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CABINET
Agenda

Date	Monday 23 August 2021
Time	6.00 pm
Venue	Council Chamber, Civic Centre, Oldham, West Street, Oldham, OL1 1NL
Notes	1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Liz Drogan in advance of the meeting.

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

3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Wednesday, 18 August 2021.

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

Any member of the public who attends a meeting and objects to being filmed for the Council's broadcast should advise the Constitutional Services Officer who will instruct that they are not included in the filming.

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

MEMBERSHIP OF THE CABINET IS AS FOLLOWS:
Councillors Akhtar, Chadderton, Chauhan, Jabbar, Moores, Mushtaq, Roberts, Shah and Stretton

Item No	
1	Apologies For Absence
2	Urgent Business Urgent business, if any, introduced by the Chair
3	Declarations of Interest To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting.
4	Public Question Time To receive Questions from the Public, in accordance with the Council's Constitution.
5	Minutes of the Cabinet Meeting held on 27th July 2021 (Pages 1 - 14)
6	Revenue Monitor and Capital Investment Programme 2021/22 Quarter 1 – June 2021 (Pages 15 - 62)
7	Treasury Management Review 2020/21 (Pages 63 - 90)
8	Towns Fund Grant Acceptance (Pages 91 - 96)
9	Exclusion of the Press and Public That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contain exempt information under paragraph(s) 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.
10	Towns Fund Grant Acceptance (Pages 97 - 108)

CABINET
26/07/2021 at 6.00 pm

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

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were two public questions received. The first question was submitted by Fakrul Choudhury

1. If the Council can endorse a secondary school that blatantly - albeit legally - discriminates against children because of their parents' beliefs, is there something wrong with 'Oldham's Approach to Equality'? Given that the evidence of religious selection in Oldham is to also indirectly disadvantage children on socio-economic grounds, why would Councillors responsible for some of the most deprived wards in the country approve this?

The Cabinet Member for Education and Skills responded.

1. The Council endorses schools that it feels can directly improve the life chances of pupils in the borough. Under current legislation the Council cannot open new local authority schools and must work with the free schools and academies programme which is approved and funded by the Department of Education. The DfE , as a matter of course, seek the Councils view on new schools proposals including proposed admission arrangements. Regarding the new secondary school for Oldham (the Brian Clarke Academy) the Council are satisfied that the Admissions Policy for that school is fair and equitable to pupils of all faiths and no faith. The Council feel that the Admissions arrangements for the new school will ensure all groups will have an equal opportunity to gain a place at that school, while respecting the right of school providers to promote a faith-based ethos, in line with current regulations.

The second question was submitted by Fair Schools for Oldham

2. Supporters of Fair Schools for Oldham have been encouraged to read 'Building a Fairer Oldham'. We note that the Council has an objective of 'working with partners and communities to make Oldham a fairer place for everyone'. Will the Council engage with our campaign as part of that commitment? How could this be progressed?

The Cabinet Member for Education and Skills responded.

2. The Council will engage with all partners and stakeholders and believes that all schools and academies in the borough, regardless of faith have a role to play in improving outcomes for children and young people. It is important that sufficient school places are available for all children and young people in Oldham and where new schools are required this is only achieved by engaging with the Department for Education and potential school providers, in the context of current legislation.

5 **MINUTES OF THE CABINET MEETING HELD 21ST JUNE 2021**

RESOLVED – That the minutes of the Cabinet meeting held on 21st June 2021be approved.

6 **CLEAN STREETS**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which outlined a renewed approach on community engagement in relation to fly tipping and littering and confirmed the investment and resources required in order to strengthen current street cleaning and enforcement activity.
It was reported that clean streets were a priority and the number of service requests to deal with littering and flytipping had increased as behaviour patterns had changed during the pandemic and the suggested approach supported more focused District led inventions.
The proposal was to invigorate the service with additional resources to support and extend on current activity. A key element of the work going forward would be through community focused, co-operative activity in neighbourhoods led by local elected Members and the establishment of Environment Marshalls and Engagement Coordinators.
Further capacity would be provided including an increase of Dandy Men, and additional fly tipping clearance teams.
Options/alternatives considered
Option 1 – Not to increase capacity and work with current resources
Option 2 – To proceed with proposals outlined in Section 3 of the report.

RESOLVED – That option 2, to enhance operational capacity of street cleaning and enforcement by utilising Administration Priorities earmarked reserves activity be approved.

7 **CREATING A BETTER PLACE**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which sought approval to formally accept new external funds to support delivery for various projects to proceed through to the next stage of delivery and for additional community engagement to take place in line with activities permitted under the Government's roadmap to recovery.

Members were provided with details of the Creating a Better Place programme update and project update, including
- Royton Town Hall
- Brownfield Housing Land Grant
- Spindles
- Strategic Asset Review
- Parking Permits

Options/alternatives considered
Considered at Item 18

RESOLVED – That the Cabinet would consider the commercially sensitive information as detailed at Item 18 of the agenda before making a decision.

8 **OLDHAM'S APPROACH TO EQUALITY**

The Cabinet gave consideration to a report of the Strategic Director of Communities and Reform which provided Members with how the Council currently meet its duties in respect of equality in Oldham as well as proposing the adoption of the new Equality Objectives and Equality, Diversity and Inclusion Strategy covering 2021-2025.
At Full Council in June 2020 a commitment was made to develop a new Equality, Diversity and Inclusion Strategy for Oldham Council.
The proposed strategy as detailed at appendix 1 to the report set out the Council's, commitment to progressing equality, diversity and human rights across the Borough. It outlined how the Council would eliminate unlawful discrimination, advance equality of opportunity and promote good relations between people regardless of age, disability, race, sex gender identity, religion or belief, sexual orientation, pregnancy or maternity, socio-economic and martial or civil partnership status.
Options/alternatives
Option 1 – To approve the Equality Objectives and Equality Strategy and recommend to Full Council for approval.
Option 2 – Not to approve the Equality Objectives and Equality Strategy.

RESOLVED – That:
1. The new Equality Objectives for 2021-2025 be approved
2. The proposed Equality, Diversity and Inclusion Strategy for 2021-2025 be endorsed and recommended to Full Council.

9 **INTEGRATION OF HEALTH & CARE IN OLDHAM**

The Cabinet gave consideration to a report of the Strategic Director of Commisisoing which sought agreement for the Council to continue to be part of the health and care system by becoming a signatory of a formal integration agreement as preparations of the Health and Care Bill 2021 picked up considerable pace.
It was report that Greater Manchester was working collectively to develop proposals for the redesign of the GM Health and Care System to ensure greater levels on integration. It was proposed, for Oldham that a model based on a legal integration

agreement overseen by a formal System Board (Oldham Health and Care System Board) supported by a Deliver Board.
The report provided further details of the proposals, seeking to ensure the Council continued to be a lead partner in the health and care system for the Borough.
Options/alternatives considered
Option 1 – The expectation is that all localities in Greater Manchester will wish to continue with authority, influence and control of their own locality resource allocation, strategy and outcomes for health and care and will develop their locality operating model. The proposed mechanism to describe the new partnership system was to be set out in an integration agreement with clear roles and responsibilities.
Option 2 – Not to continue in the participation in integration of health and care.

RESOLVED – To be involved in the establishment of a new Integrated Care Partnership for Oldham in anticipation of the changes to be brought forward in relation to health and care and to commit to the Integration Agreement as a full member.

10 **PLACES FOR EVERYONE**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which sought approval of the Places for Everyone Publication Plan 2021: A Joint Development Plan Document for 9 Greater Manchester Local Authorities (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford and Wigan) for publication and submission to the Secretary of State for Housing, Communities and Local Government following the recommendation by Places for Everyone Joint Committee on 20 July 2021
A copy of the full Joint Committee report was available at Appendix 1.to the report.
Following approval by the nine districts, consultation on the Places for Everyone Publication Plan 2021 would commence not earlier than 9 August 2021 for a period of 8 weeks. When adopted, Places for Everyone would become part of the development plan for Oldham. It would replace parts of Oldham’s Core Strategy and change the Proposals Map. A list of Core Strategy policies that would be replaced by Places for Everyone was contained at Appendix 2. To the report and a copy of the Places for Everyone Publication plan 2021 was contained at Appendix 3 and supporting documents were available on GMCA’s website at https://www.greatermanchester@ca.gov.uk/what-we-do/planning-and-housing/places-for-everyone/.
The report summarised the main components of the Places for Everyone Publication Plan 2021, what it meant for Oldham and implications for the review of Oldham’s Local Plan.
Options/alternatives considered
Option 1 -
Members approve the Places for Everyone Publication Plan 2021 and supporting background documents for publication and submission to the Secretary of State for examination.
Option 2 – Members do not approve the Places for Everyone Publication Plan 2021 and supporting background documents

for publication and submission to the Secretary of State for examination as per the report recommendations above

RESOLVED – That

1. The Places for Everyone: Publication Plan 2021, 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, for publication pursuant to Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 for an 8 week period for representations to begin not earlier than 9 August 2021, be approved.
2. That authority be delegated to the Oldham Council Cabinet Member for Housing in consultation with the Deputy Chief Executive to approve the relevant Statement of 3 Common Ground(s) required pursuant to the National Planning Policy Framework 2019.
3. That the report is recommended to Council to Approve submission of the Places for Everyone Publication Plan 2021 to the Secretary of State for examination following the period for representations.

11 **LOCAL DEVELOPMENT SCHEME 2021**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which sought approval of the update to and publication of the council's Local Development Scheme (LDS) 2021.

The council was required to prepare a Local Plan to ensure the Borough had an up-to-date and comprehensive planning framework to support the borough's economic, environmental and social objectives.

The Local Development Scheme (LDS) was the project plan for the Local Plan. It set out details and timetables about the planning documents we will prepare, including:

• Oldham's Local Plan (incorporating site allocations); and

• Places for Everyone Joint Development Plan Document for 9 Greater Manchester Local Authorities (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford and Wigan)

This update had been prepared to amend references from GMSF to Places for Everyone (PfE), reflect the revised timeline for PfE and the review of Oldham's Local Plan. This update ('Issue 12') was effective from 3 August 2021.

The Cabinet Member for Housing advised Cabinet that there was a slight amendment to the report and timetable. to amend the Places for Everyone Profile - Timetable (page 18) as follows:

- Examination – '2022/23' added
- Adoption – 'December 2022' deleted and replaced with '2023'

Reason: to ensure the Places for Everyone timetable aligns with that presented in the Places for Everyone Joint Committee report (paragraph 3.7) and agreed at the Places for Everyone Joint Committee on 20 July 2021.

Options/alternatives considered

Option 1 - To approve and publish the Local Development Scheme 2021. Advantages – updating the LDS means that people would have certainty over the timetable for preparing our planning documents; national planning guidance and legislation requires the preparation of a LDS and that it must be kept up to date. Disadvantages – there were no disadvantages to updating the LDS.
Option 2 - Not to approve and publish the Local Development Scheme 2021. Advantages – there are no advantages in not updating the LDS. Disadvantages – not approving the LDS means that people will have less certainty and confidence in our planning documents coming forward; not updating the LDS means the Council will not be in line with national planning guidance and legislation.

RESOLVED – That the Local Development Scheme 2021 be approved and published with effect from 3 August 2021.

12 **STATEMENT OF COMMUNITY INVOLVEMENT 2021**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which sought approval to adopt the Statement of Community Involvement (SCI) 2021.
It was reported that the SCI set out how Oldham Council would involve the community in the preparation and the revision of planning policy such as the Local Plan, together with the consideration of planning applications.
This SCI is as per the adopted SCI 2020 version but with references to Greater Manchester Spatial Framework (GMSF) amended to refer to Places for Everyone Joint Development Plan Document.
An Equalities Impact Assessment was prepared to support the SCI 2020. Given the nature of the changes to this SCI 2021 it was considered that there was no need for a revised Equalities Imapct Assessment as the only changes are in relation to altering references to GMSF to Places for Everyone Joint Development Plan Document.
Option/alternatives
Option 1 – Adopt the SCI 2021 and make it available to view alongside the EIA (2020). The advantage of this option was that the SCI will provide certainty to residents, developers and other key groups and organisations as to the consultation methods the council will use. It would also allow us to progress the Places for Everyone Joint Development Plan Document. There are no disadvantages to this option.
Option 2 – Not to adopt the SCI 2021 and make it available to view alongside the EIA (2020). There were no advantages to this option. The disadvantage will be that the SCI will not refer to Places for Everyone Joint Development Plan Document, which will would not reflect the correct arrangements.

RESOLVED – That the Statement of Community Involvement be adopted and available to view alongside the Equality Impact Assessment (EIA) 2020.

13 **GM CLEAN AIR FINAL PLAN**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which set out the proposed Greater Manchester Final Clean Air Plan and policy following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work which is to be agreed by the ten Greater Manchester local authorities.
In Greater Manchester, the ten GM local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM), collectively referred to as “GM”, had worked together to develop a Clean Air Plan to tackle NO2 Exceedances at the Roadside, referred to as GM CAP.
This report set out the progress made on the GM Clean Air Plan, the report was supported by the following documents which are proposed and subject to approval by the ten GM local authorities:
Appendix 1 – GM CAP Policy following Consultation
Appendix 2 – GM CAP Equality Impact Assessment following Consultation
Appendix 3 – AECOM Consultation Report
Appendix 4 – Response to the Consultation
Appendix 5 – Impacts of COVID-19 Report
Appendix 6 – Air Quality Modelling Report following Consultation and with COVID-19 impacts
Appendix 7 – Economic Implications of CAP following Consultation and with COVID-19 impacts
Appendix 8 – Update on Other Cities’ Clean Air Plans
Appendix 9 – Compliance with the Secretary of State’s Direction
Appendix 10 – Clean Air Zone, ANPR and Signage Locations
The proposed final GM Clean Air Plan set out final proposals for: the boundary, hours of operation, management of the scheme, discounts, exemptions and daily charges of a Clean Air Zone; the amount of supporting funds for each vehicle type; and other supporting measures.
The proposed final GM CAP policy, which was summarised in this report, and attached at Appendix 1. In relation to the Clean Air Zone (CAZ), it covered the operation and management of the GM CAZ. The anticipated implementation date of the charging CAZ was Monday 30 May 2022 when the charges would apply to non-compliant buses, HGVs, and Hackney Carriages and Private Hire Vehicles licensed outside of Greater Manchester. Non-compliant LGVs, minibuses and coaches, and GM-licensed Hackney Carriages and Private Hire Vehicles would be subject to the charges from 1 June 2023 when a temporary exemption expires.
The boundary of the CAZ would cover the whole of Greater Manchester excluding the strategic Road Network (SRN) which is managed by Highways England. The daily charges remain the same as at consultation. Lower charges would mean more people are likely to pay the charge, rather than upgrade their vehicle, which would impose costs onto businesses without delivering air quality benefits. Improved support to businesses is proposed to provide a better mitigation than lower charges. One such mitigation is extended temporary exemptions, which include all LGVs and minibuses, GM-licensed hackney carriages and Private Hire Vehicles (PHVs) and all coaches. These exemptions are now proposed to be in place until 31 May 2023.

Providing a full 12-month exemption, gives those with non-compliant vehicles more time to upgrade, alongside support funds to assist businesses, individuals and organisations to upgrade their non-compliant vehicles.

Feedback from the consultation and consideration of the impact of COVID-19 on Greater Manchester has been used to better understand the requirements of those businesses, individuals and organisations who most need the support to upgrade. It is therefore proposed to amend the support funds from those consulted upon. The final proposed policy increases the funding per vehicle for Private Hire Vehicles, coaches, HGVs and vans whilst remaining the same for other vehicle types. There are also more options for replacement and retrofit for hackney carriages, PHVs, minibuses and vans.

The proposed final GM Clean Air Plan did not include a Hardship Fund. Although feedback from the consultation and the impact of COVID-19 research found that further support was required for GM businesses, Government Ministers do not agree that a Hardship Fund is the best way to mitigate the impact of uncertainty due to the pandemic. Ministers cite other government schemes being available to address wider business impacts. However, Government have confirmed that they wish to ensure that Clean Air Funds can be adapted if necessary; and, that they will continue to work with GM to understand the situation, including the funding position, if the impacts prove to be more severe than forecast.

The proposed final GM Clean Air Plan also explains the next steps with the taxi charging infrastructure and the Try Before You Buy Hackney Carriage scheme. The changes within these schemes have been determined by the funding allocated to GM from Government as well as feedback from the consultation.

This report summarises the Air Quality Modelling of the final CAP package, taking into account the impacts of COVID-19, which concludes that the proposed final Plan will achieve compliance with the legal limits for Nitrogen Dioxide within Greater Manchester in the shortest possible time and by 2024 at the latest as required by the Ministerial Direction.

