- There are minor favourable variances totalling £0.037m within Environmental Management and the Fleet service areas

ICT and Customer Services

- 3.1.7 ICT is forecasting an overspend of £0.573m, £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 £0.063m

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 Quarter 2. 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	21,422	21,079	-	(343)
Community Business Services	1,688	1,562	-	(126)
Community Health & Social Care	28,513	27,864	-	(649)
Director Adult Social Care	(8,733)	(9,182)	-	(449)
Learning Disability	11,599	14,284	-	2,685
Mental Health	7,587	8,281	-	694
Safeguarding	1,034	974	-	(60)
Adult Social Care - COVID 19	-	4,874	-	4,874
Total Forecast Net Expenditure	63,110	69,736	-	6,626

Summary

- 3.2.2 As demonstrated in table 4 above, the pandemic is having a significant impact on the Portfolio, with a projected budget pressure of £6.626m, albeit a reduction of £0.593m compared to that reported at month 5. The majority of the reduction is in relation to COVID related expenditure which has reduced by £0.544m and now totals £4.874m, in the main attributable to a forecast reduction in the need for financial support given to care homes to maintain bed occupancy levels. As previously reported, the arrangements to recharge costs to support hospital discharge to the NHS (via Oldham Clinical Commissioning Group [CCG]) changed on 1 September 2020, the main impact of which is that existing clients funded in this way will, after being assessed, return to being chargeable to the Council (excluding healthcare needs which will be funded by the CCG). In addition, newly discharged patients now only qualify for time limited

support via the NHS (in most cases 6 weeks). This, together with the impact of the increasing infection rates and the enhanced lockdown arrangements will undoubtedly have an impact on the costs to be borne by the Council.

- 3.2.3 'Business as usual' variances are broadly in line with those reported at month 5.

Commissioning & Community Business Services

- 3.2.4 Commissioning is forecasting an underspend of £0.343m 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 £0.649m, an adverse movement of £0.063m compared to that reported at month 5. This is a volatile area of the service. The underspend is due to the fact 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 £0.449m due to the anticipated uplift in the Better Care Fund allocation being consistent with previous years agreements.

Learning Disability

- 3.2.7 Learning Disability is forecasting an overspend of £2.685m compared to £2.672m at month 5. The adverse variance 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 which continues to present a considerable financial challenge.

Mental Health

- 3.2.8 Mental Health is forecasting an overspend of £0.694m, a favourable movement of £0.087m compared to that reported at month 5. 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 underspend of £0.060m, a favourable shift of £0.083m compared to the overspend of £0.023m reported at month 5.

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	67,986	6,626
Public Health	18,114	17,988	(126)
Children and Families	41,550	47,395	5,845
Total	121,024	133,369	12,345

- 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 after the approved and planned use of transfer to reserves for the Portfolio.

Table 6 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	34,909	40,754	-	5,845
Education, Skills & Early Years	9,649	11,296	(240)	1,407
Preventative Services	3,505	3,493	(83)	(95)
Schools	(39)	(39)	-	-
Total Forecast Net Expenditure	48,024	55,504	(323)	7,157

Summary

- 3.3.2 The Portfolio has a projected overspend of £7.157m which includes additional costs that are related to the impact of COVID-19 (unchanged at £5.005m), a reduction of £0.113m compared to £7.270m reported at month 5, this includes the use of reserves totalling £0.323m. The principal underlying reasons are detailed below.

Children's Social Care

- 3.3.3 This area is projecting a £5.845m overspend, an increase of £0.294m, this includes an anticipated additional cost related to COVID-19 of approximately £2.248m in the main relating to the provision of in-house residential care, placements and staffing pressures, plus a further £1.660m of unachievable savings, largely at the same levels as forecast at month 5.
- 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 £1.391m as a result of increased costs in the main relating to social care placements including Out of Borough and to a much lesser extent certain elements of staffing costs.

Education, Skills and Early Years

- 3.3.6 The Directorate is estimating a £1.407m overspend, a reduction of £0.312m from the position reported at month 5, largely attributable to the use of £0.240m of the Learning and Attainment reserve. The overspend includes £1.097m of costs associated with COVID-19; the main contributing factors in relation to which are as follows:
- £0.451m - Home to School Transport budget anticipated impact from September 2020 due to social distancing measures (for which financial assistance of £0.180m has been received from GMCA)
 - £0.421m - Out of Borough half term opening costs related to COVID-19, SEN Home Tutoring and Lost Learning and Get Oldham Working
 - £0.225m - Loss of Income; Service Level Agreement (SLA) Income to QEST service, Post16 parental fines
- 3.3.7 Further additional pressures in relation to 'business as usual' total £0.310m 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;
 - £0.142m relating to staffing pressures across the Directorate.

Preventative Services

- 3.3.8 Preventative Services includes Early Help, Targeted Youth, Tackling Troubled Families and the Multi-Agency Safeguarding Hub (MASH), plus following a re-allocation of services, the Family Support service which has transferred from Children's Social Care, as a result of which the Directorate is now predicting an underspend of

£0.095m for the year, there is a £0.083m use of the Children's Reserve to support the activity of the MASH.