The report also sets out:

- the key findings of the consultation.
- highlights from the proposed GM Response to the consultation Report.
- the findings from the Impact of COVID-19 research, which looks at the potential impact of the COVID-19 pandemic and the potential economic and behavioural changes that may occur.
- the key findings of the GM CAP Equality Impact Assessment following consultation.
- the latest position on Government funding, an update on the bus retrofit fund and progress on the GM Clean Air Zone, including signage and governance.

Making the charging scheme is desirable to facilitate the achievement of the local transport policies of the 10 GM local authorities and the GMCA, in particular policy 8 of the 2040 Transport strategy. The GM CAP has been developed, in-line with the 2040 Transport Strategy principles and vision. The 2040

Strategy provides a long-term vision for transport provision in Greater Manchester, along with specific principles and targets for achieving that vision, to ensure that available resources are used to contribute to achieving the region's strategic transport objectives.

RESOLVED – That:

1. The progress of the Greater Manchester Clean Air Plan be noted.
2. The progress in the distribution of Bus Retrofit funding be noted.
3. Ministers' agreement to include the sections of the A628/A57 in Tameside which form part of the Strategic Road Network within the Greater Manchester's Clean Air Zone (CAZ) and their request for Tameside MBC, TfGM and Highways England to establish the most appropriate solution for the charging mechanism to be applied on this section of the Strategic Road Network (SRN) be noted.
4. The GM Clean Air Plan Policy, at Appendix 1 be approved noting that the policy outlined the boundary, discounts, exemptions, daily charges of the Clean Air Zone as well as the financial support packages offered towards upgrading to a compliant vehicle, including the eligibility criteria to be applied.
5. The Equalities Impact Assessment, as set out at Appendix 2 be agreed.
6. The AECOM Consultation Report, as set out at Appendix 3 be agreed.
7. The proposed Response to the Consultation at Appendix 4 which has been prepared by TfGM on behalf of the ten GM local authorities be agreed.
8. The Impacts of COVID-19 Report, as set out at Appendix 5 be agreed.
9. The Modelling report of the final CAP package, as set out at Appendix 6, and in particular that the modelling outputs of the final plan scheme show the achievement of compliance with the legal limits for Nitrogen Dioxide in the shortest possible time and by 2024 at the latest as required by the Ministerial Direction be agreed.
10. The economic implications of the CAP Report, as set out at Appendix 7 be agreed.
11. The update on the GM Minimum Licensing Standards, set out in section 3.1, and in particular that licensing conditions will not be used to support delivery of the GM Clean Air Plan be noted.
12. A 6-week public consultation on the inclusion of motorhomes classified as MSP1 in the GM Clean Air Zone and on the inclusion of the A575 and A580 at Worsley commencing on 1 September 2021 and delegate authority to the Cabinet Member for Finance and Corporate Resources and the Deputy Chief Executive to approve the consultation materials be agreed.
13. The GM Clean Air Charging Authorities Committee has the authority to make the Charging Scheme Order which establishes the GM Charging Scheme in line with the agreed GM Clean Air Plan Policy be noted.

14. The GM Charging Authorities Committee has the authority to vary the Charging Scheme Order if this is established as the most appropriate charging mechanism to be applied on sections of the A628/A57 part of the Strategic Road Network (SRN) in Tameside be noted.
15. The Air Quality Administration Committee has the authority to agree the final form of the Operational Agreement for the Central Clean Air Service, and to authorise the making of the Agreement, on behalf of the ten GM local authorities be noted.
16. It be noted that the Air Quality Administration Committee has the authority to:
    a. establish and distribute the funds set out in the agreed GM Clean Air Plan policy;
    b. approve the assessment mechanism agreed with JAQU to ensure that Clean Air Funds can be adapted if necessary;
    c. keep the use of the funds under review and to determine any changes in the amounts allocated to each and their use and
    d. Monitor and evaluate the joint local charging scheme.

17. The reallocation of funding from the Try Before You Buy scheme to provide additional electric vehicle charging points dedicated for use by taxis be approved.
18. Authority be delegated to the GM Charging Authorities Committee the authority to determine the outcome of the consultation on both the inclusion of motorhomes classified as MSP1 within the scope of Clean Air Zone charges and on the inclusion in the GM Clean Air Zone of the A575 and A580 at Worsley following the conclusion of that consultation;
19. The Clean Air Zone ANPR and signage locations, as set out at Appendix 10 be approved.
20. A delegation to Deputy Chief Executive and the Member for Finance and Corporate Resources be agreed to approve the submission of the Interim Full Business Case if required and the Member for Finance and Corporate Resources and Deputy Chief Executive, the Full Business Case (FBC) to the Government's Joint Air Quality Unit to support the GM Clean Air Plan and any supplementary information to that Unit .

14 **GM ELECTRIC VEHICLE CHARGING INFRASTRUCTURE STRATEGY (EVCI)**

The Cabinet gave consideration to a report of the Deputy Chief Executive, People and Place which provided details of the Greater Manchester Electric Vehicle Charging Infrastructure Strategy that had been prepared by Transport for Greater Manchester in partnership with the 10 GM local authorities and other stakeholders as a sub-strategy of the GM2040 Transport Strategy. The document would be recommended to the July GMCA for approval and adoption.
The availability of and access to charging infrastructure is recognised as a critical barrier to the adoption of Electric

Vehicles(EVs) in Greater Manchester. In order to support and accelerate the transition to EVs across GM it will be important to have the right type of Electric Vehicle Charging Infrastructure in the right locations to meet demand. The GM Electric Vehicle Charging Infrastructure (EVCI) Strategy aims to provide a clear vision, objectives and strategic principles to inform a plan for the delivery of public charging infrastructure across the city region. The Strategy included a series of strategic network principles that will guide the future expansion of the publicly-funded EVCI network and ensure it is: integrated, environmentally responsible, inclusive, well maintained and resilient, safe and secure, reliable, healthy and viable (ie not dependent on public subsidy). The Strategy identified priorities for public investment up to 2025 as being projects which will support the Clean Air Plan and GM 2038 net zero carbon ambitions by meeting the demand likely to be generated by the most polluting vehicles transitioning to EVs and supporting those who would find it most difficult to transition to EVs due to home charging constraints.
Option 1 – To recommend approval.
Option 2 – Not to recommend approval.

RESOLVED – That he GM Electric Vehicle Charging Infrastructure Strategy be recommended for approval by the GM Combined Authority.

15 **OPPORTUNITY AREA GRANT, YEAR 5, 2021-2022**

The Cabinet gave consideration to a report of the Managing Director of Children and Young People which sought formal approval for the receipt of section 31 grant funding to resource the Opportunity Area programme, to agree that the grant payments would be ring-fenced locally to the Opportunity Area programme and to note and endorse the recommended spending priorities identified in the Opportunity Area Plan. Authorisation was also sought to delegate authority to agree all spending decisions related to the Opportunity Areas programme to the Director of Education, Skills and Early Years, after consultation with the Cabinet Member for Education and Skills and the Director of Finance, noting the role of the Opportunity Area Partnership Board in this process.
Oldham was one of twelve Opportunity Areas identified by the Department for Education (DfE), that have over the first 4 years of the programme received £90 million to boost opportunities for young people in these communities. The purpose of Opportunity Areas is improving social mobility, using education as a key driver to achieve this.
Oldham Opportunity Area had received approaching £8 million in funding from DfE in the first 4 years of the programme. In May 2021 the Minister confirmed that a further £1,339,000 will be available to the Oldham for year 5 of the programme Sept 21-Aug 22. The Oldham Opportunity Area year 5 plan details the spending priorities identified for Oldham for this period. This plan also included an additional £300,000 grant for the Early Identification of Autism project, and therefore projected expenditure within the plan totals £1.639m. It is important to note that in order to deliver the planned programme, some of the grant resource may be spent directly by the DfE rather than the

Council. Therefore, although Oldham will benefit from the full £1.639m, the Council will receive grant net of expenditure directly incurred by the DfE.
Option/alternatives considered
Considered at Item 19 of the agenda.

RESOLVED – That Cabinet would consider the commercially sensitive information contained at Item 19before making a decision.

16 **TO AUTHORISE AN EXTENSION TO DAY CARE SERVICES DELIVERED BY AGE UK FOR THE PERIOD OF 1ST JULY 21 TO 30TH JUNE 2022**

The Cabinet gave consideration to a report of the Managing Director Health and Adult Social Care Community Services which sought approval to extend the day services contract provided by Age UK Oldham.
To authorise an extension to the day services contract provided by Age UK Oldham.
On 1st July 2019 the day care services contract was renewed with Age UK Oldham. The term of the contract was extended to 30th June 2021, with the option to extend for one additional year to 30th June 2022.
There was scope to extend the existing service for an additional 12 months to 30th June 2022. The report sought authority to exercise this extension.
Options/alternatives
Contained at Item 20 of the agenda.

RESOLVED – That the Cabinet would consider the commercially sensitive information contained at Item 20 before making a decision.

17 **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.

18 **CREATING A BETTER PLACE**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 7 – Creating a Better Place.

RESOLVED – That the recommendations contained within the report(s) be approved.

19 **OPPORTUNITY AREA GRANT, YEAR 5, 2021-2022**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 15 – Opportunity Area Grant Year 5 of the agenda.

RESOLVED – That the recommendations contained within the report be approved.

20 **TO AUTHORISE AN EXTENSION TO DAY CARE SERVICES DELIVERED BY AGE UK FOR THE PERIOD OF 1ST JULY 21 TO 30TH JUNE 2022**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 16- To authorise an extension to Day care services delivered by Age UK for the period of 1st July 21 to 30th June 2022.

RESOLVED – That the recommendations as contained within the report be approved.

The meeting started at 6.00pm and finished at 6.43pm

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Report to Cabinet

Revenue Monitor and Capital Investment Programme 2021/22
Quarter 1 – June 2021

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

Officer Contact: Anne Ryans, Director of Finance

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

23 August 2021

Reason for Decision

The report provides Cabinet with an update on the Council's 2021/22 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 30 June 2021 (Quarter 1) together with the revised capital programme 2021/22 to 2025/26, as outlined in section two of the report at Annex 2.

Executive Summary

Revenue Position

The current forecast outturn position for 2021/22 is a projected deficit variance of £0.585m after allowing for approved and pending transfers to and from reserves.

The position includes additional costs and pressures that have been identified by the Authority in this financial year as a direct result of the COVID-19 pandemic. The additional pressures include forecasts of both income shortfalls and additional expenditure that have impacted on the Authority's budgets.

The pandemic is continuing to affect 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 £7.737m general COVID support received from MHCLG, of which £0.741m has been effectively ring-fenced to Education, Skills and Early Years to support Home to School transport. The remaining £6.996m is available to mitigate against the £11.652m of costs identified as relating to the pandemic. In Appendix 1 to the report, the unringfenced Government grant is presented as a single sum so that it highlights the level of variation across all Council budgets, given that there is insufficient resource to offset the adverse variance. However, this summary report presents the position after applying the Government grant across Portfolio areas. As further General Fund grant is expected in respect of lost income for sales, fees and charges, both the overall financial position and the application of Government grant will therefore change during the course of the financial year. An update on the major issues driving the projections are detailed within Annex 1, Section 2.

As this financial monitoring report reflects the financial position at Quarter 1, it can be regarded as an early warning of the potential year end position if no action is taken to reduce net expenditure where possible. 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 yet to take full effect, it is anticipated that by the year end, the outturn deficit position should be reduced. This should start to be demonstrated in the update reports which are to be presented to Cabinet.

Information on the Quarter 1 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund is also outlined in the report. There are currently no significant issues of concern in relation to the HRA, however the Collection Fund, is forecasting an in-year deficit of £6.081m directly as a result of COVID-19. If not addressed before the end of the financial year this will have a budgetary impact in 2022/23. The DSG continues to be an area which is facing a financial challenge, albeit with a reduced projected deficit in 2021/22. Action is being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position.

Capital Position

The report outlines the most up to date capital spending position for 2021/22 to 2025/26 for approved schemes. The revised capital programme budget for 2021/22 is £88.075m at the close of Quarter 1, a net increase of £2.073m from the original budget of £86.002m. Actual expenditure to 30 June 2020 was £4.791m (5.44% of the forecast outturn).

Without doubt the forecast position will continue to change throughout the year with additional re-profiling into future years.

Recommendations

That Cabinet approves the:

1. Forecast revenue outturn for 2021/22 at Quarter 1 being a £0.585m adverse variance having regard to the action being taken to manage expenditure
2. Forecast positions for both the Housing Revenue Account, Dedicated Schools Grant and Collection Fund
3. Use of reserves as detailed in Appendix 1 to Annex 1
4. Revised capital programme for 2021/2026 as at Quarter 1.

Revenue Monitor and Capital Investment Programme 2021/22 Quarter 1 – June 2021

1 Background

1.1 The Authority's 2021/22 revenue budget and capital programme was approved by Council on 4 March 2021. Under established budget procedures, all services are required to monitor and review their approved revenue and capital budgets during the financial year. This will be reported to Cabinet on a quarterly basis with an additional report at month 8 which is used to inform the budget setting process for the following financial year.

1.2 As part of the budget monitoring process, the forecast year-end position for revenue and capital has been prepared by all services as follows:

a) The revenue forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 1 together with known commitments, issues and planned management actions. Due to the requirement to report to the Ministry of Housing, Communities and Local Government (MHCLG) about the financial pressures relating to COVID-19, forecasts for Quarter 1 have been based upon the Round 14 MHCLG return which was submitted on 25 June 2021.

b) The capital programme forecast has been based on notified revisions to the approved 2021/22 position including the final 2020/21 outturn, new grant, an initial rephasing of the approved capital programme including an assessment of the impact of COVID 19.

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 additional support that the Government may give with regard to additional funding to address the financial challenge created as a result of the pandemic.

2. Current position

2.1 The forecast revenue outturn for 2021/22 is an adverse variance of £0.585m. Further details of the current revenue budget position and a full description of the forecast can be found in Annex 1. The pressures relating to COVID-19 total £11.652m, this reduces to £4.656m with the application of the £6.996m unringfenced Government COVID related grant funding received to date. Offsetting the COVID related pressure is a net 'business as usual' underspend of £4.071m, within which it should be noted are areas of forecast overspending, primarily in Community Health and Adult Social Services (£0.908m) and Children's Services (£1.072m).

2.2 The total Portfolio variances amount to a pressure of £0.585m as detailed in Annex 1 at Tables 2 and 3. As advised above, this consists of a COVID related pressure of £4.656m and an operational underspend of £4.071m. This is comprised of People and Place reporting an adverse variance of £0.807m (£0.803m COVID related), Community Health and Adult Social Care reporting a pressure of £8.169m (£7.261m COVID related) and Children's Services reporting an adverse variance of £4.257m (£3.185m COVID related). There is a further adverse variance of £0.226m (£0.021m COVID related) within Commissioning. There are favourable variances of £1.139m within Reform, including a COVID related pressure of £0.242m and also £0.078m within Chief Executive, again including a £0.140m COVID pressure. Capital, Treasury and Corporate Accounting is reporting a favourable, operational variance of £4.661m. This highlights the continuing impact of COVID related pressures across all areas of the Council. It should, however, be noted that at this stage in the financial year, £1.308m of approved 2021/22 budget reductions are forecast not to be delivered. All are within Community Health and Adult Social Care and this variance is included within the overall Directorate forecast.

2.3 However, taking an approach to allocating the grant so far received against the COVID costs incurred and using the information in Tables 2 and 3 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 (MHCLG) £000	COVID Costs Net of Funding £000	Business as Usual Pressure £000	Total Net Pressure £000
People and Place	803	(482)	321	4	325
Community Health and Adult Social Care	7,261	(4,360)	2,901	908	3,809
Children's Services	3,185	(1,912)	1,273	1,072	2,345
Communities and Reform	242	(145)	97	(1,381)	(1,284)
Commissioning	21	(13)	8	205	213
Chief Executive	140	(84)	56	(218)	(162)
Capital, Treasury and Corporate Accounting	-	-	-	(4,661)	(4,661)
Total	**11,652**	**(6,996)**	**4,656**	**(4,071)**	**585**

2.4 The projected net adverse variance is of concern and as a result, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. Robust measures are required to further address and mitigate the impact of COVID-19 on all the Council services.

2.5 Whilst the current forecast is for a small adverse variance of £0.585m there is potential mitigation with the submission to the Government of return for compensation for lost Sales Fees and Charges for the first quarter of the financial year. As the guidance for the grant claim has not been issued by Government, no estimate of the grant to be received has been included in the current predictions.

2.6 There remains a high degree of estimation in relation to the impact of COVID-19; whilst the vaccination programme continues apace and restrictions were eased on 19 July 2021, this is set against increases in the rate of infection and hospital admissions. The forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure and the income loss recorded to date but also relies on a series of assumptions which are both unpredictable and constantly changing. Future reports will advise of the progress of mitigating factors and management actions to control and reduce the forecast deficit.

2.7 As this financial monitoring report reflects the financial position at Quarter 1, it can be regarded as an indication of the position if continued corrective action is not pursued, particularly on those activities that are not related to the COVID response. It is evident that there is time for the financial position to improve and move to at least a balanced position and this should start to be demonstrated in over the financial year. It is also anticipated that the additional funding mentioned in para 2.5 will help to reduce the deficit once the relevant guidance and instructions have been received from Government.

2.8 The original approved capital programme for 2021/22 totalled £86.002m. The revised capital programme as at Quarter 1 taking account of approved carry forwards, approved new funding, new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £88.075m. Actual expenditure at Quarter 1 was £4.791m (5.44% of the forecast outturn). Further details of expenditure and schemes within the capital programme can be found in Annex 2.

2.9 The Annual Review of the capital programme will be taking place during the summer months. This is likely to lead to further reprofiling of planned expenditure and the realignment capital resources between schemes.

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 including proposed changes
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.

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 Implications for Children and Young People

16.1 There are no direct implications for Children and Young People

17 Equality Impact Assessment Completed

17.1 Not Applicable.

18 Key Decision

18.1 Yes

19 Key Decision Reference

19.1 FCL-07-21

20 Background Papers

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

File Ref:	Revenue Background Papers are contained in Annex 1 including Appendices 1, 2, 3 and 4
Officer Name:	Andy Cooper
Contact :	0161 770 4925 (andy.cooper@oldham.gov.uk)

File Ref:	Capital Background Papers are contained in Annex 2 including Appendices A to G
Officer Name:	Lee Walsh
Contact No:	0161 770 6608 (lee.walsh@oldham.gov.uk)

21 Appendices

Annex 1 Revenue Budget Monitoring Report 2021/22 Quarter 1 - June 2021

Appendix 1	Planned Transfers to and from Reserves at Quarter 1
Appendix 2	Financing of the 2021/22 Revenue Budget at Quarter 1
Appendix 3	Ringfenced COVID grants at 2021/22
Appendix 4	Budget Reduction Summary 2021/22

Annex 2 Capital Investment Programme Report 2021/22 Quarter 1 – June 2021

Appendix A	SUMMARY – Quarter 1 - Corporate Services
Appendix B	SUMMARY – Quarter 1 - Children's Services
Appendix C	SUMMARY – Quarter 1 - Communities and Reform
Appendix D	SUMMARY – Quarter 1 - Community Health & Adult Social Care
Appendix E	SUMMARY – Quarter 1 - Housing Revenue Account (HRA)
Appendix F	SUMMARY – Quarter 1 - People and Place
Appendix G	SUMMARY – Quarter 1 - Proposed Variations

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ANNEX 1

REVENUE BUDGET MONITORING REPORT 2021/22
Quarter 1 June 2021

1 Background

1.1 The Authority's 2021/22 revenue budget was approved by Council on 4 March 2021 at a sum of £254.179m incorporating:

- £8.793m of recurrent budget reductions approved within the 2021/22 Budget

- £16.830m use of corporate and specific reserves (including £0.127m classed as a one-off budget reduction). In addition, there was £25.456m of reserves to support the anticipated Collection Fund deficit arising from the introduction of Business Rates reliefs by the Government after the 2020/21 budget had been set thus resulting in a technical adjustment (the final Business Rate Relief related Collection Fund deficit was £25.182m).

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 1 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.

1.3 The Council is again this financial year, reporting to the Ministry of Housing Communities and Local Government (MHCLG) on a monthly basis as to the impact of COVID-19 on the financial position of the Council. The forecasts therefore incorporate the round 14 position reported to the MHCLG on 25 June 2021.

1.4 The Government is continuing to provide compensation for COVD-19 related losses on Sales, Fees and Charges (SFC), at least for the first quarter of the financial year. The due date for the Government compensation return has yet to be confirmed, hence the claim for the first quarter has not yet been submitted. Therefore, no estimate of any grant compensation has been assumed in this report.

1.5 In considering the projections included in the MHCLG returns and in this report, it is important to note that, as with last year, there remains a high degree of estimation in relation to the impact of COVID-19; whilst the vaccination programme continues apace and restrictions were eased on 19 July 2021, this is set against increases in the rate of infection and hospital admissions. The completion of the returns and the forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure and the income loss recorded to date but also relies on a series of assumptions which are both unpredictable and constantly changing.

2 Current Position

2.1 The current net revenue budget of £263.044m represents an increase of £8.865m against the originally approved budget of £254.179m. This is due to a range of additional un-ringfenced Government grants which have been received since the Budget was approved.

- The major increase is the receipt of Section 31 grant funding of £8.119m to compensate the Council for the continuation of Business Rates reliefs in 2021/22

- A further £0.746m is as a result of receiving a number of additional un-ringfenced grants as shown in the table below.

Table 1 – Additional Funding

Additional Un-ringfenced Government Grants	**£000**
Section 31 grant for Collection Fund Deficit	8,119
New Burdens Grant – Business Grants Administration	229
Public Health Business Rates Top-up	164
Capital grants	111
School Improvement Monitoring and Brokerage Grant	108
Additional New Burdens in Welfare Reform	94
Verify Earnings and Pension Service	24
Housing Benefit & Council Tax Administration Grant	11
Grants in Lieu of Business Rates	5
Total Additional Un-ringfenced Government Grants	**8,865**

A full funding analysis of the net revenue expenditure is shown at Appendix 2.

2.2 The current position for 2021/22 at Quarter 1 is a projected adverse variance of £0.585m, A forecast of the year-end position has been prepared by all services. 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. Members will recall that the 2021/22 budget report advised that the Government has awarded £7.737m as un-ringfenced COVID support grant to assist the Council meet the extra costs of addressing the pandemic. The 2021/22 budget report advised that a specific financial challenge of £0.741m was anticipated in relation to Home to School Transport services. With the exception of this £0.741m, the remaining COVID-19 support grant (£6.996m) has been retained centrally and applied as a 'bottom-line' adjustment. In this way the full cost of the pandemic will be shown against each portfolio.

Table 2 - Summary Forecast Revenue Outturn

	Budget £000	Forecast £000	In Year Use of Transfer To/ (From) Reserves £000	Variance Quarter 1 £000
People and Place	59,267	61,193	(1,119)	807
Community Health and Adult Social Care	64,221	72,556	(166)	8,169
Children's Services	47,717	53,597	(1,623)	4,257
Communities and Reform	33,688	39,415	(6,866)	(1,139)
Commissioning	9,202	13,597	(4,169)	226
Chief Executive	7,689	7,706	(95)	(78)
Capital, Treasury and Corporate Accounting	26,144	21,483	-	(4,661)
COVID-19 Funding	6,996	-	-	(6,996)
Additional Section 31 grant for Collection Fund Deficit	8,119	-	8,119	-
NET EXPENDITURE	**263,044**	**269,547**	**(5,919)**	**585**
FINANCED BY:				
Collection Fund Deficit	**25,456**	**25,182**	**-**	(274)
Use of Reserves to offset Collection Fund Deficit	**(25,456)**	**(25,182)**	**-**	274
General Use of Reserves	**(16,830)**	**(16,830)**	**-**	-
Other Financing	**(246,214)**	**(246,214)**	**-**	-
TOTAL FINANCING	**(263,044)**	**(263,044)**	**-**	-
NET FORECAST VARIANCE	**-**	**6,503**	**(5,919)**	**585**

2.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £5.919m is an adverse variance of £0.585m. A detailed list of the approved and planned use of reserves at Quarter 1 can be found at Appendix 1. The key issues to note are:

a) As advised during the 2021/22 budget setting process, there is a movement from reserves of the Section 31 Grant Funding (£25.182m) for Business Rate Relief compensation which was received in 2020/21 and is being used to support the 2021/22 budget.

b) There is a movement to reserves of £8.119m which is the anticipated level of Section 31 funding for Business Rates Relief compensation that the Government has introduced for 2021/22 but was notified after the 2021/22 budget was set. This grant will be used to offset the Collection Fund deficit that will arise in 2021/22 and will need to be addressed in the 2022/23 budget process.

c) The Government will continue to provide partial compensation for lost SFC income. At this stage, the Government has not issued guidance as to the lost SFC that can be reclaimed. No estimate has therefore been included. It is however possible that this grant may offset the projected year end adverse variance.

2.4 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. Table 3 below analyses the variance between 'business as usual and COVID; the former being a net underspend of £4.071m. As advised above, the Council has received £7.737m of general COVID support from MHCLG for the first quarter of 2021/22, of which £0.741m has been effectively ring fenced to Education Skills and Early Years (to support home to school transport). This leaves £6.996m available to mitigate against the £11.652m of costs identified as relating to the pandemic, leaving a residual unsupported pressure of £4.656m.

Table 3 - Analysis of Variances

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 1 £000
People and Place	803	4	807
Community Health and Adult Social Care	7,261	908	8,169
Children's Services	3,185	1,072	4,257
Communities and Reform	242	(1,381)	(1,139)
Commissioning	21	205	226
Chief Executive	140	(218)	(78)
Capital, Treasury and Corporate Accounting	-	(4,661)	(4,661)
COVID-19 Funding	(6,996)	-	(6,996)
Total	**4,656**	**(4,071)**	**585**

2.5 The People and Place Portfolio has a reported pressure of £0.807m with a proposed net use of reserves totalling £1.119m. Anticipated expenditure relating to COVID-19 accounts for £0.803m of the overspend with a minor 'business as usual' deficit of £0.004m contributing to the total overspend.

2.6 Community Health and Adult Social Care (CHASC) is reporting an overspend of £8.169m, including a £0.166m use of reserves. The adverse variance attributes £7.261m of COVID-19 related expenditure, in the main due to the demand for care packages following hospital discharges, the residual adverse variance (£0.908m) relates to 'business as usual'.

2.7 Children's Services is forecasting an adverse variance of £4.257m of which £3.185m is related to COVID-19 and with a proposed £1.623m use of reserves. There are pressures within two main service areas: Education, Skills and Early Years at £0.248m and more significantly, Children's Social Care at £4.009m.

2.8 Communities and Reform is reporting a favourable variance of £1.139m in the main due to vacancies and the offsetting of costs by COVID-19 grants, resulting in a business as usual favourable variance of £1.381m offset by a COVID pressure of £0.242m. There is a predicted £6.866m use of reserves.

2.9 The Commissioning Portfolio is reporting an overall adverse variance of £0.226m: a COVID pressure of £0.021m with an operational underspend of £0.205m. The total variance is comprised of a £0.510m pressure in Procurement and a favourable variance of £0.284m in Finance incorporating a £4.169m use of reserves.

2.10 The Chief Executive Portfolio is reporting a favourable variance of £0.078m, along with Capital, Treasury and Corporate Accounting which is showing an underspend of £4.661m, all of which relates to business as usual.

2.11 A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.

2.12 It is important to note that as a result of COVID-19 the following 2021/22 approved budget reductions, totalling £1.308m and all within CHASC are currently forecast not to be achieved and are therefore rated red 'off track and will not deliver:

- Maximising independence through alternative models of care- £1.000m of the total £1.500m, with the remaining £0.500m rated amber (see below)
- Achieving Better Outcomes: Supported Living and Learning Disabilities- £0.288m
- Out of hours call centre support for Community Health Services £0.020m

In addition, there are further three Budget Reductions, across a range of Portfolios, with a combined value of £1.955m rated amber; 'off track but with measures in place to deliver' which will need to be closely monitored to ensure they do not become unachievable. Amber budget reductions therefore total £2.455m. A schedule and assessment of all the 2021/22 budget reductions is attached as Appendix 4.

2.13 In view of the projected adverse variance, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. In addition the recruitment of staff to vacant posts and significant items of expenditure continues to be monitored via a corporate process. Such service and corporate actions will continue with the aim of bringing expenditure nearer to the resources available. In addition, further measures are being taken to ensure non-essential expenditure is avoided unless there is a business case to support it.

2.14 The effectiveness of management action will be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. The local and national position in relation to COVID-19 appears to be improving, with a major relaxation of restrictions from 19 July 2021, however it is still not clear how quickly the country will return to pre-pandemic activity and how the local economy will respond. It is likely that there will continue to be volatility in the financial position. At this stage, no additional Government unringfenced financial support is expected beyond that already received and notified.

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 reserves for the Portfolio.

Table 4 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Environmental Services	52,461	52,247	(192)	**(406)**
Enterprise and Skills	656	880	-	**224**
Economic Development	623	2,695	(927)	**1,145**
ICT	4,261	4,105	-	**(156)**
Customer Services	1,266	1,266	-	**-**
Total Forecast Net Expenditure	**59,267**	**61,193**	**(1,119)**	**807**

Summary

3.1.2 The forecast outturn at Quarter 1 for the People and Place portfolio, including all pressures associated with COVID-19 and use of reserves of £1.119m, is an adverse variance of £0.807m.

Environmental Services

3.1.3 The Environmental Services area is forecasting a £0.406m underspend. Variances triggering the overall underspend include:

- Public Protection is showing a pressure totalling £0.107m principally due to the under-recovery of income within Building Control, Licencing and Traded Service areas of the division
- Underspends totalling £0.440m consisting of £0.331m in Highways Operations (Unity) and £0.119m in Street Lighting (S.38 / S.278 inspection fees).
- Environmental Services Management is forecast to underspend by £0.073m due to vacant posts.

Enterprise and Skills

3.1.4 The Enterprise and Skills Directorate is forecasting a pressure of £0.224m. The Town Centre area, which includes the Market Service is currently forecasting an overall loss for the financial year of £0.260m 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 £0.036m across the Service area.

Economic Development

3.1.5 The Economic Development Directorate is forecasting a pressure of £1.145m after a £0.927m use of reserves. The main reasons for the adverse variance are detailed by service area below:

- There is an estimated pressure against the Corporate Landlord/ Investment Estate totalling £0.720m, of which £0.375m relates to COVID-19 with the remainder relating to long standing issues in this service area

- The Catering Service is showing an adverse variance of £0.300m due to unachievable income against school meals.

- The Car Parking budget is also showing a pressure of £0.168m which relates to the loss of income as a result of COVID-19

- The Cleaning Service is projecting a favourable variance £0.043m relating to underspends on materials

ICT and Customer Services

3.1.6 ICT is forecasting an underspend of £0.156m due to vacant posts within the Client team. Customer Services is showing no variance.

Achievement of Budget Reductions

3.1.7 Approved budget reductions of £3.225m are all expected to be achieved in year. However, as per Appendix 4 two, linked to Creating a Better Place, with a value of £1.841m. are currently rated amber and although expected to be achieved will need to be monitored closely to ensure delivery.

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 1.

Table 5 – Community Health and Adult Social Care- Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care - COVID 19	-	7,261	-	**7,261**
Community Health & Social Care	27,387	27,435	-	**48**
Commissioning	21,419	21,333	-	**(86)**
Learning Disability	13,841	14,649	-	**808**
Mental Health	8,543	8,733	-	**190**
Community Business Services	1,701	1,815	(166)	**(52)**
Safeguarding	1,063	1,083	-	**20**
Director Adult Social Care	(9,733)	(9,753)	-	**(20)**
Learning Disability and Mental Health	-	-	-	**-**
Total Forecast Net Expenditure	**64,221**	**72,556**	**(166)**	**8,169**

Summary

3.2.2 The pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £8.169m, including a £0.166m use of reserves. The predominant factor contributing to the overspend is the COVID-19 related expenditure of £7.261m. Adult Social Care is one of the Council services most affected by the virus, the constantly evolving nature and the subsequent impact of the pandemic and also the nature and quantum of financial support means that it is highly likely that the financial forecasts will be subject to further revision.

3.2.3 Financial support from the NHS, reclaimed through the Oldham Clinical Commissioning Group (CCG) continues to be available, at least for the first half of 2021/22. From 1 July 2021 clients qualify for 4 weeks of re-claimable care costs, having previously been able to claim 6 weeks. The support is scheduled to cease on 30 September 2021. The reducing timeframe places an additional burden on Adult Social Care, hence the current adverse forecast of £7.261m of COVID related expenditure

3.2.4 'Business as usual' variances represent £0.908m of the overspend. The main reasons for the adverse variance are detailed below:

Learning Disability

3.2.5 Learning Disability is forecasting an overspend of £0.808m. The variance is largely due to overspends on external supported living and direct payments.