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	2,420	2,247	-	(173)
Public Health & HLA	23,523	23,849	(339)	(13)
Youth, Leisure & Communities	5,476	7,553	-	2,077
Communications and Research	889	978	-	89
Policy	40	83	-	43
Strategy and Performance	755	735	-	(20)
Total Forecast Net Expenditure	33,103	35,445	(339)	2,003

- 3.4.2 The forecast outturn at Quarter 2 is an overspend of £2.003m compared to £2.376m at Month 5, a decrease of £0.373m. This is after the approved use of £0.339m reserves. COVID related pressures have reduced slightly by £0.071m and now stand at £2.431m. A favourable variance of £0.428m relates to 'Business as Usual and is an improvement of £0.302m on the position reported at month 5. The paragraphs below outline the main movements within the Portfolio.
- 3.4.3 Youth, Leisure and Communities is showing an overall overspend of £2.077m. 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 relates to the Leisure contract and the centre closures due to COVID-19. The pressure has not increased from the previous month.
- 3.4.4 There are several lower value variances, as follows:
- People Services is showing a favourable variance of £0.173m which relates to underspends on staffing costs. The service is currently undertaking a restructure which is in the implementation stages
 - Public Health and Heritage Libraries and Arts (HLA) are together showing a joint favourable variance of £0.013m. There are income pressures for the Music Service and Theatre Workshop due to COVID-19 and reduced service provision, which is offset with underspends on staffing and non-pay costs.

- 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 £0.020m at Quarter 2.

Achievement of Budget Reductions

3.4.5 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	800	-	517
Finance	9,068	11,285	(2,047)	170
Total Forecast Net Expenditure	9,351	12,085	(2,047)	687

Summary

3.5.2 The forecast outturn position at Quarter 2 is an overspend of £0.687m, an adverse variance of £0.431m compared to the forecast reported at month 5, this is after a £2.047m use of reserves. A sum of £1.137m of the adverse variance is attributable to the pandemic, leaving a 'business as usual' underspend of £0.450m.

Commissioning and Procurement

3.5.3 Commissioning and Procurement is reporting an overspend of £0.517m, an adverse movement of £0.040m to the position reported at month 5. The service is continuing to experience difficulties in recruiting to permanent posts, resulting in a more expensive temporary staffing solution costing an additional £0.200m above current budget levels. The service is also reporting a pressure of £0.317m 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 overspend of £0.170m, the pressure in relation to summons cost recoveries has increased to £1.056m at month 6 where it is anticipated there will be no or very few summons cost recoveries in 2020/21 due to COVID19. This is offset in part 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	1,479	-	(75)
Legal Services	3,211	3,139	-	(72)
Executive Office	583	583	-	-
Total Forecast Net Expenditure	7,605	7,372	-	(233)

Summary

- 3.6.2 The Portfolio is showing an underspend of £0.233m (£0.128m at month 5), 'business as usual' underspends totalling £0.783m are offset by estimated pressures of £0.550m due to the impact of COVID-19.

Chief Executive

- 3.6.3 Chief Executive is reporting an underspend of £0.086m at Quarter 2. Additional mortuary costs due to COVID-19 are in part offset by a reduction in contributions to GMCA for regionally provided services and a reduction in costs for the Coroners Service in 2020/21.

Chief Executive Management

- 3.6.4 Chief Executive Management is reporting an underspend of £0.075m as at month 6 which relates to a contribution from the NHS Test and Trace service.

Legal Services

- 3.6.5 The service is reporting an underspend of £0.072m at Quarter 2. 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

- 3.6.6 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	13,827	22,755	-	8,928
Total Forecast Net Expenditure	13,827	22,755	-	8,928

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 Quarter 2, there is a projected adverse net variance of £8.928m which is a favourable movement of £1.500m compared to month 5 and is as a result of a comprehensive reprofiling of the capital programme and a re-evaluation of the potential for investment income.

3.7.3 The adverse variance within the Capital and Treasury service area is £9.428m and is as a result of the anticipated loss of income from approved treasury management investment activities as a result of the global pandemic, offset by £0.500m arising from capital programme reprofiling.

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 Other Grants Received by the Council

4.1 Members will recall that in addition to the unringfenced grants highlighted in the report, including the COVID-19 funding of £23.978 (£1.282m of which is in relation to SFC) that has already been or is confirmed and scheduled to be received and which has increased 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. Those previously presented in financial monitoring reports are set out as follows:

-
- Hardship Fund Grant (£3.015m)
 - Infection Control Fund Grant Round 1 (£2.317m)
 - Infection Control Fund Grant Round 2 (£2.276m)
 - 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)
 - Reopening High Street Safely Fund (£0.210m)
 - Self-Isolation Payment (Pilot Scheme) – grant funding still being finalised but 100% recompense

4.2 New COVID-19 ringfenced grants (together with one ringfenced grant) received since the month 5 report was considered at Cabinet are set out below. Members are requested to delegate the detailed allocation of these grants to the Cabinet Member and Director within whose Portfolio the grant is administered together with the Director of Finance

- a) Local Authority Support for Clinically Extremely Vulnerable (CEV) Individuals - £0.145m

On 2 November 2020 the Government issued guidance with accompanying grant funding so that during the national lockdown Councils would be able to support CEV individuals. The Oldham Council grant share is £0.145m.

The funding is via an unringfenced Section 31 grant to provide maximum flexibility to enable Councils whilst delivering the activities and outcomes outlined in the Shielding Framework which has been issued by the Government. This grant will increase the net revenue budget of the Council and although unringfenced will be passported for use to maximise the benefit to for CEV individuals eligible for support.

- b) Enhanced Response to COVID (£0.300m)

This unringfenced grant of £0.300m was allocated by the Department of Health and Social Care to support the on-going initiatives the Council was funding in July/August when Oldham was one of the very few Authorities in the country with significantly higher COVID-19 infection levels

- c) Next Steps Accommodation Programme (£0.147m)

The Next Steps Accommodation Programme (NSAP) makes available the financial resources needed to support Local Authorities and their partners with the prevention of rough sleepers returning back to rough sleeping in the local area. Allocations were notified in October 2020 with Oldham being awarded £0.147m. The funding is being deployed to engage additional staffing support and to secure accommodation to, for example, extend the A Bed Every Night initiative.

- d) Local Authority Compliance and Enforcement Grant (£0.155m)

On 8 October 2020 the Council was notified of its allocation of the Local Authority Compliance and Enforcement Grant at a value of £0.155m. The grant was

received in full by the Council on 28 October 2020. The Council is using this funding allocation in accordance with Government guidance to cover additional staffing costs in support of:

- Measures to aid public and business awareness and understanding of regulations and guidance
- Undertaking enforcement of COVID-19 regulations and guidance

e) Test and Trace Support Payment Scheme (£0.245m)

Members will recall that Oldham was one of three Councils piloting a self-isolation payment initiative. This scheme was superseded by the national Test and Trace Support payments scheme which began on 28 September 2020 and will operate until 31 January 2021. Via this scheme, support is available for those told to self-isolate by the Test and Trace services because they have tested positive for coronavirus or have been in contact with someone who has tested positive.

Payments of £500 are available to those employed or self-employed earners also in receipt of means-tested benefits. Oldham Council has been allocated £0.129m for the main scheme and £0.077m for a discretionary scheme (enough to support 154 applications), as well as £0.039m to cover set up and on-going administrative costs

f) Contain Outbreak Management Fund (£1.897m)

As a result of the movement to Tier 3 COVID status from 23 October 2020, the Council has received a funding allocation of £8 per head of population from the Contain Outbreak Management Fund in the sum of £1.897m. This is additional funding to support local initiatives to cover such issues as:

- Targeted testing for hard-to-reach groups out of scope of other testing programmes
- Additional contact tracing

The deployment of this resource is still being determined.

g) Additional Dedicated Home to School and College Transport (£0.180m)

The Government has provided funding to the Greater Manchester Combined Authority /Transport for Greater Manchester as the Local Transport Authority) to support transport to school or college for pupils of compulsory school age and students in 16-19 education (those aged 16-18 and those aged 19 if they are on a course they started before their 19th birthday). Oldham's allocation of this funding is two £0.090m tranches of grant to support the costs of additional transport provision for the two halves of the Autumn half term.

h) COVID Winter Grant Scheme - £0.975m

The Government has announced the £170m COVID Winter Grant Scheme aimed at supporting those most in need with the cost of food, energy and water bills and

other associated costs. Oldham Council has been notified of an allocation of £0.975m covering the period from 1 December 2020 until the end of March 2021.

The grant must be deployed so that:

- at least 80% of the total funding supports families with children, with up to 20% of the total funding to other types of households, including individuals.
- at least 80% of the total funding provides support with food costs, energy and water bills (including sewerage), with up to 20% on other items.

- . The Council is currently preparing proposals for the distribution of the grant.

Grant Support for Businesses – Small Business, Retail, Leisure, Hospitality and Discretionary Grants

- 4.3 Members will also recall that Cabinet of 23 April was advised that the Council had been awarded grant funding of £54.738m 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 had been ringfenced but in accordance with accounting guidance, as the Council was acting as an agent in the administration of the SBGF and RLHGF grant regimes, these payments were to 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 have been made and a full reconciliation undertaken. Government was notified in accordance with the deadline of 30 October that in total payments of £47.835m were made under the SBGF and RLHGF grant regimes to 4,230 businesses and £2.501m (the maximum allowable) of discretionary grants paid to 259 businesses. The Councils net budget will be amended by £2.501m to reflect the finalised payment of Discretionary Grants at month 7. The Council will repay the Government £4.402m representing the excess of grant received over that paid out.

Grant Support for Businesses - Local Restrictions Support Grant (LRSB)

- 4.6 On 9 September, the Government announced that there would be further funding to support businesses legally required to close due to restrictions being put in place to manage coronavirus. Further changes were announced during October with variants on the Local Restrictions Support Grant (LRSB) introduced linked to the national lockdown from 5 November to 2 December 2020. As a consequence, there are five different funding regimes in place. These are:
- a) Local Restrictions Support Grant (Closed) – grants payable under this scheme are for businesses required to close as a result of the introduction of Tier 3 restrictions. The grant payments to eligible businesses cover the period from 23 October 2020 to 4 November

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- b) Local Restrictions Support Grant (Closed) Addendum – grants payable under this scheme are to businesses required to close as a result of the second national lockdown. The grant payments to eligible businesses cover the period 5 November to 2 December 2020
 - c) Local Restrictions Support Grant (Sector) – grants payable under this scheme are to businesses who have been required to remain closed since the first national lockdown ended. These grant payments to eligible businesses cover the period 1 to 4 November 2020
 - d) Local Restrictions Support Grant (Open) – grants payable under this regime are discretionary grants and are for businesses that have suffered losses as a result of reduced trading due to COVID-19 restrictions. The grant payments to eligible businesses cover the period 1 August to 4 November
 - e) Additional Restrictions Grant (ARG) – this grant regime is to support businesses impacted by COVID-19 and there is flexibility as to its use. The grant payments to eligible businesses will reflect the discretionary nature of the scheme.