Mental Health

3.2.6 Mental Health is forecasting an overspend of £0.190m. 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

3.2.7 A number of less significant variances across the remaining Services in the Portfolio offset the major overspends by £0.090m

Achievement of Budget Reductions

3.2.8 The 2021/22 Budget Reductions total £2.729m, three of which are currently forecast not to be achieved in part or in full, this will have an adverse impact of £1.308m, as follows:

- Maximising independence through alternative models of care (£1.500m) – only £0.500m is potentially expected to be delivered and this portion is rated amber at present.
- Achieving Better Outcomes: Supported Living and Learning Disabilities (£0.288m)
- Out of hours call centre support for Community Health Services (£0.020m)

3.3 Children's Services

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

Table 6 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	37,505	41,960	(446)	**4,009**
Education, Skills & Early Years	5,498	6,840	(1,094)	**248**
Preventative Services	3,617	3,700	(83)	**0**
Schools	1,097	1,097	-	**0**
Total Forecast Net Expenditure	**47,717**	**53,597**	**(1,623)**	**4,257**

Summary

3.3.2 The Portfolio has a projected overspend of £4.257m. The overspend includes costs of £3.185m due to the lasting impact of COVID-19 and incorporates the use of reserves totalling £1.623m. The principal underlying reasons are detailed below.

Children's Social Care

3.3.3 This area is projecting a £4.009m overspend at Quarter 1 and incorporates the use of reserves totalling £0.446m.

3.3.4 Throughout 2020/21 it was necessary to employ additional temporary social work staff to cover the increase in demand and consequent impact on caseloads as a result of the pandemic. The forecast assumes a requirement to retain the current cohort of additional social workers for the full financial year in 2021/22 at an estimated cost of £1.837m. The number of caseloads will be closely monitored throughout the rest of the year with the objective to reduce the number of extra social workers. This reduction, if applicable will be factored into future forecasts. Additional staffing costs to cover sickness and self-isolation is estimated to cost £0.016m. A further £1.067m is related to the provision of placements, particularly children placed outside of the borough. Again, this is due to an increase in demand and cost due to the pandemic. This brings the anticipated overspend due to COVID-19 to £2.920m

3.3.5 There is a further operational forecast deficit of £1.089m, again in the main relating to social care placements including Out of Borough which is being offset by establishment staffing costs; a number of vacant posts offset in part by the use of further agency staff.

Education, Skills and Early Years

3.3.6 The area is reporting a £0.248m overspend at Quarter 1 and incorporates the use of reserves totalling £1.094m.

3.3.7 Adverse variances are being forecast against both Inclusion and Post 16 Services of £0.073m and Community/ Adult Learning Services of £0.192m due to the underachievement of income caused by the on-going impact of the pandemic.

3.3.8 The overspends are offset by a net £0.015m in relation to 'business as usual' underspends across the Directorate.

Achievement of Budget Reductions

3.3.9 Budget reductions for the Portfolio in 2021/22 total £0.911m and are currently expected to be achieved in full, although one in relation to SEND provision (£0.114m) is currently rated amber and will need to be monitored closely as the year progresses.

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
Public Health & Heritage, Libraries & Arts	23,126	28,380	(5,471)	**(217)**
Youth, Leisure & Communities	5,953	5,754	-	**(199)**
HR & Organisational Development	2,599	2,331	(79)	**(347)**
Communications and Research	1,017	825	-	**(192)**
Strategy and Performance	953	769	-	**(184)**
Policy	40	1,191	(1,151)	**-**
Transformation and Reform	(0)	165	(165)	**0**
Total Forecast Net Expenditure	**33,688**	**39,415**	**(6,866)**	**(1,139)**

3.4.2 The forecast outturn at Quarter 1 is an underspend of £1.139m, a favourable operational variance of £1.381m is offset by a COVID related pressure of £0.242m. The variance is after the approved use of £6.866m reserves. The paragraphs below outline the main variances within the Portfolio.

3.4.3 Public Health and Heritage, Libraries and Arts services are showing an underspend of £0.217m as at Quarter 1. There is an income pressure of £0.126m for the Music Service due to COVID-19 and reduced service provision. This is offset with underspends on non-pay costs and charging of eligible staff time to COVID-19 grants. The significant use of reserves relates to funding from the Contain Outbreak Management Fund to address COVID activities. This grant was received in 2020/21 and must be used before 31 March 2022.

3.4.4 Youth, Leisure and Communities is showing an underspend of £0.199m. There remains an income pressure within Outdoor Education (£0.060m) due to COVID-19 and reduced service provision which is offset against a reduction in non-pay costs and the transfer of eligible staff time to COVID-19 grants.

3.4.5 HR and Organisational Development is showing a favourable variance of £0.347m relating to income pressures against HR Advisory Services which are being offset by vacant posts across the division.

3.4.6 Communications and Research is showing an underspend of £0.192m as at Quarter 1, this is due to vacant posts and again the transfer of eligible staff time to COVID-19 grants.

3.4.7 Strategy and Performance is showing an underspend of £0.184m as at Quarter 1. There is a COVID-19 income pressure of £0.056m which relates to the inability to provide data packs to schools in 2021/22. This is offset by vacant posts and the charging of eligible staff time to COVID-19 grants.

Achievement of Budget Reductions

3.4.8 The approved budget reduction of £0.626m are expected to be fully achieved in the financial year.

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
Finance	8,894	12,778	(4,169)	**(284)**
Commissioning and Procurement	309	819	-	**510**
Total Forecast Net Expenditure	**9,202**	**13,597**	**(4,169)**	**226**

Summary

3.5.2 The forecast outturn position at Quarter 1 after a £4.169m use of reserves is an overspend of £0.226m. A sum of £0.021m of the adverse variance is attributable to the pandemic, leaving a 'business as usual' overspend of £0.205m.

Finance

3.5.3 The Service is showing an underspend of £0.284m, incorporating £0.229m of New Burdens funding to support the administration of business grants . In addition, there is a pressure in relation to summons cost recoveries of £0.250m, although courts have re-opened it is still anticipated there will be fewer summons costs recoveries in 2021/22 due to the impact of COVID-19. This is offset by vacancies in the Finance division, a reduction in non-pay costs and additional project income totalling £0.305m.

3.5.4 The use of reserves of £4.169m relates primarily to the payment of grants to businesses from the Additional Restrictions Grant regime with funding having been received from Government in 2020/21 but spent in this year (see paragraph 4.10).

Commissioning and Procurement

3.5.5 Commissioning and Procurement is reporting an overspend of £0.510m. The service is continuing to experience difficulties in recruiting to permanent posts, resulting in a more expensive temporary staffing solution. The service is also reporting a pressure of £0.084m against the Early Payment scheme.

Achievement of Budget Reductions

3.5.6 The approved budget reductions of £0.490m are expected to be fully achieved in the financial year.

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
Legal Services	3,247	3,394	(95)	52
Chief Executive	2,186	2,088	-	(98)
Chief Executive Management	1,668	1,645	-	(23)
Executive Office	588	579	-	(9)
Total Forecast Net Expenditure	**7,689**	**7,706**	**(95)**	**(78)**

Summary

3.6.2 The Portfolio is showing an underspend of £0.078m. Details of the under spend are shown below.

3.6.3 The Legal Service is reporting an overspend of £0.052m at Quarter 1. The service pressure is due to the impact of Covid-19 for Registrars and reduced trading with schools in the Legal Team. The pressures are offset in part by vacant posts and reduced expenditure on non-pay budgets in Civic and Political Support and Constitutional Services.

3.6.4 Chief Executive is reporting an underspend of £0.098m which relates to reduced costs on the non-AGMA budgets and increased income.

3.6.5 Chief Executive Management and the Executive Office are reporting a combined underspend of £0.032m underspend at Quarter 1.

Achievement of Budget Reductions

3.6.6 The approved budget reductions of £0.134m are expected to be fully achieved in the financial year.

3.7 Capital, Treasury and Corporate Accounting

3.7.1 The following table shows the forecast position, without the use of any reserves but with a contribution to reserves relating to Government grant compensation for Business Rates reliefs awarded in this year as advised at 2.1.3 (b)

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	41,259	28,479	8,119	**(4,661)**
Total Forecast Net Expenditure	**41,259**	**28,479**	**8,119**	**(4,661)**

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 borrowing and interest receivable on investments.

3.7.3 A favourable variance of £4.661m is due to projected additional income being received with regard to external investments, a larger than budgeted benefit generated as a result of the pre-payment of pensions and other non-pay variances including reduced capital financing charges. This is offset by an adverse variance with regard to the Annual Leave Purchase Scheme

3.7.4 The Housing Benefit service is not anticipating a variance at this stage in the financial year, however the continued transfer of benefits claimants onto universal credit, and the longer term impacts of COVID-19 may have an impact but this will not be known until the interim benefits claim is produced in August 2021. Any change to this forecast will be reported to Members at Quarter 2.

4 Other Grants/Contributions Received by the Council

4.1 Members will recall that in addition to the COVID un-ringfenced grant highlighted in the report the Government has also provided and/ or notified a range of ringfenced grants. These total £8.782m and support the response to COVID-19 Whilst the ringfenced grants are included in the budget, the increased income is offset by matched expenditure within the relevant service area, so does not increase the net revenue budget.

4.2 In addition £0.183m has been received from the GMCA for the GM Self Isolation pathway initiative.

4.3 Furthermore, the Council has, and continues to receive contributions from the NHS via Oldham CCG (as prescribed in NHS Guidance) to support Adult Social Care provision including hospital discharges to a social care setting, the amount claimed for the first quarter is £520k when support was funded for 6 weeks. From 1 July the period of funded support reduces to 4 weeks and is scheduled to be withdrawn on 30 September.

4.4 A full list of the COVID grants and contributions with a grand total of £9.485m, is attached as Appendix 3.

Grant Support for Businesses – Restart Grants

4.5 Restart Grants became available from 1 April 2021 to support businesses who were forced to close during national lockdown to help them reopen safely as COVID-19 restrictions are lifted. In this regard, on 6 April the Government paid the Council £10.542m to administer mandatory Restart Grants and the Oldham scheme went live on that day. As there is no discretion in the level of grant payment the Council is acting as an agent of the Government and therefore the expenditure is reflected in the Councils Balance Sheet rather than in the General Fund. There is therefore no budget adjustment in respect of Restart Grants.

4.6 The Council received applications for the grants from 1 April 2021 to 30 June 2021 and therefore the grant regime is now closed. However, grants payable to businesses were calculated as follows:

Non-essential Retail Businesses

- Businesses with a rateable value of £15,000 or under received grants of £2,667
- Businesses with a rateable value of over £15,000 and less than £51,000 received grants of £4,000
- Businesses with a rateable value of £51,000 or over received grants of £6,000

Hospitality, leisure, accommodation, personal care, gym and sports businesses

- Businesses with a rateable value of £15,000 or under received grants of £8,000
- Businesses with a rateable value of over £15,000 and less than £51,000 received grants of £12,000
- Businesses with a rateable value of £51,000 or over received grants of £18,000

4.7 Whilst the final date for applications was 30 June 2021, the final payment date was 31 July 2021. Those passed for payment total 1,417 at a value of £9.697m as set out below. A sum of £0.845m is likely to be returned to Government once a final reconciliation is undertaken.

Table 11- Restart Grant

Restart Grant	Number Paid	Value £'000
Non Essential Retail	518	1,547
Hospitality, Leisure, Accommodation etc	899	8,150
Total	**1,417**	**9,697**

Grant Support for Businesses - Local Restrictions Support Grant (LRSG) and Additional Restrictions Grant (ARG)

4.8 Members will recall that during 2020/21 the Council received £28.417m of Local Restrictions Support Grant. Most LRSG payments were made during 2020/21 but at the end of March 2021, there was still the opportunity to apply for one tranche of LRSG. The Council acted as an agent of the Government for most of these grants and hence they were transacted through the Councils' Balance Sheet rather than the General Fund. A total of £19.556m had been spent at the end of 2020/21. A further £0.537m of payments have been made this year bringing the final payments to a total £20.093m. A final reconciliation will be made but the Council is likely to be returning £8.324m to Central Government.

4.9 Members will also recall that the Council received £7.123m in Additional Restrictions Support Grant during 2020/21. This is a discretionary grant scheme and the Council can determine the awarding of the grant. This therefore impacts on the budget of the Council. At the end of 2020/21 £3.076m had been paid with £4.047m held in a reserve at the year end. The full £4.047m has been spent in the period to 30 June 2021 and £4.047m of reserves has been called into the revenue account (Finance Service). A further tranche of ARG of £1.214m has been notified and will be received during July 2021. This will be reflected in future monitoring reports.

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 in the High Needs block. The pressure in the High Needs area is historically 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, resourced provision and post 16 Further Education 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

The Schools Forum has historically agreed transfers between Schools Block and High Needs Blocks and a further 0.5% has been agreed for the current financial year (£1.049m).

5.4 With the continued support from the Schools Block, the High Needs Block has an in year surplus of £2.880m. This contributes to a cumulative deficit forecast of £12.817m as at 31 March 2022. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £2.243m (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	44,630
Contribution from Schools Block (Schools Forum approval)	1,049
2021/22 Total Budget Available	**45,679**
Estimated Expenditure	(42,799)
Projected in Year Surplus	**2,880**
Deficit Brought Forward 01/04/2021	(15,697)
Cumulative Deficit	**(12,817)**
Offset by;	
- Virement from Schools Block- 2016/17 to 2020/21	7,247
- Savings in Schools and Early Years Block- 2015/16 to 2020/21	3,327
Projected Deficit 31/03/2022	**(2,243)**

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 2021/22 (including the 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2021/22) that was approved by Cabinet on 14 December 2020.

5.6 A further report was presented to Schools Forum on 19 May 2021 providing an update in relation to the DSG. The DSG Recovery Plan has been updated accordingly to take account of the most recent funding announcements, the latest expenditure predictions and their impact on the projections from the current financial year through to 2023/24. The table below shows the latest Recovery Plan and illustrates that with the increased funding anticipated and the planned actions to address new operating arrangements to generate efficiencies, the DSG should be brought into a position where there is a surplus in 2023/24.

Table 13 - Overall DSG Position

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Opening Balance - Surplus/(Deficit)	**(4,916)**	**(3,560)**	**(2,283)**	**(614)**
Movements per original plan	1,048	5,081		
Original Forecast Variance	**(3,868)**	**1,521**	**(2,283)**	**(614)**
Estimated Adjustments including Additional (Pressures)/ Savings	308	(4,002)	185	123
Estimated Savings Out of Borough	0		286	928
Additional High Needs Funding	0		1,000	1,000
Estimated adjustment re imports/exports	0	198	198	198
0.5% Movement Agreed by Schools Forum				
Revised Net Forecast (Deficit)/Surplus	**(3,560)**	**(2,283)**	**(614)**	**1,635**

5.7 Regulations introduced in 2020 mean that there will no longer be an automatic 1% trigger for the production of a DSG deficit recovery plan, instead the Department for Education (DfE) via the Education Skills Funding Agency (ESFA) will focus on those Authorities requiring help through a more measured and targeted approach. A formal Management Plan must be submitted to the DfE. As the current Recovery Plan has been agreed with the Schools Forum, it remains appropriate to present information in this format and 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. It will continue to liaise with the Schools Forum accordingly.

5.8 Authority representatives held an informal liaison meeting on 20 May 2020 to discuss the formal DSG Management Plan with ESFA Local Authority funding colleagues and a Special Educational Needs and Disabilities (SEND) adviser. The meeting was constructive with the ESFA offering to provide support to the Council as required. It was agreed the DSG Management Plan would be completed ahead of a further liaison meeting to be held on 21 September 2021.

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 2020/21 at £21.370m was £1.756m better than the final estimate of £19.614m. The original HRA forecast is for a planned in-year decrease in balances of £2.151m, mainly to support housing related expenditure in the Capital Programme.

6.2 The current forecast is for an increased in year deficit of £2.581m, a net adverse movement of £0.430m. The variance is attributable to the reprofiling of several capital projects and some additional anticipated expenditure on dwellings for the disabled and other essential adaptations. The projected year end HRA balance is £18.789m.

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	(21,370)	(21,370)	**0**
Deficit on HRA Services	2,151	2,581	**430**
HRA Balances Carried Forward	**(19,219)**	**(18,789)**	**430**

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	3,446	23,766	**27,212**
Contribution from Reserves to offset the deficit from 2020/21	0	(25,182)	**(25,182)**
Prior Year Balance Brought Forward	**3,446**	**(1,416)**	**2,030**
Deficit for the Year	840	11,330	12,170
Additional Section 31 Grant **	0	(8,119)	**(8,119)**
Net (Surplus)/Deficit for the Year	**4,286**	**3,211**	**4,051**
Net (Surplus)/Deficit Carried Forward	**4,286**	**1,795**	**6,081**

**Compensatory Section 31 Grant as referred to at Section 2.1.3 (b)

Table 16 - Collection Fund – 2021/22 Share of Balances; Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	3,635	1,777	**5,412**
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	459	-	**459**
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	192	18	**210**
Total (Surplus)/Deficit	**4,286**	**1,795**	**6,081**

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 2021/22 financial year with the impact of COVID-19, as such the financial position of the Collection Fund is under constant review. It is 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.

7.3 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2021/22. Given the impact of the pandemic, at this stage in the financial year it is unclear if there will be any financial benefits arising from the pilot scheme. The position will be kept under review.