4.7 The Council will act as an agent of Government for the grants at (a), (b) and (c) above. The grants at (d) and (e) are discretionary grants and the budget will be adjusted accordingly. To date, the Council has received £10.418m of additional funding to support the grant schemes. Of this sum, £3.517m is for LRSO (Closed, Closed Addendum and Sector), £1.884m for LRSO (Open) and £5.017m for the ARG. More funding will follow as required in accordance with the operating arrangements. The Council is following the detailed guidance issued by Government in the administration of these grant regimes and developing its approach to the two discretionary schemes.

4.8 At the end of the national 'lockdown' from 3 December 2020, it is expected that the LRSO Closed, Sector and Open grant schemes will be resumed and continue along with the ARG.

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 in relation to the High Needs Block has been reviewed, despite the continued support from the Schools Block, the projected in-year deficit on the High Needs Block has increased by £0.149m to £0.151m. This contributes to a cumulative deficit forecast of £15.030m 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 £5.067m (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	(40,350)
Projected in Year Deficit	(151)
Deficit Brought Forward 01/04/2020	(14,879)
Cumulative Deficit	(15,030)
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
High Needs Block- Projected Deficit at 31/03/2021	(5,067)

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 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 30 September 2020 showing the current projected deficit for 2020/21 as £5.785m. Further pressures and increased funding in

2021/22 show an initial forecast deficit at the end of 2021/22 of £3.999m, this would reduce to £2.915m with a further 0.5% transfer in 2021/22, for which Schools Forum approval will be required under the current regulations (the Council is currently engaging in a consultation process in this regard). The revised Recovery Plan is summarised in the table below:

Table 13 - Overall DSG Position

	2020/21 £000	2021/22 £000
Balance/ Variance Brought Forward	(4,916)	(5,785)
Movements Per Original Plan	1,048	5,081
Revised Forecast Variance	(3,868)	(704)
Estimated additional pressures	(1,917)	(7,608)
Additional Funding		4,313
Revised Net Forecast Variance	(5,785)	(3,999)
If a 0.5% movement is agreed		1,084
Revised Net Forecast Variance	(5,785)	(2,915)

- 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 includes the result of the announcement on 20 July of funding allocations for 2021/22. However, there is clearly some work to do to manage the DSG deficit over a realistic timeframe.
- 5.8 The Schools Forum meeting on 18 November 2020, considered a number of papers. This included an update on the Dedicated Schools Grant to take account of the latest expenditure predictions and their impact on the project deficit for 2020/21 and the Recovery Plan. It also considered the proposed funding model for 2021/22 and the option to move 0.5% from the Schools Block to the High Needs Block, together with the outcome of the consultation with schools on these issues. The latest position in relation to all these matters will be fully addressed in the report 'Schools National Funding Formula' that will be presented to Cabinet on 14 December.

6 Housing Revenue Account (HRA)

- 6.1 The current HRA position is presented in Table 14 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 reduced in year deficit of £1.572m, a net favourable movement of £1.948m. The variance is attributable to the slippage of several capital projects, which is partially offset by additional anticipated expenditure on dwellings for the disabled and other essential adaptations and increased contributions to General Fund activity.

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	1,572	1,948
HRA Balances Carried Forward	(18,230)	(20,223)	(1,993)

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	3,278	29,295	32,573
Additional Section 31 Grant **	0	(25,463)	(25,463)
Balance Carried Forward	3,503	1,782	5,285

**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	2,973	1,764	4,737
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	369	-	369
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	161	18	179
Total (Surplus)/Deficit	3,503	1,782	5,285

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. Given the pandemic, such benefits are likely to be limited in 2020/21.
- 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 £7.110m (£6.629m at month 5). 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 £5.285m of which the share for the Council is £4.737m.
- 7.5 The Secretary for State for Housing, Communities and Local Government has announced a new support package for local government with regard to Council Tax and Business Rates losses. The ability of Councils to spread collection fund deficits over three years rather than one has recently been confirmed, however, the full extent of the support will not be known until the Spending Review is announced on 25 November 2020.
- 7.6 The 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 will be applied to both Council Tax and non-domestic rates and will 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 this will therefore 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.
- 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 As outlined at section 2.1, a further £25.463m 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.
- 8.5 A previous monitoring report included a transfer to Earmarked Reserves of £0.084m to support the upgrading of crematorium equipment within People and Place and the use of £0.339m of the Growing Oldham Feeding Ambition within Communities and Reform.
- 8.6 At Quarter 2, requests for a further £0.583m of Use of Earmarked Reserves are included in this report. Therefore, the total planned use of reserves as at Quarter 2 is £10.271m (excluding the £25.463m and £0.084m transfers to reserves). When this is added to the £10.008m which underpins the 2020/21 budget, earmarked reserves of £20.279m and £0.399m of Revenue Grant Reserves (a total of £20.678m) have been already applied and requested in this financial year. The 2019/20 accounts were closed with £79.360m of Earmarked Reserves and £7.934m of Revenue Grant Reserves. Assuming new requests are approved, current levels (excluding the £25.463m in relation to the Collection Fund) are £59.165m 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 £1.250m 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. Compared to the position included in previous financial monitoring reports, the possible reserve requirement to balance 2020/21 has considerably reduced, however, the pandemic continues and the Councils response to a worsening position could result in an increase in spending.
- 10.5 Based on the current financial projection, the Council holds sufficient levels of reserves to address any financial shortfall in 2020/21, any utilisation of reserves will reduce the Council's financial resilience. Should there be a significant reduction in reserves, it would also limit the ability of the Council to support the implementation of programmes of service transformation and the setting of future years' budgets. Much therefore hinges on the course of the pandemic, the response the Council is required to make and the support received from Central Government.

Planned Use of Reserves to 30 September 2020 - Quarter 2

Reserve Name	Balance as at 01 April 2020	Forecast use/ creation of reserves 2020/21 - Month 5	Forecast use of reserves 2020/21 - Quarter 2	Anticipated Closing Balance 31 March 2021	Reason for Use of Reserve
	£000	£000	£000	£000	
Earmarked Reserves					
Directorate Reserves					
GMSF/Local Plan	(200)	0	200	0	To fund the Local Plan and GM Spatial Framework in order to deliver the Local Plan and ensure that Oldham feeds into GM Spatial Planning
Strategic Planning and Information	(40)	0	40	0	The reserve is to support delivery of the Greater Manchester Spatial Framework (GMSF) and review of Oldham's Local Plan
Devolution	(140)	0	20	(120)	To support the Devolution agenda
Learning & Attainment Reserve	(605)	0	240	(365)	To fund the Oldham Education and Skills commission over a four year period
Children's Reserve		0	83	83	To fund staffing support for the multi agency safeguarding hub
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		(25,463)		(25,463)	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	(13,602)	(15,859)	583	(28,878)	
Balancing Budget Reserve					
Corporate Reserve to balance budget	(4,182)	4,182		0	As agreed by Council on 26 February
Waste Levy Refund 2019/20	(3,113)	3,113		0	2020, £10.008m of Earmarked
2019/20 Business Rates Pilot Scheme Gain	(1,413)	1,413		0	Reserves are required to support the
Business Rates Retention Returned Funding	(1,300)	1,300		0	2020/21 budget
Sub Total Balancing Budget Reserve	(10,008)	10,008	0	0	
Total Planned use/creation of Earmarked Reserves 2020/21	(23,610)	(5,851)	583	(28,878)	
Revenue Grant Reserves					
Well North 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	(23,949)	(5,512)	583	(28,878)	
Represented by:					
Increase to Reserves	0	(25,547)	0	(25,547)	
Total Use of / Change to Reserves Earmarked and Grant Reserves	(23,949)	20,035	583	(3,331)	Use of a total of £20.678m of reserves in 2020/21. Movement of £25.547m to reserves (£25.463m to address the Collection Fund shortfall in 2021/22)

				Appendix 2
FINANCING OF THE 2020/21 BUDGET AT QUARTER 2	Original Budget	Prior Months	Additions to M06	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)	(391)	(36,696)
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)		(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		(520)	(146)	(666)
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)
COVID-19 Tranche 4			(6,058)	(6,058)
Sales Fees and Charges Grant Compensation			(1,282)	(1,282)
Wellbeing for Education Return		(38)		(38)
Staying Put Grant			(116)	(116)
External Personal Adviser Duty Implementation Grant			(8)	(8)
Total Government Grant Funding	(74,935)	(37,761)	(8,001)	(120,698)
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)			(148,581)
Total Grant and Income	(223,516)	(37,761)	(8,001)	(269,279)
Balance to be addressed by Use of Reserves	(10,008)			(10,008)
Total Financing	(233,524)	(37,761)	(8,001)	(279,288)

CAPITAL INVESTMENT PROGRAMME REPORT 2020/21

Month 6 – September 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 30 September 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 30 September 2020 at an overall expenditure level of £89.946m, following a number of changes explained in the following paragraphs.
- 2.3 The approved virements of £0.005m (an increase to the 2020/21 budget) represents changes since the M05 position as detailed later in the report (para 2.5)
- 2.4 Actual expenditure to 30 September 2020 was £35.270m (39.65% of forecast outturn). This spending profile is slightly higher 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

Directorate	Revised Budget (M05) £000	Approved Virements (to M06) £000	Proposed Virement/ Rephase £000	Revised Budget (M06) £000	Forecast £000	Variance £000
Corporate Services	26,011	-	(1,213)	24,798	24,798	-
Children's Services	21,970	-	(11,988)	9,982	9,982	-
Communities and Reform	260	1	(136)	125	125	-
Community Health & Adult Social Care	3,132	5	(1,128)	2,009	2,009	-
Housing Revenue Account	5,735	-	(782)	4,952	4,952	-
People and Place	85,271	(1)	(37,190)	48,080	48,080	-
Overall Total	142,379	5	(52,438)	89,946	89,946	-