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 for April to June 2021 and benefitting from 66% relief for the remainder of the financial year, the forecast Collection Fund in-year deficit of £4.051m net of Section 31 grants estimated for the year, which when added to the prior year carried forward balance, produces an overall Collection Fund deficit of £6.081m.

7.5 As highlighted in Table 15 and 16 above, current year end Collection Fund projections are showing an overall deficit of £6.081m, with the Council's proportion of this deficit being £5.412m. It is a particularly volatile area to forecast with many unknowns. Therefore, this area will be closely monitored over the forthcoming months. Collection Fund deficits have to be addressed and this may impact on the Councils budget in future years. Any anticipated financial impact in 2022/23 and future years will be considered within the Medium Term Financial Strategy.

8 Use of Reserves

8.1 Members will recall that at the Council budget meeting of 4 March 2021, it was agreed that Earmarked Reserves of £42.286m be used to support the 2020/21 budget. Of the Earmarked Reserves to be used, £15.703m were to be met from the specific balancing budget reserve, £0.127m related to a budget reduction which was agreed to be funded from the District Partnership Reserve and £1.000m from a reserve created from anticipated Local Income Tax Guarantee grant. A further £25.456m of reserves were to be used in 2021/22 as a result of Business Rates compensation funding received in 2020/21 and held in reserve to support the Collection Fund Deficit in 2021/22. Since the Budget Council meeting and as part of the closure of accounts, the completion of the NDR3 return determined that the Business Rate compensation related Collection Fund Deficit for 2021/22 would be revised downwards to £25.182m and this is the amount that was transferred to reserve at the end of the financial year. This resulted in the total call on reserves to support the revenue budget in 2021/22 of £42.012m.

8.2 As outlined at section 2.1.3 (b), £8.119m is to be transferred to reserves. This is additional Section 31 Grant Funding paid to the Council's General Fund in 2021/22 to compensate for Business Rates reliefs, and, having been transferred to reserves will be released to reimburse the corresponding element of the Collection Fund deficit in 2022/23. This grant funding position will be revised during the year as Business Rate Reliefs are awarded. It will therefore undoubtedly change.

8.3 In addition to the above transfer to reserves the Quarter 1 position incorporates Portfolio requests to use reserves with a total (net) value of £14.038m (most of which are COVID related), therefore the total net in-year planned use of reserves at Quarter 1 is £5.919m and the budget as a whole relies upon the application of £47.931m of reserves as demonstrated in Appendix 2

8.4 The levels of Reserves after the planned use and creation of Earmarked and Revenue Grant Reserves at Quarter 1 is summarised below. Setting aside the transfers to reserves, the opening earmarked reserves balance of £113.513m has already reduced to £69.244m.

Table 17 – Reserves Summary

	Earmarked Reserves £000	Revenue Grant Reserves £000	Total Reserves £000
Opening Balance as at 1 April 2021	**(113,513)**	**(20,145)**	**(133,658)**
Reserves applied to balance the Budget	16,830	-	16,830
Collection Fund Deficit – Business Rates relief	25,182	-	25,182
Balance after planned budget support	**(71,501)**	**(20,145)**	**(91,646)**
Transfers from Reserve			
People and Place	1,103	101	1,204
Community Health and Adult Social Care	166	-	166
Children's Services	54	1,569	1,623
Communities and Reform	838	6,128	6,966
Commissioning	-	4,169	4,169
Chief Executive	95	-	95
Total Transfers from Reserve	**2,257**	**11,967**	**14,224**
Transfers to Reserves			
People and Place	(85)	-	(85)
Communities and Reform	(100)	-	(100)
Capital, Treasury and Corporate Accounting	(8,119)	-	(8,119)
Total Transfers to Reserve	**(8,304)**	**-**	**(8,304)**
Closing Balance as at Quarter 1	**(77,548)**	**(8,178)**	**(85,726)**

8.5 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.

8.6 The availability of reserves is a demonstration of the financial resilience of the Council and as such the reserves must be carefully managed. However, the use of reserves is also a means by which the Council can support the 2022/23 and future years budget setting processes and Medium-Term Financial Strategy. Members will therefore recall that £12.297m of reserves has already been committed to support the 2022/23 budget process.

9 Flexible Use of Capital Receipts

9.1 Members will recall that at the Council meeting of 4 March 2021, it was approved that up to £2.000m of capital receipts would be used to underpin the revenue budget in line with the flexibilities agreed by Secretary of State for Housing, Communities and Local Government in March 2016.

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. As capital receipts in excess of £2.000m have already been generated in this financial year, this funding requirement has been met in full and there will be no variance in this regard.

10 Conclusion

10.1 The current projected position, after adjustment for reserves and receipt of additional Government funding to support COVID pressures, is showing a small overspend of £0.585m. It is important to note that this does not include the additional compensation for lost Sales, Fees and Charges income from Government as the methodology for calculating the loss of income has not been notified as yet. This grant compensation would reduce the adverse year end projection.

10.2 There remains a high degree of estimation in relation to the impact of COVID-19; whilst the vaccination programme continues apace and restrictions were eased on 19 July 2021, this is set against increases in the rate of infection and hospital admissions. The forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure and the income loss recorded to date but also relies on a series of assumptions which are both unpredictable and constantly changing. Future reports will advise of the progress of mitigating factors and management actions to control and reduce the forecast deficit.

10.3 The reserves position is important in the context of financial resilience. Whilst the year started with healthy balances of earmarked reserves (£113.512m) and Revenue Grants Reserves (£20.145m), as advised in the report, earmarked reserves of £44.269m and Revenue Grant reserves of £11.967m (mostly COVID related) have already been called into support the 2021/22 budget. It is important to minimise the use of reserves in year to maintain financial resilience.

Planned Use of Reserves to 30 June 2021 - Quarter 1 **APPENDIX 1**

Reserve Name	Balance as at 01 April 2021	Actual use / creation of reserves 2020/22 - up to Quarter 1	Forecast use/ creation of reserves 2021/22 - up to Quarter 1	Anticipated Closing Balance 31 March 2022	Reason for Use of Reserve
	£000	£000	£000	£000	
Earmarked Reserves					
Integrated Working Reserve					
GMSF/Local Plan	(191)		127	(64)	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
The Oldham Model	(390)		79	(310)	To fund the Strengths Based Approach Model
ASC - Thriving Communities	(623)		124	(499)	To fund the Thriving Communities programme
Regeneration Reserve					
Creating a Better Place	(2,864)		730	(2,134)	To support revenue costs for the developing the Creating a Better Place programme
Directorate Reserves					
Highways Works Orders	(377)		246	(131)	To fund Highways works orders relating to the 2020/21 Highways programme that will now need to be included in the 2021/22 programme as a result of the reprioritisation of resources resulting from the impacts of the Covid-19
Legal Support COVID-19 Legacy	(165)		95	(70)	To fund locum solicitors within the Legal Team
Council Initiatives Reserve					
Learning & Attainment Reserve	(355)		54	(300)	To fund senior management costs (Oldham Education and Skills commission)
Northern Roots	(345)		345	(0)	To support delivery of the Northern Roots project as approved by Cabinet on 28 January 2019
Transformation Reserve					
Transformation Reserve (Transformation and Reform)			165		Transformation programme 2021/22
Transformation Reserve (Northern Roots)	(2,262)		125	(1,972)	To support delivery of the Northern Roots project as approved by Cabinet on 28 January 2019
Adult Social Care - Better Care Fund	(3,394)		166	(3,228)	To support the transformation and improvement programme in Adult Social Care
Sub Total	**(10,966)**	**0**	**2,257**	**(8,709)**	
Balancing Budget Reserve					
Collection Fund Deficit	(25,182)	25,182		0	To support the Collection Fund deficit arising from the introduction of Business Rates reliefs after the 2020/21 budget had been set
Corporate Reserve to balance budget	(28,000)	15,703		(12,297)	As agreed by Council on 4 March 2021, £16.830m of Earmarked Reserves are required to support the 2021/22 budget
Budget Reduction REF-BR1-432	(127)	127		0	
Specific Reserve - Local Tax Income Guarantee	(1,000)	1,000		0	
Sub Total Balancing Budget Reserve	**(54,309)**	**42,012**	**0**	**(12,297)**	
Total Planned use of Earmarked Reserves 2020/21	**(65,275)**	**42,012**	**2,257**	**(21,006)**	
Planned Increase / Creation of Earmarked Reserves					
Collection Fund Deficit – Business Rates compensation	0	(8,119)		(8,119)	S31 Grant compensation for irrecoverable Collection Fund Losses in 2021/22 - transfer to reserve
Library PFI Sinking Fund	(200)	(100)		(300)	Reserve set aside for a sinking fund for IT refresh costs for the Library PFI.
Mercury Abatement	0		(85)	(85)	Contribution to the cost of a new cremator when mercury abatement assets are a requirement
Total Planned Increase / Creation of Earmarked Reserves 2020/21	**(200)**	**(8,219)**	**(85)**	**(8,504)**	
NET Use/Increase of Earmarked Reserves	**(65,475)**	**33,793**	**2,172**	**(29,510)**	
Total Earmarked Reserves	**(113,513)**	**33,793**	**2,172**	**(77,548)**	
Revenue Grant Reserves					
Towns Fund Initial Capacity Funding	(70)		70	0	To provide funding for the revenue costs of working up business cases to support the schemes in the Towns Fund bids
Covid 19 Compliance & Enforcement Grant	(31)		31	0	Funding towards the cost of the Covid Compliance team which is set to continue in operation until 31st July 2021.
Tackling Troubled Families	(1,291)		251	(899)	To fund Children's Services senior management support
Tackling Troubled Families			141		To fund mosaic system developments within Children's Social Care
Tackling Troubled Families	(83)	83		0	Budgeted reserve to fund Partnership Support costs
Opportunity Area Grant	(1,094)	1,094		0	To fund the Council's ongoing Opportunity Area work in Education and Early Years
Contain Outbreak Management Fund	(5,341)		5,341	0	To support the containment of COVID-19 at a local level in 2021/22
Well North Growing Oldham Feeding Ambition	(230)		230	0	To continue the Growing Oldham Feeding Ambition project in 2021/22
Public Health Grant	(306)		306	0	To fund the Thriving Communities programme
Thriving Communities	(251)		251	0	To fund the Thriving Communities programme
Additional Restrictions Grant	(4,047)		4,063	16	To support the discretionary Additional Restrictions grant scheme
Winter Grant Scheme	(122)		122	0	The Winter Grant Scheme - final element of funding for 2020/21 - to provide support to families with children, other vulnerable households and individuals.
Total Planned use of Revenue Grant Reserves	**(12,866)**	**1,177**	**10,806**	**(882)**	
Total Revenue Grant Reserves	**(20,145)**	**1,177**	**10,806**	**(8,162)**	
NET Use/Increase of Reserves Earmarked and Grant Reserves		**43,189**	**13,063**		
Represented by:					
Increase to Reserves		(8,219)	(85)		
Total Use of / change to Earmarked and Revenue Grant Reserves	**(133,658)**	**34,970**	**12,978**	**(85,710)**	

			Appendix 2
FINANCING OF THE 2021/22 BUDGET AT QUARTER 1	**Original Budget**	**Additions to Quarter 1**	**Revised Budget**
	£'000	**£'000**	**£'000**
Net Expenditure Budget	(254,179)		**(254,179)**
Financed by:			
Business Rates Top-up Grant	(41,748)		(41,748)
Public Health Business Rates Top-up		(164)	(164)
Improved Better Care Fund Grant	(10,859)		(10,859)
Grants in Lieu of Business Rates	(10,843)	(5)	(10,848)
2021/22 Social Care Support Grant	(8,947)		(8,947)
COVID-19 Grant	(7,737)		(7,737)
Local Council Tax Support Grant	(3,183)		(3,183)
Independent Living Fund (ILF) Grant	(2,580)		(2,580)
Housing Benefit & Council Tax Administration Grant	(1,178)	(11)	(1,189)
Domestic Abuse Safe Accommodation Funding	(578)		(578)
Lower Tier Services Support Grant	(407)		(407)
New Homes Bonus Grant	(171)		(171)
New Burdens Grant		(229)	(229)
Capital grants		(111)	(111)
School Improvement Monitoring and Brokerage Grant		(108)	(108)
Additional New Burdens in Welfare Reform		(94)	(94)
Verify Earnings and Pension Service		(24)	(24)
Section 31 grant for Collection Fund Deficit (to be transferred to Reserves)		(8,119)	(8,119)
Total Government Grant Funding	**(88,231)**	**(8,865)**	**(97,096)**
Council Tax Income - General	(88,329)		(88,329)
Council Tax Income - Adult Social Care Precept	(10,523)		(10,523)
Collection Fund Deficit	25,809	(274)	25,535
Use of Reserves to offset Collection Fund Deficit	(25,456)	274	(25,182)
Retained Business Rates	(50,619)		(50,619)
Total Locally Generated Income	**(149,118)**	**0**	**(149,118)**
Total Grant and Income	**(237,349)**	**(8,865)**	**(246,214)**
Balance to be addressed by Use of Reserves	(16,830)		(16,830)
Total Financing	**(254,179)**	**(8,865)**	**(263,044)**

Appendix 3

Ringfenced COVID Funding 2021/22

Grant	Awarded 2021/22 £
Grants:	
Reopening the High Street Safely Fund (RHSSF)/Welcome Back Fund	210,418
Contain Outbreak Management Fund	1,996,711
Test and Trace Support Payments	
- Mandatory payments	18,750
- Discretionary payments	152,750
- Administration	80,488
COVID Winter Grant Scheme	338,848
COVID Local Support Grant	1,146,693
Self-isolation Practical Support Payment	193,182
Elections Support Grant	98,498
Holiday Activity Funding	1,566,220
Prevention and Promotion Fund for Better Mental Health	323,137
Infection Control Fund (Quarter 1)	878,214
Infection Control Fund (Quarter 2)	614,131
COVID Rapid Flow Testing (Quarter 1)	640,337
COVID Rapid Flow Testing (Quarter 2)	478,160
COVID - Next Steps Accommodation Programme	45,533
Sub Total	**8,782,070**
Other funding:	
GM Self Isolation Pathway	183,035
Hospital Discharge Fund (Quarter 1 Claim)	520,189
Total	**9,485,294**

Appendix 4

Summary of 2021/22 Approved Budget Reductions and deliverability

Reference	Approved Budget Reductions	2021/22 Approved Budget Reduction £000	RAG Rating Green - on track and will be delivered Amber - off track but measures in place to recover the position Amber/Red - off track and will only be delivered part of saving Red - off track and will not deliver	Deliverable £000	Shortfall £000
CSA-BR1-423	Maximising independence through alternative models of care	(1,500)	Amber/Red	(500)	1,000
CSA-BR1-424	CHASC Workforce Reduction	(100)	Green	(100)	0
CSA-BR1-425	Out of Hours Call Centre Support for Community Health Services	(20)	Red	0.0	20
CSA-BR1-426	Carers Personal Budgets	(100)	Green	(100)	0
CSA-BR1-427	Brokerage	(250)	Green	(250)	0
CSA-BR1-429	KeyRing	(50)	Green	(50)	0
CSA-BR1-430	Achieving Better Outcomes: Supported Living & Learning Disabilities	(288)	Red	0.0	288
CSA-BR1-431	Wellbeing Service	(70)	Green	(70)	0
CSA-BR1-433	Adult Social Care Sheltered Housing	(100)	Green	(100)	0
CSA-BR1-434	Adult Social Care Prevention and Early Intervention Service	(200)	Green	(200)	0
CSA-BR1-436	To cease the funding of the Men in Sheds service	(51)	Green	(51)	0
Directorate : Community Health & Adult Social Care		**(2,729)**		**(1,421)**	**1,308**
REF-BR1-422	Sport Development	(13)	Green	(13)	0
REF-BR1-428	School Swimming	(11)	Green	(11)	0
REF-BR1-416	Districts Realignment	(136)	Green	(136)	0
REF-BR1-418	Reduction in Members Ward Budgets	(60)	Green	(60)	0
REF-BR1-432	Review of Elected Member Reserves	(127)	Green	(127)	0
REF-BR1-438	HR Staffing Review	(120)	Green	(120)	0
REF-BR1-413	Gallery Oldham	(22)	Green	(22)	0
REF-BR1-415	Mahdlo Funding Reduction	(100)	Green	(100)	0
REF-BR1-417	Youth Service Kerching	(37)	Green	(37)	0
Directorate : Communities and Reform		**(626)**		**(626)**	**0**
CHS-BR1-442	Early Help Staffing Efficiencies	(40)	Green	(40)	0
CHS-BR1-443	External Placements Cost Avoidance	(500)	Green	(500)	0
CHS-BR1-440	Quality and Effectiveness Support Team - Service Efficiency / Review	(192)	Green	(192)	0
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	(114)	Amber	(114)	0
CHS-BR1-437	Reduction in Traineeship Programme	(65)	Green	(65)	0
Directorate : Childrens Services		**(911)**		**(911)**	**0**
CEX-BR1-410	Corporate Priorities - CEX	(27)	Green	(27)	0
CEX-BR1-420	Legal Staff Reductions & Reduction of post in Democratic Services	(90)	Green	(90)	0
CEX-BR1-447	Registrars Service Restructure	(17)	Green	(17)	0
Directorate : Chief Executive		**(134)**		**(134)**	**0**
PPL-BR1-403	Digital Mail	(24)	Green	(24)	0
PPL-BR1-401	Creating a Better Place - Projects & Assets	(1,541)	Amber	(1,541)	0
PPL-BR1-402	Creating a Better Place - Service Review	(300)	Amber	(300)	0
PPL-BR1-404	Printing Reduction - Digital Platform Roll Out	(20)	Green	(20)	0
PPL-BR1-408	To re-align grounds maintenance to support core service functions and reduce the traded offer	(150)	Green	(150)	0
PPL-BR1-407	Transfer of client officer to Unity	(40)	Green	(40)	0
PPL-BR1-406	Review of Street Lighting Contract	(150)	Green	(150)	0
PPL-BR1-409	Restructure of Neighbourhood Enforcement Team	(100)	Green	(100)	0
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	(780)	Green	(780)	0
PPL-BR1-421	Transformation of the Contact Centre	(120)	Green	(120)	0
Directorate : People and Place		**(3,225)**		**(3,225)**	**0**
COM-BR1-411	Procurement Staffing Reduction	(101)	Green	(101)	0
COM-BR1-412	Financial Services Redesign	(389)	Green	(389)	0
Directorate : Commissioning		**(490)**		**(490)**	**0**
CRC-BR1-448	Voluntary Redundancies	(805)	Green	(805)	0.0
Directorate : Cross Cutting		**(805)**		**(805)**	**0**
Grand Total		**(8,920)**		**(7,612)**	**1,308**

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ANNEX 2

CAPITAL INVESTMENT PROGRAMME REPORT 2021/22
Quarter 1 - June 2021

1 **Background**

1.1 The original capital programme for 2021/22 reflects the priorities outlined in the capital strategy as approved at Cabinet on 23 February 2021 and confirmed at the Council meeting on the 4 March 2021.