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

- 2.5 The net budget change of net £0.005m represents approved movements including new funding, as detailed below:

Table 3 – Net Budget Changes

Scheme	£000
Realign budget to Royton Park Scheme	1
Realign budget to Royton Park Scheme from Integrated Minor Highways.	(1)
Additional private contribution towards Disabled Adaptation scheme.	5
Total	5

- 2.6 The proposed total net changes of £52.438m are shown in detail in Appendix G, and the main points detailed in sections 2.16 to 2.21, and include the outcome of the Annual Review of the capital programme and additional update due to the impact of COVID-19 on delivery of the capital programme.
- 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	24,798	1,467	4,200	3,200	1,500	35,165
Children's Services	9,982	24,213	8,800	-	-	42,995
Communities and Reform	125	137	-	-	-	262
Community Health & Adult Social Care	2,009	1,131	400	400	1,100	5,041
Housing Revenue Account	4,952	3,922	3,800	3,618	-	16,291
People and Place	48,080	86,824	96,030	49,944	23,803	304,681
Grand Total	89,946	117,694	113,230	57,162	26,403	404,435

(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	(20,660)	(31,317)	(3,252)	(1,973)	(1,973)	(59,175)
Prudential Borrowing	(54,466)	(69,509)	(87,329)	(42,726)	(22,769)	(276,799)
Revenue	(4,973)	(3,923)	(6,200)	(8,518)	-	(23,614)
Capital Receipts	(9,847)	(12,945)	(16,449)	(3,945)	(1,661)	(44,847)
Grand Total	(89,946)	(117,694)	(113,230)	(57,162)	(26,403)	(404,435)

(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 is 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	301	1,442	4,200	3,200	1,500	10,643

Capital Receipts

- 2.10 The revised capital programme requires the availability of £9.847m of capital receipts in 2020/21 for financing purposes. The total net usable capital receipts currently received in year is £1.251m. Members should note that the first £2.5m call on capital receipts will be used to fund the Flexible Use of Capital Receipts which supports transformational expenditure and therefore impacts on the revenue budget (this was initially budgeted at £3.750m but it is forecast that £1.250m of expenditure on transformational projects will not be undertaken due to COVID-19)

2.11 The capital receipts position as at 30 September 2020 is as follows:

Table 6 – Capital Receipts 2020/21

	£000	£000
Capital Receipts Financing Requirement		9,847
Usable Capital Receipt b/fwd.	-	
Actual received to date	(1,251)	
Further Required/(Surplus) in 2020/21		8,596

(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. It is of course recognised that the pandemic has had an impact on business/economic activities making capital disposals more challenging, and as a direct consequence officers are working up a revised disposal strategy to maximise income to the Council. A review off the capital receipts schedule will be undertaken as part of the 2021-2026 Capital Strategy in line with the new disposal schedule.

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 30 September 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	-	5,910	6,561	21,403	25,098
Estimated Capital Receipts in Year – still to be received	(2,686)	(12,293)	(1,608)	(250)	(1,075)
Received in year	(1,251)				
Total Receipts Anticipated	(3,937)	(6,384)	4,954	21,153	24,023
Capital Receipts Financing Requirement	9,847	12,945	16,449	3,945	1,661
Over/(Under) programming	5,910	6,561	21,403	25,098	25,684

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

2.14 As shown above, the most recent projection indicates a potential shortfall in all 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, the review of the capital programme has taken place (the Summer Review). There has been extensive discussion with Project Managers and Finance Officers to determine an updated profile of expenditure for all schemes. It also examined any further opportunities to reallocate or decommission. It is also included an in-depth analysis of capital

receipts. The summary outcome can be found in Appendix G, and is explained below:

Corporate Services

2.16 The key changes are:

- Rephasing of approved expenditure of £1.213 from 2020/21 to 2021/22, and a net reduction in the capital programme of £9.018m.
- The £8.830m reduction in Funding for Emerging Priorities reflects a reduced requirement for prudentially borrowed resources as a result of the revision to the Creating a Better Place strategy approved by Cabinet. This will facilitate some revenue savings which can be captured for the Medium Term Financial Strategy, but not until 2024/25.

Children's Services

2.17 The key changes are the :

- Rephasing of approved expenditure of £11.987m from 2020/21 to 2021/22 and future years, and a net increase in the capital programme of £0.036m, which is a school's contribution to additional works.
- Realignment of resources, £3.800m, between the Basic Need Grant general provisions and the North Chadderton School expansion scheme.

Communities and Reform

2.18 The key change is the rephasing of £0.136m of approved expenditure from 2020/21 to 2021/22.

Community Services & Adult Social Care

2.19 The key change is the rephasing of £1.128m of approved expenditure from 2020/21 to 2021/22 and future years.

Housing Revenue Account

2.20 Rephasing of £0.783m from 2020/21 to 2023/24.

People and Place

2.21 The key changes are the:

- Rephasing of a net £37.190m of approved expenditure from 2020/21 to future years, and a net reduction of £1.613m in total in 2023/24 & 2024/25.

Reduction in the Private Housing – Foxdenton scheme of £2.284m as a consequence of a bridging grant for the project now not being required.

- Realignment of a sum of £0.900m from the Transport Investment budget to new transport initiatives within the overall transport capital programme.

- Inclusion of additional resources namely Growth Deal 3 Transport funding relating to £0.473m for Traffic Signal works at Waterloo Street and Rhodes Bank, and £0.177m for a number of smaller Growth Deal 3 schemes within the overall transport capital programme.
- Inclusion within the capital programme of the recently allocated new central government funding of £1.000m for the Towns Fund Grant.

Overall Summary

- 2.22 The overall position is a rephrasing of a net £52.438m from 2020/21 to future years to reflect revised project implementation plans. There is also a net reduction in the overall capital programme of £10.594m as resources are no longer required due to a revision to the Creating a Better Place Programme (mostly from the later years of the programme).

3 Conclusion

- 3.1 Whilst the current projected position is showing the outturn to match the budget following the outcome detailed review of the capital programme, it will allow for better financial information upon which to base the preparation of the Council's Annual Capital Strategy 2021/22 to 2025/26.
- 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 6 - Corporate Services
 Appendix B - SUMMARY – Month 6 - Children's Services
 Appendix C - SUMMARY – Month 6 - Communities and Reform
 Appendix D - SUMMARY – Month 6 - Community Health & Adult Social Care
 Appendix E - SUMMARY – Month 6 - Housing Revenue Account (HRA)
 Appendix F - SUMMARY – Month 6 - People and Place
 Appendix G - SUMMARY – Month 6 - Proposed Variations

SUMMARY – MONTH 6 (SEPTEMBER 2020) – Corporate Services

Service area	Revised Budget M05 £000	Approved Virements (to M06) £000	Proposed Virement / Rephase £000	Revised Budget M06 £000	Forecast £000	Year End Variance £000
Corporate	25,616	-	(1,026)	24,590	24,590	-
General Services	396	-	(187)	208	208	-
	26,011	-	(1,213)	24,798	24,798	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 6 (SEPTEMBER 2020) - Children's Services

Service area	Revised Budget M05 £000	Approved Virements (to M06) £000	Proposed Virement / Rephase £000	Revised Budget M06 £000	Forecast £000	Year End Variance £000
Children, Young People & Families	179	-	(119)	60	60	-
Schools – General Provision	712	-	(207)	505	505	-
Schools – Primary	5,778	-	(3,694)	2,084	2,084	-
Schools – Secondary	4,413	-	(968)	3,445	3,445	-
Schools – Special	657	-	-	657	657	-
Schools – New Build	10,231	-	(7,000)	3,231	3,231	-
	21,970	-	(11,987)	9,982	9,982	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 6 (SEPTEMBER 2020) - Communities and Reform

Service area	Revised Budget M05 £000	Approved Virements (to M06) £000	Proposed Virement / Rephase £000	Revised Budget M06 £000	Forecast £000	Year End Variance £000
District Investment Fund	260	1	(136)	125	125	-
	260	1	(136)	125	125	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 6 (SEPTEMBER 2020) – Community Health & Adult Social Care

Service area	Revised Budget M05 £000	Approved Virements (to M06) £000	Proposed Virement / Rephase £000	Revised Budget M06 £000	Forecast £000	Year End Variance £000
Adult Services	3,132	5	(1,128)	2,009	2,009	-
	3,132	5	(1,128)	2,009	2,009	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 6 (SEPTEMBER 2020) - Housing Revenue Account (HRA)

Service area	Revised Budget M05 £000	Approved Virements (to M06) £000	Proposed Virement / Rephase £000	Revised Budget M06 £000	Forecast £000	Year End Variance £000
Housing Revenue Account	5,735	-	(783)	4,952	4,952	-
Reform Total	5,735	-	(783)	4,952	4,952	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 6 (SEPTEMBER 2020) - People and Place

Service area	Revised Budget M05 £000	Approved Virements (to M06) £000	Proposed Virement / Rephase £000	Revised Budget M06 £000	Forecast £000	Year End Variance £000
Asset Management	2,568	-	(825)	1,743	1,743	-
Asset Management - Education Premises	3653	-	(1,943)	1,710	1,710	-
Boroughwide Developments	16,551	-	(14,134)	2,417	2,417	-
Other Development	268	-	(250)	18	18	-
District Partnership – Boroughwide	257	-	(200)	57	57	-
Environment – Countryside	45	-	-	45	45	-
Environment – Parks	400	5	(74)	331	331	-
Environment - Playing Fields & Facilities	12	-	(12)	-	-	-
ICT	5,091	-	(1,369)	3,722	3,722	-
Parks & Playing Fields	23	-	(2)	21	21	-
Private Housing – HMRF	250	-	(200)	50	50	-
Private Housing	800	-	(800)	-	-	-
Public Realm	177	-	(122)	55	55	-
Schools – Special	3	-	-	3	3	-
Schools – New Build	9,500	-	-	9,500	9,500	-
Town Centre Developments	28,750	-	(15,000)	13,750	13,750	-
Transport - Accident Reduction	673	-	(21)	652	652	-
Transport - Bridges & Structures	3,432	-	(551)	2,881	2,881	-
Transport - Fleet Management	1001	-	-	1,001	1,001	-
Transport - Highway Major Works/Drainage schemes	9,828	-	(2,674)	7,154	7,154	-
Transport – Metrolink	-	-	48	48	48	-
Transport - Minor Works	1,440	(6)	55	1,489	1,489	-
Transport – Miscellaneous	523	-	884	1,407	1,407	-
Transport - Street Lighting	26	-	-	26	26	-
TOTAL	85,271	(1)	(37,190)	48,080	48,080	-