1.2 The position as at 30 June 2021 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 2021/22 to 2025/26, approved by Council on 4 March 2021 is summarised in Table 1 and shows capital programme expenditure of £86.002m in 2021/22.

Table 1 : Original Budget - Capital Programme 2021/22 to 2025/26

2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	TOTAL £000
86,002	**94,153**	**71,418**	**62,553**	**27,454**	**341,580**

2.2 The 2020/21 Month 9 report approved at Cabinet on 22 March 2021 projected an outturn position of £71.012m. However, the actual outturn was £73.227m, a variance of £2.215m compared to the last reported position at month 9. Further approved accelerations of £0.292m in the final quarter of 2020/21, therefore required net resources of £1.923m being accelerated from 2021/22 and future years, as detailed in Table 2 and Appendices A-F.

2.3 Table 2 shows the original capital programme forecast spend for 2021/22 at £86.002m. There have been a range of changes, explained below, that increase the capital programme to £100.404m. This report presents a further proposed rephasing of £12.330m to give the projected revised expenditure of £88.075m.

2.4 Actual expenditure to 30 June 2021 was £4.791m (5.44% of forecast outturn). This spending profile is lower than previous years. The position will be kept under review and budgets will be managed in accordance with forecasts.

Table 2 – 2021/22 Capital Programme

Directorate	Original Budget 2021/22 £000	Further Budget changes £000	Outturn Position Revision £000	Revised Budget 2021/22 £000	Proposed Virement/ Rephase £000	Revised Budget (M03) £000	Forecast £000	Variance £000
Corporate Services	6,762	617	277	7,656	-	7,656	7,656	-
Children's Services	6,110	2,395	(236)	8,269	-	8,269	8,269	-
Communities and Reform	637	119	(63)	693	-	693	693	-
Community Health & Adult Social Care	3,409	(371)	369	3,407	-	3,407	3,407	-
Housing Revenue Account	3,412	1,116	(465)	4,063	-	4,063	4,063	-
People and Place	65,671	12,449	(1,804)	76,316	(12,330)	63,986	63,986	-
Overall Total	**86,002**	**16,325**	**(1,923)**	**100,404**	**(12,330)**	**88,075**	**88,075**	**-**

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

2.5 Subsequent to the approval of the 2021-2026 Capital Strategy and Capital Programme at Council 4 March 2021, virements of £10.085m (an increase to the 2021/22 capital programme and reduction to the 2020/21 capital programme) were approved. This revised the 2020/21 capital programme down to £71.012m and increased the 2021/22 programme to £96.087m. However, there was then further approved rephasing into 2021/22 of £5.233m and the receipt of the additional grants and contributions of £1.007m encompassing £0.343m of additional Disabled Facilities Grant, £0.023m from private contributions for Disabled Facilities Grant funded schemes and additional £0.641m of School Condition Allocation (SCA). These movements total £16.325m.

2.6 The 2020/21 outturn required the rephasing of £1.923m (the net acceleration of 2021/22 and future years approved budgets), thus reducing the planned spending in 2021/22.

2.7 The changes outlined in paragraphs 2.5 and 2.6 resulted in increased planned spending in 2021/22 to £100.404m, to which further net changes of £12.330m are proposed to reflect anticipated virements and further rephasing of spending as detailed in Appendix G.

2.8 Due to the continued COVID-19 pandemic, there remains an element of uncertainty about the forecast position, 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 a detailed breakdown of proposed virement/rephasing of both expenditure and financing, is shown is Appendix G.

Re-profiling of the Capital Programme

2.9 The revised capital programme for 2021/22 to 2025/26, taking into account all the above amendments in arriving at the revised forecast position, is shown in Table 3 together with the projected financing profile.

Table 3 – 2021/2026 Capital Programme

Directorate Budget	Revised Budget 2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Corporate Services	7,656	4,269	3,119	1,374	3,896	20,314
Children's Services	8,269	14,335	13,142	-	-	35,746
Communities and Reform	693	-	-	-	-	693
Community Health & Adult Social Care	3,407	400	400	1,100	-	5,307
Housing Revenue Account	4,063	8,127	7,914	1,150	-	21,254
People and Place	63,986	81,047	46,293	57,165	23,558	272,050
Grand Total	**88,075**	**108,178**	**70,868**	**60,789**	**27,454**	**355,364**

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

Funding	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Grant & Other Contributions	(25,756)	(20,693)	(8,371)	(1,973)	(1,973)	(58,766)
Prudential Borrowing	(50,816)	(73,654)	(53,581)	(56,269)	(25,481)	(259,801)
Revenue	(4,089)	(8,127)	(7,914)	(1,150)	-	(21,280)
Capital Receipts	(7,414)	(5,704)	(1,002)	(1,397)	-	(15,517)
Grand Total	**(88,075)**	**(108,178)**	**(70,868)**	**(60,789)**	**(27,454)**	**(355,364)**

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

2.10 The revised Provision for Emerging Priorities for 2021/22 to 2025/26, taking into account all the above amendments is contained within the Corporate Services budget and is as follows:

Table 4 - Provision for Emerging Priorities

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Provision for Emerging Priorities	1,165	4,200	3,050	1,236	3,896	13,547

Capital Receipts

2.11 The capital programme requires the availability of £7.414m of capital receipts in 2021/22 for financing purposes, this includes £2.000m to support transformational activity in the General Fund using the flexibility allowed by the Government. The usable capital receipts forecast for the current year is £7.542m, a projected surplus of £0.128m. The total net usable capital receipts currently received in year is £2.311m, the first call being the £2.000m outlined above.

2.12 The capital receipts position as at 30 June 2021 is as follows:

Table 5 – Capital Receipts 2021/22

	£000	£000
Capital Receipts Financing Requirement		7,414
Usable Capital Receipt b/fwd.	-	
Actual received to date	(2,311)	
Further Required/(Surplus) in 2021/22		**5,103**

2.13 Given the significant amount of receipts needed to finance the capital programme in this and future years it is imperative that the capital receipts/disposal schedule is adhered to. This is monitored at the monthly Capital Receipts meeting and will be subject to on-going review throughout the year. It is of course recognised that the pandemic has had an impact of business/economic activities making capital disposals more challenging.

2.14 The Capital Strategy and Capital Programme 2021/22 to 2025/26 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 June 2021 is illustrated in the table below:

Table 6 – Capital Receipts 2021/26

Capital Receipts	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Capital Receipts Carried Forward	-	(128)	4,679	4,356	5,753
Estimated Capital Receipts	(5,231)	(897)	(1,325)	-	-
Received in year	(2,311)				
Total Receipts	(7,542)	(1,025)	3,354	4,356	5,753
Capital Receipts Financing Requirement	7,414	5,704	1,002	1,397	-
Over/(Under) programming	(128)	4,679	4,356	5,753	5,753

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

2.15 As shown above, the most recent projection indicates a potential shortfall in all but the current year of the programme. However, until a thorough review of the asset disposal programme has taken place (which is expected to increase receipts), it is prudent to retain the current programme and review during the course of the current year.

Annual Review of the Capital Programme

2.16 In accordance with previous practice, there will once again be a review of the capital programme over the summer months (the Annual Review). This will examine any further opportunities to reallocate, decommission or reprofile resources. It will also include an in-depth analysis of capital receipts which may lead to opportunities to increase resource levels to support new projects or provide an alternative to prudential borrowing.

New Funding

2.17 Since 30 June 2021 the Council has been notified of grant funding, which has not yet been incorporated within financial tables but will be in future reports. This includes:

- additional grant of £1.071m from the Highway Maintenance Integrated Transport Block
- a grant award of £24.4m from the Towns Fund to support major projects including the Creating a Better Place investment programme

3 Conclusion

3.1 Whilst the current projected position is showing the outturn to match the budget, a detailed review of the capital programme (the Annual Review) will be undertaken to establish if there are any surplus resources that can be realigned or any further re-profiling required. It is therefore likely that there will be some further rephasing across all years to reflect the current developments relating to individual projects/schemes.

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 – Quarter 1 - Corporate Services
Appendix B - SUMMARY – Quarter 1 - Children's Services
Appendix C - SUMMARY – Quarter 1 - Communities and Reform
Appendix D - SUMMARY – Quarter 1 - Community Services & Adult Social Care
Appendix E - SUMMARY – Quarter 1 - Housing Revenue Account (HRA)
Appendix F - SUMMARY – Quarter 1 - People and Place
Appendix G - SUMMARY – Quarter 1 - Proposed Variations

SUMMARY – Quarter 1 – Corporate Services

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget M03 £000	Forecast £000	Year End Variance £000
Corporate	6,762	617	277	7,656	-	7,656	7,656	-
	6,762	**617**	**277**	**7,656**	**-**	**7,656**	**7,656**	**-**

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

Major Variances Commentary

No additional variances to report

SUMMARY – Quarter 1 - Children's Services

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Children, Young People & Families	118	(65)	33	86	-	86	86	-
Schools – General Provision	63	356	112	531	-	531	531	-
Schools – Primary	942	455	361	1,758	-	1,758	1,758	-
Schools – Secondary	1,404	1,934	(717)	2,621	-	2,621	2,621	-
Schools – Special	-	162	2	164	-	164	164	-
Schools – New Build	3,583	(448)	(26)	3,109	-	3,109	3,109	-
	6,110	**2,395**	**(236)**	**8,269**	**-**	**8,269**	**8,269**	**-**

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

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Major Variances Commentary

No additional variances to report

SUMMARY – Quarter 1 - Communities and Reform

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
District Investment Fund	637	119	(63)	693	-	693	693	-
	637	**119**	**(63)**	**693**	**-**	**693**	**693**	**-**

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

Major Variances Commentary

No additional variances to report

APPENDIX D

SUMMARY – Quarter 1 - Community Services & Adult Social Care

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Adult Services	3,409	(371)	369	3,407	-	3,407	3,407	-
	3,409	**(371)**	**369**	**3,407**	**-**	**3,407**	3,407	**-**

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

Major Variances Commentary

No additional variances to report

APPENDIX E

SUMMARY – Quarter 1 - Housing Revenue Account (HRA)

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Housing Revenue Account	3,412	1,116	(465)	4,063	-	4,063	4,063	-
Reform Total	**3,412**	**1,116**	**(465)**	**4,063**	**-**	**4,063**	**4,063**	**-**

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

Major Variances Commentary

No additional variances to report

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SUMMARY – Quarter 1 - People and Place

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Asset Management – Corporate Premises	9,845	5,226	(495)	14,576	-	14,576	14,576	-
Asset Management - Education Premises	3,814	1,566	(698)	4,682	-	4,682	4,682	-
Boroughwide Developments	6,133	331	833	7,297	-	7,297	7,297	-
Development	-	13	-	13	-	13	13	-
District Partnership – Boroughwide	213	52	(26)	239	-	239	239	-
Environment – Countryside	100	90	(45)	145	-	145	145	-
Environment – Parks	74	(23)	28	79	-	79	79	-
Env - Playing Fields & Facilities	12	(20)	10	2	-	2	2	-
ICT	2,898	1,337	(155)	4,080	-	4,080	4,080	-
Parks & Playing Fields	2	26	(13)	15	-	15	15	-
Private Housing – HMRF	200	(165)	82	117	-	117	117	-
Private Housing	729	-	-	729	-	729	729	-
Public Realm	91	18	(9)	100	-	100	100	-
Schools	289	(289)	-	-	-	-	-	-
Strategic Acquisitions		13	(13)	-	-	-	-	
Town Centre Developments	12,253	3,383	(1,142)	14,494		14,494	14,494	-
Transport - Accident Reduction	848	215	(105)	958	(106)	852	852	-
Transport - Bridges & Structures	5,090	700	(266)	5,524	(3,742)	1,782	1,782	-
Transport - Fleet Management	937	(144)	72	865	-	865	865	-
Transport - Highway Major Works/Drainage schemes	21,340	(958)	581	20,963	(11,416)	9,547	9,547	-
Transport – Metrolink	-	2	(1)	1	(1)	-	-	-
Transport - Minor Works	774	503	(229)	1,048	(455)	593	593	-
Transport – Miscellaneous	30	538	(196)	372	3,389	3,761	3,761	-

Service area	Original Budget £000	Approved Changes /Virements £000	2020/21 Rephasing/ Acceleration £000	Revised Budget 2021/22 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Transport - Street Lighting	-	36	(18)	18	-	18	18	-
	65,671	**12,449**	**(1,804)**	**76,316**	**(12,330)**	**63,986**	**63,986**	**-**

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

SUMMARY – Quarter 1 - People and Place Cont'd

Major Variances Commentary

No additional variances to report

APPENDIX G

SUMMARY – Quarter 1 - Proposed Variations

EXPENDITURE BUDGETS TO BE REPROFILED AS AT 30 JUNE 2021	2021/22	2022/23	Comments
Directorate / Scheme	**£**	**£**	
People and Place			
2019/20 Highways Improvement Programme (HIP) Schemes - Amber	(36,922)	-	Budget realignment within Service
2020/21 HIP Schemes - Amber	(890,881)	-	Budget realignment within Service
2020/21 HIP Schemes - Red	(54,700)	-	Budget realignment within Service
2021/22 HIP Schemes - Red	684,714	-	Budget realignment within Service
2021/22 HIP Schemes Amber	627,803	-	Budget realignment within Service
A672 Oldham Road, Denshaw (Rest Area) Reconstruction	(268)	-	Budget realignment within Service
Abbey Hills road - Instillation of pedestrian island	(46,800)	-	Budget realignment within Service
Abbey Hills Road Resurfacing	(44,462)	-	Budget realignment within Service
Sarah's Footbridge, East of Corbett Way, Denshaw	(198)	-	Budget realignment within Service
Burnley Street, Chadderton	(19,554)	-	Budget realignment within Service
Stannybrook Road (Daisy Nook Farm to Boundary)	(34,365)	-	Budget realignment within Service
Challenge Fund- A62 Oldham Way- Casualty Reduction Scheme	(638)	-	Budget realignment within Service
Chew Valley Road, Greenfield - School safety zone	(44,958)	-	Budget realignment within Service
Church Road Bridge	12,000	-	Budget realignment within Service
Cooper Street, Springhead - Reconstruction Scheme	(3,726)	-	Budget realignment within Service
Cycling / Walking Improvement Schemes	(20,000)	-	Budget realignment within Service
Sandy lane, Royton - Traffic calming	(60,000)	-	Budget realignment within Service
Waterloo & Wellington Bridges	(3,650,000)	4,759,600	Budget Rephase & Realignment within Service
Market Hall Connectivity Improvements	2,706,535	-	Budget realignment within Service
Growth Deal 3 - Programme Management Support	164,000	-	Budget realignment within Service
Lane Head Road, Lees	(9,145)	-	Budget realignment within Service
Chadderton Pedestrian & Cycle Access Improvements	(359,564)	253,000	Budget Rephase & Realignment within Service

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Oldham Town Centre Improvements	(7,886,535)	5,180,000	Budget Rephase & Realignment within Service
Park Road to Town Centre	(1,555,025)	1,268,000	Budget Rephase & Realignment within Service
Royton Town Centre Connection	(490,192)	370,000	Budget Rephase & Realignment within Service
Metrolink Highway and Footway works in Town Centre	(563)	-	Budget realignment within Service
Minor Structures Works	3,726	-	Budget realignment within Service
Oldham Way Footbridge	(94,273)	-	Budget realignment within Service
Park Road / Kings Road / Woodstock Street Junction Improvements	(42,494)	-	Budget realignment within Service
Pedestrian Island Lansdowne Road (near Block Lane)	(250)	-	Budget realignment within Service
Public Rights of Way Improvements	14,49	-	Budget realignment within Service
Southlink Traffic Signal Junction	518,000	-	Budget realignment within Service
Transport Investment	(1,715,646)	-	Budget realignment within Service
People and Place TOTAL	(12,329,891)	11,830,600	
TOTAL	(12,329,891)	11,830,600	

FINANCING BUDGETS TO BE REPROFILED AS AT 30 JUNE 2021	**2021/22**	**2022/23**	
Fund Source	**£**	**£**	
Grants and Contributions	11,816,110	(11,830,600)	
Prudential Borrowing	-	-	
Revenue Contribution	-	-	
Capital Receipts	513,781	-	
TOTAL	**12,329,891**	**(11,830,600)**	

Report to Cabinet

Treasury Management Review 2020/21

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon

Officer Contact: Anne Ryans, Director of Finance

Report Author: Lee Walsh, Finance Manager

Ext. 6608

23 August 2021

Reason for Decision

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2020/21 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (approved 26 February 2020)
- a mid-year (minimum) treasury update report (approved 16 December 2020)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

The Council confirms that it has complied with the requirements under the Code to give prior scrutiny to the treasury strategy and the mid-year update. The Audit Committee is charged with the scrutiny of treasury management activities in Oldham and reviewed the content of this annual report at its meeting of 29 June 2021 prior to its consideration by Cabinet. The Committee was content to commend the report to Cabinet (to ensure full compliance with the Code for 2020/212).