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

SUMMARY – MONTH 6 (SEPTEMBER 2020) – People and Place Cont'd

Major Variances Commentary

No additional variances to report

SUMMARY – MONTH 6 (SEPTEMBER 2020) – Proposed Variations

Portfolio / Service Area / Scheme	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Capital Treasury and Technical Accounting						
Corporate						
Funding for Emerging Priorities	(1,000)	1,000	-	-	(8,830)	(8,830)
Other miscellaneous movements (2 no)	(213)	26	-	-	-	(187)
Capital Treasury and Technical Accounting Total	(1,213)	1,026	-	-	(8,830)	(9,017)
Children's Services						
Schools – General Provision						
Education Basic Need General Provision	(166)	(3,614)	-	-	-	(3,780)
Schools – Primary						
Clarksfield Primary (Oasis Academy) Expansion	(2,626)	2,626	-	-	-	-
Mayfield Academy Expansion	(500)	500	-	-	-	-
Schools – Secondary						
Royton & Crompton Secondary – Mechanical, Electrical & Roofing works	(450)	450	-	-	-	-
North Chadderton School Expansion	(500)	500	3,800	-	-	3,800
Schools New Build						
Saddleworth School New Build	(7,000)	7,000	-	-	-	-
Other miscellaneous movements (48 no)	(745)	761	-	-	-	16
Children's Services Total	(11,987)	8,223	3,800	-	-	36
Communities and Reform						
District Investment Fund	(136)	136	-	-	-	-
Communities and Reform Total	(136)	136	-	-	-	-
Community Services & Adult Social Care						
Adult Services						
Disabled Facilities Grant - Boroughwide	(728)	728	-	-	-	-
Social Care- General Provision	(400)	(300)	-	-	700	-
Community Services & Adult Social Care Total	(1,128)	428	-	-	700	-

Portfolio / Service Area / Scheme	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Housing Revenue Account						
HRA Capital Strategy	(783)	-	-	783	-	-
Housing Revenue Account Total	(783)	-	-	783	-	-
People and Place						
Asset Management – Corporate Premises Schemes	(825)	757	-	-	-	(67)
Asset Management – Education Premises Schemes	(1,944)	1,932	-	-	-	(12)
Boroughwide Developments						
Developments/ Acquisitions	(2,485)	2,485	-	-	-	-
Flexible Housing Fund	(9,500)	8,000	1,500	-	-	-
Foxdenton Redevelopment	(729)	729	-	-	-	-
Hollinwood Regeneration	(565)	565	-	-	-	-
Royton Town Hall	(750)	680	70	-	-	-
Env – Cemeteries and Crematorium – Mercury Abatement	-	(992)	992	-	-	-
IT – GM Fibre (Local Full Fibre Network)	(984)	984	-	-	-	-
Private Housing – Non-HMRF						
Foxdenton – Broadway Green Phase 2	(800)	(1,484)	-	-	-	(2,284)
Town Centre Developments						
Oldham Heritage & Arts Centre	(2,000)	2,000	-	-	-	-
Town Centre Masterplan	(14,000)	13,000	1,000	-	-	-
Towns Fund Grant	1,000					1,000
Trans - Bridges & Structures –						
MCF T6 - Park Bridge NCN 626 to Ashton	(377)	377	-	-	-	-
Trans - Highway Major Works/Drainage schemes						
2020/21 Highways Investment Programme Schemes – Amber	(720)	720	-	-	-	-
2020/21 Highways Investment Programme Schemes – Red	(330)	330	-	-	-	-
Mayors Cycling Fund - Oldham Town Centre Improvements	(547)	547	-	-	-	-
Transport Investment	(900)	-	-	-	-	(900)
GD3 - Waterloo Street - Rhodes Bank Traffic Signal Junction	473	-	-	-	-	473
Other miscellaneous movements (47 no)	(1,207)	1,066	82	75	161	177
People and Place Total	(37,190)	31,696	3,644	75	161	(1,613)

Grand Total – All Expenditure at 30 September 2020	(52,437)	41,509	7,444	858	(7,969)	(10,594)
(subject to rounding – tolerance +/- £1k)						

FINANCING BUDGETS TO BE REPROFILED AS AT 30 SEPTEMBER 2020	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Grant & Other Funding	9,659	1,465	(3,800)	-	-	7,324
Prudential Borrowing	40,540	(42,885)	(2,623)	(79)	7,865	2,817
Revenue Contributions	784	(1)	-	(783)	-	-
Capital Receipts	1,454	(88)	(1,021)	4	104	453
Grand Total	52,438	(41,509)	(7,444)	(858)	7,969	10,594
(subject to rounding – tolerance +/- £1k)						