Executive Summary

During 2020/21, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	**2019/20 Actual £'000**	**2020/21 Revised £'000**	**2020/21 Actual £'000**
Actual capital expenditure	54,383	81,013	73,227
Total Capital Financing Requirement:	472,377	504,935	491,713
Gross borrowing	167,843	172,843	172,843
External debt	403,709	402,195	397,248
Investments			
· Longer than 1 year	15,000	15,000	15,000
· Under 1 year	103,120	52,000	68,540
· Total	**118,120**	**67,000**	**83,540**
Net Borrowing (Gross borrowing less investments)	49,723	105,843	89,303

As can be seen in the table above, actual capital expenditure was less than the revised budget estimate for 2020/21 presented within the 2020/21 Treasury Management Strategy report considered at the Council meeting of 4 March 2021. The outturn position was significantly less than the £147.632m original capital budget for 2020/21 as approved at Budget Council on 26 February 2020.

It was apparent at the beginning of 2020/21 that spending plans were not going to be realised, the COVID-19 pandemic halted works on projects and delayed the start of others. Because of this, and taking accounts of re-profiled expenditure, new assumptions, approvals and scheme updates the expenditure budgets and funding plans were continually reassessed throughout in year. The significant re-phasing was associated with the revised vision and strategic framework for 'Creating a Better Place' which was approved in August 2020. This placed more emphasis on economic recovery, given the impact of the pandemic. This review required several existing regeneration projects to be reviewed and rephased to align to the long-term vision of the new strategy. The final outturn position for 2020/21 of £73.227m was a significant reduction compared to the expenditure initially planned and approved at Budget Council in February 2020.

Short Term Temporary Borrowing was undertaken during the year and is detailed in the report.

Other prudential and treasury indicators are to be found in the main body of this report.

The Director of Finance confirms that the statutory borrowing limit (the authorised limit) was not breached during the financial year 2020/21.

The financial year 2020/21 continued the challenging investment environment of previous years, namely low investment returns.

Recommendations

Cabinet is recommended to:

1) Approve the actual 2020/21 prudential and treasury indicators presented in this report
2) Approve the annual treasury management report for 2020/21
3) Commend this report to Council

Treasury Management Review 2020/21

1 Background

1.1 The Council has adopted the Revised Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2017. The primary requirements of the code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's Treasury Management activities
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year
- Delegation by the Council of responsibilities for implementing and monitoring Treasury Management Policies and Practices and for the execution and administration of treasury management decisions. In Oldham, this responsibility is delegated to the Section 151 Officer (Director of Finance).
- Delegation by the Council of the role of scrutiny of the Treasury Management Strategy and policies to a specific named body. In Oldham, the delegated body is the Audit Committee.

Treasury management in this context is defined as:

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

1.2 The report therefore summarises the following the:-

- Council's capital expenditure and financing during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- Actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

2 Current Position

2.1 The Council's Capital Expenditure and Financing during 2020/21

2.1.1 The Council undertakes capital expenditure when it invests in or acquires long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- Financed by borrowing if insufficient immediate financing is available, or a decision is taken not to apply available resources, the capital expenditure gives rise to a borrowing need.

2.1.2 The actual level of capital expenditure forms one of the required prudential indicators (these indicators are all summarised in Appendix 1). The table below shows the actual level of capital expenditure and how this was financed. As can be seen in the table below, actual capital expenditure in 2020/21 was less than the revised budget estimate. The revised budget estimate is based on the month 8 2020/21 reported position to align with the Annual Treasury Management Strategy 2020/21 report, and not the latest reported position (March 2021). All prudential indicators in the 2020/21 strategy are based on this revised budget. Capital expenditure was less in year due to re-phasing of some IT projects, property related schemes, HRA schemes and education schemes that were expected to progress during the year. In addition, a revised vision and strategic framework for 'Creating a Better Place' was approved in August 2020, which placed more emphasis on economic recovery, given the impact of the pandemic. This review required several existing regeneration projects to be reviewed and rephased to align to the long-term vision of the new strategy.

	2019/20 Actual £'000	2020/21 Revised £'000	2020/21 Actual £'000
Non-HRA capital expenditure	52,249	76,061	68,830
HRA capital expenditure	2,134	4,952	4,397
Total capital expenditure	**54,383**	**81,013**	**73,227**
Resourced by:			
• Capital receipts	9,914	2,335	3,184
• Capital grants	42,091	19,827	20,820
• HRA	2,134	4,974	2,532
• Revenue	244	323	147
Unfinanced capital expenditure	**0**	**53,553**	**46,544**

2.2 The Council's Overall Borrowing Need

2.2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

2.2.2 Part of the Council's treasury activity is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets) or utilising temporary cash resources within the Council.

Reducing the CFR

2.2.3 The Council's (non-Housing Revenue Account [HRA]) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non- HRA borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

2.2.4 The total CFR can also be reduced by:

- The application of additional capital financing resources (such as unapplied capital receipts); or
- Charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

2.2.5 The Council's 2020/21 MRP Policy (as required by Ministry of Housing Communities and Local Government Guidance) was approved as part of the Treasury Management Strategy report for 2020/21 on 26 February 2020.

2.2.6 The Council's CFR for the year is shown in the table below and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. In 2020/21 the Council had seven PFI schemes in operation; however, no borrowing is actually required against these schemes as a borrowing facility is included within each contract.

Capital Financing Requirement	2019/20 Actual £'000	2020/21 Revised £'000	2020/21 Actual £'000
Opening balance	493,880	472,377	472,377
Add unfinanced capital expenditure	0	53,553	46,544
Add adjustment for the inclusion of on-balance sheet PFI and leasing schemes (if applicable)	525	0	270
Less MRP/VRP*	(2,742)	(2,742)	(2,742)
Less PFI & finance lease repayments	(19,286)	(18,253)	(24,736)
Closing balance	472,377	504,935	491,713

* Includes voluntary application of capital receipts and revenue resources

2.2.7 Borrowing activity is constrained by prudential indicators for net borrowing, the CFR and by the authorised limit.

Gross borrowing and the CFR

2.2.8 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years.

2.2.9 This essentially means that the Council is not borrowing to support revenue expenditure.

2.2.10 This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21 if so required. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	2019/20 Actual £'000	2020/21 Revised £'000	2020/21 Actual £'000
Gross borrowing position	403,709	402,195	397,248
CFR - including PFI / Finance Leases	472,377	504,935	491,713
Under / (Over) funding of the CFR	68,668	102,740	94,465

The table above shows the position as at 31 March 2021 for the Council's gross borrowing position and CFR. This shows, compared to the revised budget position:

- Movement in the gross borrowing position, reflecting the fact that additional borrowing of £5m of short term borrowing still outstanding at 31 March 2021 which has been offset by repayment of transferred debt, PFI and finance leases.

- An increase in the CFR, predominantly through additional prudential borrowing in the capital programme.

The Authorised Limit

2.2.11 The authorised limit is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003 and was set at £537.5m. Once this has been set, the Council does not have the power to borrow above this level.

The Operational Boundary

2.2.12 The operational boundary is the expected borrowing position of the Council during the year and was set at £512.5m. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2020/21 Actual £'000
Authorised Limit	537,500
Operational Boundary	512,500

Actual financing costs as a proportion of net revenue stream

2.2.13 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream and is within expected levels.

	2020/21 Actual £'000
External Debt	172,843
PFI / Finance leases	224,405
Actual External Debt (Gross Borrowing) (rounded)	**397,248**
Financing costs as a proportion of net revenue stream (General Fund)	12.39%

2.2.14 The table above splits the gross borrowing position of the Council between actual external debt (loans) and PFI / Finance lease debt. As can be seen above the gross borrowing position is well within the Authorised Limit and Operational Boundary. The difference between the two reflects the Council’s under borrowed position.

2.3 **The Council's Debt and Investment Position**

2.3.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

2.3.2 At the end of 2020/21 the Council's treasury position was as follows:

	31 March 2020 Principal £'000	Average Rate/ Return	Average Life years	31 March 2021 Principal £'000	Average Rate/ Return	Average Life years
Fixed rate funding:						
-PWLB	35,482			35,482		
-Stock	6,600			6,600		
Market	125,761			130,761		
Total borrowings	**167,843**	4.30%	37.08	**172,843**	3.96%	36.35
PFI & Finance lease liabilities	**235,867**			**224,405**		
Total External debt	**403,710**			**397,248**		
CFR	**472,377**			**491,713**		
Over/ (under) borrowing	**(68,667)**			**(94,465)**		
Investments:						
Financial Institutions/LA's	103,120	0.94%		68,540	0.37%	
Property	15,000	4.32%		15,000	4.44%	
Total investments	**118,120**			**83,540**		
Net Debt	**49,723**			**89,303**		

2.3.3 The maturity structure of the debt portfolio was as follows:

	2019/20 Actual %	Upper Limit %	Lower Limit %	2020/21 Actual %
Under 12 months	23%	40%	0%	32%
12 months and within 24 months	0%	40%	0%	10%
24 months and within 5 years	32%	40%	0%	13%
5 years and within 10 years	4%	40%	0%	4%
10 years and above	40%	50%	0%	40%

2.3.4 The investment portfolio and maturity structure was as follows:

Investment Portfolio	Actual 31 March 2020 £'000	Actual 31 March 2020 %	Actual 31 March 2021 £'000	Actual 31 March 2021 %
Treasury Investments				
Banks	37,500	15.31%	20,000	23.94%
Local Authorities / Public Bodies	28,500	35.92%	28,000	33.52%
Money Market Funds (MMF's)	37,120	31.10%	20,540	24.59%
Total managed in house	**103,120**	**82.33%**	**68,540**	**82.04%**
Bond Funds				
Property Funds	15,000	12.70%	15,000	17.96%
Cash Fund Managers				
Total Managed Externally	**15,000**	**12.70%**	**15,000**	**17.96%**
TOTAL TREASURY INVESTMENTS	**118,120**	**100.00%**	**83,540**	**100%**
TOTAL NON TREASURY INVESTMENTS *	2,181	100%	0	0%

* Members should note that the Non-Treasury Investments during 2019/20 related to property purchase, no property investment purchases were made in 2020/21. During the year the Council did acquire the Spindles Shopping Centre. This purchase is part of the regeneration of the town centre and is held in the Council's accounts under the category of Other Land and Buildings.

	2019/20 Actual £'000	2020/21 Actual £'000
Investments		
Longer than 1 year	0	0
Under 1 year	103,120	68,540
Property Fund	15,000	15,000
Total	**118,120**	**83,540**

2.3.5 Key features of the debt and investment position are:

a) Over the course of the year 2020/21, investments have decreased by £34.580m. The large decrease in investments related to additional Government grants received in March 2020 in the previous reporting period to support the increase in expenditure needed to tackle the COVID-19 crisis. Another factor was the funds being held to make the upfront payment of pension costs in April 2020. By the end of the financial year, treasury activity had returned to more normal levels and this resulted in lower investment balances at the end of 2020/21.

b) The average rate of return on investments with Financial Institutions decreased from 0.94% in 2019/20 to 0.38% in 2020/21. This decrease relates to the Bank of England base rate being at 0.10% rather than 0.75% for the majority of the previous year. These low investment returns are a factor of Brexit and the COVID 19 Global Pandemic.

c) Investments were arranged throughout the year to ensure there was enough liquid cash available to support the paying of COVID support grants to local businesses, but still trying to make a return by placing cash for longer periods.

2.4 Investment Strategy and control of interest rate risk

2.4.1 Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending.

2.4.2 The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75% before rising to end 2022/23 at 1.25%. This forecast was invalidated by the COVID-19 pandemic beginning in March 2020 which caused the Monetary Policy Committee (MPC) to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.

2.4.3 The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand for borrowing, with the consequent effect that investment earnings rates plummeted.

2.4.4 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

2.4.5 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.

2.4.6 The table below shows bank rate at various timeframes together with a high, low and average rate.

	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
Low	0.10	-0.10	-0.11	-0.10	-0.10	-0.05
Low Date	01/04/2020	31/12/2020	29/12/2020	23/12/2020	21/12/2020	11/01/2021
Average	0.10	-0.07	-0.05	0.01	0.07	0.17
Spread	0.00	0.10	0.25	0.66	0.73	0.83

2.5 Borrowing Strategy and control of interest rate risk

2.5.1 During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and counterparty risk on placing investments was also minimised.

2.5.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

2.5.3 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

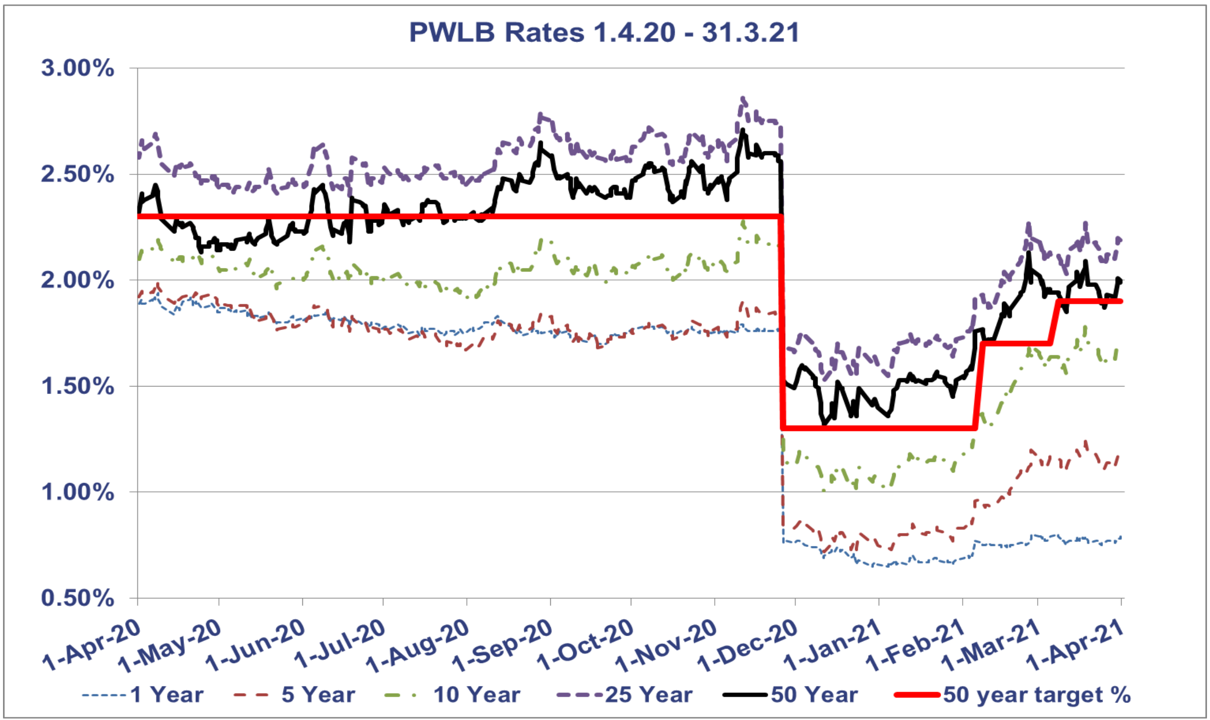
2.5.4 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Treasury Management Team and the Director of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

- if it had been felt that there was a significant risk of a sharp **fall** in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper **rise** in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst

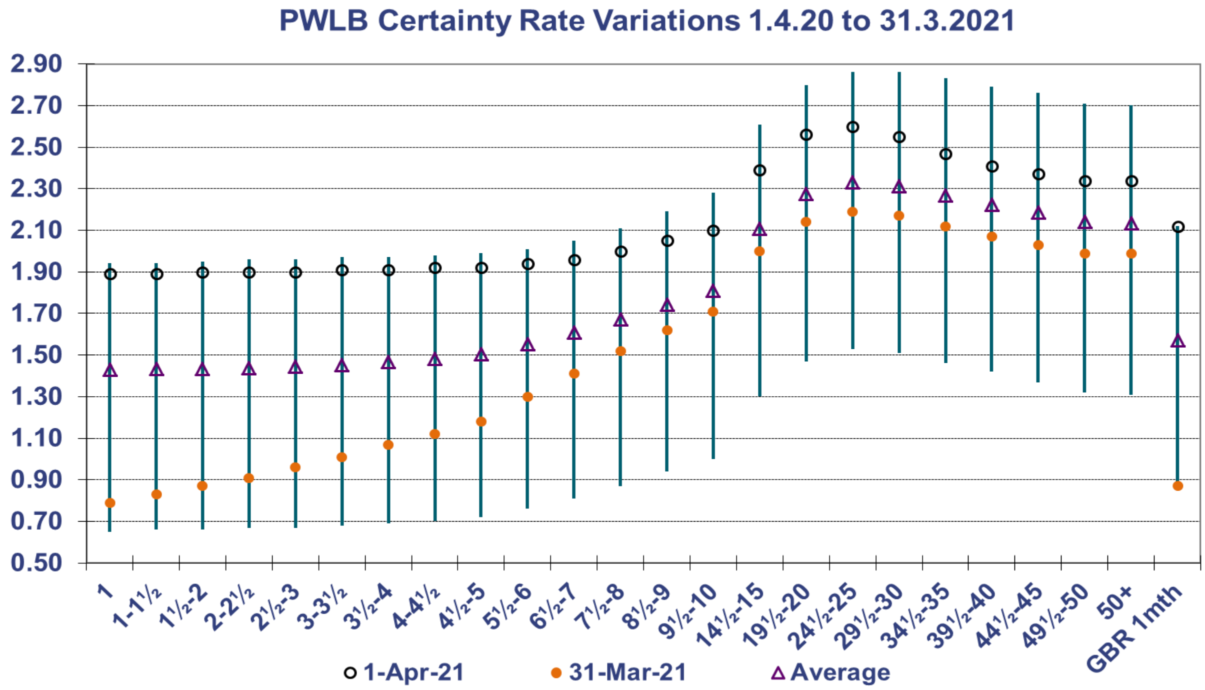
interest rates were lower than they were projected to be in the next few years.

2.5.5 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

2.5.6 The information in the table below and in graphs and tables in Appendices 2 and 3 show PWLB rates for a selection of maturity periods, the average borrowing rates, the high and low points in rates:



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Low date	04/01/2021	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
High date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.43%	1.50%	1.81%	2.33%	2.14%
Spread	1.29%	1.27%	1.28%	1.33%	1.39%



2.5.7 PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M. Treasury determining a specified margin to add to gilt yields.

2.5.8 The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc.

2.5.9 This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the last two years in the Eurozone, many bond yields up to 10 years have turned negative on the expectation that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession.

2.5.10 Gilt yields fell sharply from the start of 2020 and then spiked up during a challenging period for financial markets in March caused by the pandemic hitting western countries; this was rapidly countered by central banks flooding the markets with liquidity. While US treasury yields do exert influence on UK gilt yields so that the two often move in tandem, they have diverged during the first three quarters of 2020/21 but then converged in the final quarter.

2.5.11 Expectations of economic recovery started earlier in the US than the UK but once the UK vaccination programme started making rapid progress in the new year of 2021, gilt yields and gilt yields and PWLB rates started rising sharply as confidence in economic recovery rebounded. Financial markets also expected Bank Rate to rise quicker than in the forecast tables in this report.

2.5.12 At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 – 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%.

2.5.13 HM Treasury imposed **two changes of margins over gilt yields for PWLB rates in 2019/20** without any prior warning. The first took place on 9 October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11 March 2020, but not for mainstream non-HRA capital schemes.

2.5.14 A consultation was then held with local authorities and **on 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates;** the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had the purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -.

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

2.5.15 There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.

2.6 Borrowing Outturn for 2020/21

Treasury Borrowing

2.6.1 The Council borrowed short term £20m from Public Bodies in April 2020 as can be seen in the table below. The borrowing was undertaken to fund capital expenditure early on in the financial year when cash flows were a little uncertain due to the COVID Pandemic and following the large payment to the Greater Manchester Pension Fund for the 3-year upfront payment. A further £5m was borrowed in November 2020.

Date	Lender	Principal £'000	Type	Interest Rate	Maturity (Months)
23-Apr-20	West Midlands CA	10,000	Maturity	0.720%	3
23-Apr-20	North of Tyne CA	10,000	Maturity	0.800%	6
04-Nov-20	Hampshire Pension Fund	5,000	Maturity	0.160%	6
Total		**25,000**			

Debt Rescheduling

2.6.2 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Repayment of Debt

2.6.3 Due to the type of borrowing undertaken in year £20m of the short-term borrowing reached maturity and was repaid as can be seen in the table below:

Date	Lender	Amount repaid £'000	Interest Rate	Comment
27-Jul-20	West Midlands CA	10,000	0.720%	Repayment of short term debt
04-Nov-20	North of Tyne CA	10,000	0.800%	Repayment of short term debt
Total		**20,000**		

The £5m remaining at the end of 2020/21 was repaid on 04 May 2021.

Borrowing in Advance of Need

2.6.4 The Council has not borrowed in advance of its needs.

2.7 Investment Outturn

Investment Policy

2.7.1 The Council's investment policy is governed by Ministry of Housing, Communities and Local Government (MHCLG) investment guidance, which has been implemented in the annual investment strategy which for 2020/21 was approved by Council on 26 February 2020. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

2.7.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Resources

2.7.3 The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources	31 March 2020 (£'000)	31 March 2021 (£'000)
Balances General Fund	15,110	17,263
Balances HRA	21,796	21,370
Earmarked Reserves	79,360	113,513
Provisions	28,367	25,428
Usable Capital Receipts	0	0
Total (rounded)	**144,633**	**175,422**

Investments at 31 March 2021

2.7.4 The Council managed all of its investments in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £83.540m of investments as follows:

Institution	Type	Amount £'000	Term (days)	Rate %	Start date	End date
CCLA Property	Property	15,000		4.44%		
Total Property		**15,000**				
Wokingham Borough Council	Fixed	5,000	31	0.08%	29-Mar-21	29-Apr-21
Blackpool Council	Fixed	3,000	94	0.07%	19-Mar-21	21-Jun-21
Goldman Sachs	Fixed	5,000	181	0.11%	26-Jan-21	26-Jul-21
Aberdeen City Council	Fixed	5,000	181	0.06%	05-Feb-21	05-Aug-21
Warrington Borough Council	Fixed	5,000	161	0.06%	25-Feb-21	05-Aug-21
Blaenau Gwent County Council	Fixed	5,000	182	0.08%	22-Feb-21	23-Aug-21
Canterbury City Council	Fixed	5,000	185	0.17%	05-Mar-21	06-Sep-21
Total Fixed Deposits		**33,000**				
Santander	Notice	2,500	35	0.30%	03-Jun-20	
Bank of Scotland	Notice	5,000	95	0.05%	22-Dec-20	
Santander	Notice	2,500	180	0.58%	02-Nov-20	30-Apr-21
Santander	Notice	5,000	180	0.58%	30-Nov-20	28-May-21
Total Notice Accounts		**15,000**				
Invesco MMF	MMF	2,000		0.01%	01-Mar-21	01-Apr-21
Federated MMF	MMF	8,540	1	0.01%	31-Mar-21	01-Apr-21
Aberdeen MMF	MMF	10,000	1	0.01%	31-Mar-21	01-Apr-21
Total Money Market Funds		**20,540**				
Total Investments		**83,540**				

* Money Market Funds (MMF)

2.7.5 The Council's investment strategy was to maintain sufficient cash reserves to give it necessary liquidity, whilst trying to attain a benchmark average rate of return of London Interbank Bid Rate (LIBID) on the relevant time deposit multiplied by 5%, whilst ensuring funds were invested in institutions which were the most secure. The table below shows the returns by the relevant time period.

	LIBID + 5%	Actual Return %
7 Day	(0.074%)	0.131%
1 Month	(0.055%)	0.270%
3 Month	0.016%	0.467%
6 Month	0.077%	0.633%
Average		0.375%

2.7.6 The Council's overall average performance on its cash investments exceeded its LIBID benchmark in all periods.

2.7.7 The investments held with the Churches, Charities and Local Authorities (CCLA) property fund generated £0.622m of income with an average return in year of 4.44%. Furthermore, the Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during 2020/21.

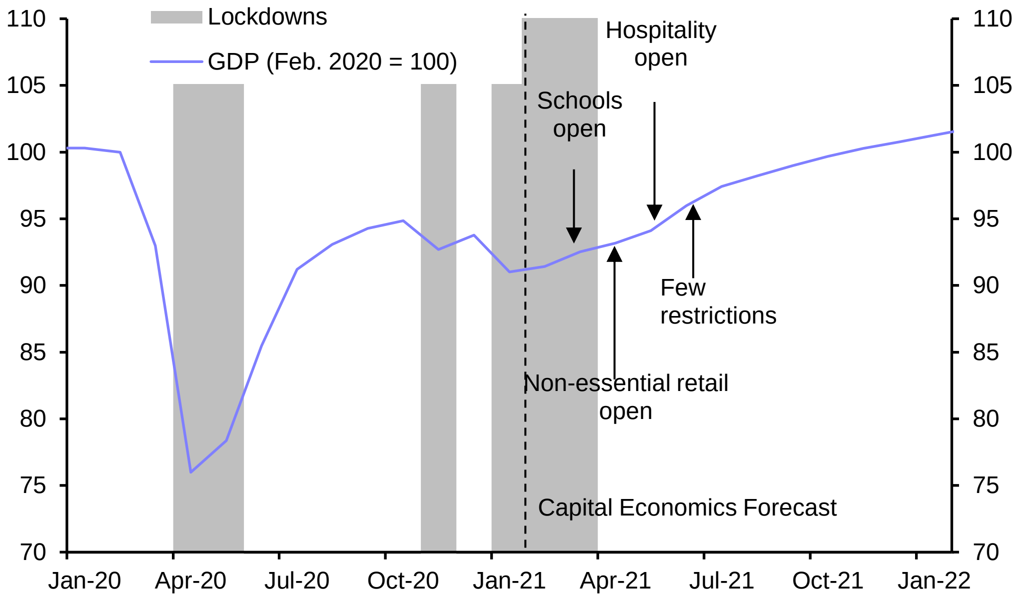
2.8 The Economy and Interest Rates

UK – Coronavirus

2.8.1 The financial year 2020/21 will go down in history as being the year of the pandemic. The first national lockdown beginning in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one.

2.8.2 The advent of vaccines starting in November 2020, were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy.

2.8.3 In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022 as illustrated in the table below.



2.8.4 Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

2.8.5 The Monetary Policy Committee cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing (QE) (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC then increased QE by £100bn in June and by £150bn in November to a total of £895bn.

2.8.6 While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

2.8.7 Average inflation targeting was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and ***achieving the 2% target sustainably***". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.

2.8.8 This sets a high bar for raising Bank Rate and no increase is expected until March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern to the MPC.

Government support.

2.8.9 The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures, and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit increasing in 2020/21 and 2021/22 so that the Debt to Gross Domestic Product (GDP) ratio reaches around 100%.

2.8.10 The Budget on 3 March 2021 increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the Government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%.

2.8.11 An area of concern, though, is that the Government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

Brexit

2.8.12 The final agreement on 24 December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis.

2.8.13 There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

USA

2.8.14 The US economy did not suffer as much damage as the UK economy due to the pandemic. The Democrats won the presidential election in November 2020 and have control of both Congress and the Senate, although power is more limited in the latter. This enabled the Democrats to pass a $1.9trn (8.8% of GDP) stimulus package in March on top of the $900bn fiscal stimulus deal passed by Congress in late December. These, together with the vaccine rollout proceeding swiftly to hit the target of giving a first jab to over half of the population within the President's first 100 days, will promote a rapid easing of restrictions and strong economic recovery during 2021. The Democrats are also planning to pass a $2trn fiscal stimulus package aimed at renewing infrastructure over the next decade. Although this package is longer-term, if passed, it would also help economic recovery in the near-term.

2.8.15 After Chair Jerome Powell spoke on the US Federal Reserve (**Fed) adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed a new inflation target - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan.

2.8.16 It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting.

2.8.17 There is now some expectation that where the Fed has led in changing its policy towards implementing its inflation and full employment mandate, other major central banks will follow, as indeed the Bank of England has done so already. The Fed expects strong economic growth during 2021 to have only a transitory impact on inflation, which explains why the majority of Fed officials project US interest rates to remain near-zero through to the end of 2023.

2.8.18 The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping treasury yields at historically low levels.

2.8.19 However, financial markets in 2021 have been concerned that the sheer amount of fiscal stimulus, on top of highly accommodative monetary policy, could be over-kill leading to a rapid elimination of spare capacity in the economy and generating higher inflation much quicker than the Fed expects.

2.8.20 They have also been concerned as to how and when the Fed will eventually wind down its programme of monthly QE purchases of treasuries. These concerns have pushed treasury yields sharply up in the US in 2021 and is likely to have also exerted some upward pressure on gilt yields in the UK.

Eurozone (EZ)

2.8.21 Both the roll out and take up of vaccines has been disappointingly slow in the EU in 2021, at a time when many countries are experiencing a sharp rise in cases which are threatening to overwhelm hospitals in some major countries; this has led to renewed severe restrictions or lockdowns during March.

2.8.22 This will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 of 2020 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

2.8.23 Inflation was well under 2% during 2020/21. The ECB did not cut its main rate of -0.5% further into negative territory during 2020/21. It embarked on a major expansion of its QE operations - the Pandemic Emergency Purchase Programme (PEPP) in March 2020 and added further to that in its December 2020 meeting when it also greatly expanded its programme of providing cheap loans to banks. The total PEPP scheme of €1,850bn is providing protection to the sovereign bond yields of weaker countries like Italy. There is, therefore, unlikely to be a euro crisis while the European Central Bank (ECB) is able to maintain this level of support.

China

2.8.24 After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth.

Japan

2.8.25 Three rounds of government fiscal support in 2020 together with Japan's relative success in containing the virus without draconian measures so far, and the roll out of vaccines gathering momentum in 2021, should help to ensure a strong recovery in 2021 and to get back to pre-virus levels by Q3.

World Growth

2.8.26 World growth was in recession in 2020. Inflation is unlikely to be a problem in most countries for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Deglobalisation

2.8.27 Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation.

2.8.28 However, the rise of China as an economic superpower over the last 30 years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. In March 2021, western democracies implemented limited sanctions against a few officials in charge of government policy on the Uighurs in Xinjiang; this led to a much bigger retaliation by China and is likely to mean that the China / EU investment deal then being negotiated, will not proceed.

2.8.29 After the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products and vice versa. This is likely to reduce world growth rates.

Central banks' monetary policy.

2.8.30 During the pandemic, the Governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total Government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth.

2.8.31 This provides Governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

3 **Options/Alternatives**

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

4 **Preferred Option**

4.1 The preferred option is that the contents of the report are agreed and recommended to Council for approval.

5 **Consultation**

5.1 There has been consultation with Link Asset Services, Treasury Management Advisors.

5.2 The presentation of the Treasury Management Review 2020/21 to the Audit Committee for detailed scrutiny on 29 June 2021 was in compliance with the requirements of the CIPFA Code of Practice. The report is now presented to Cabinet for approval and for commending to Council for its approval.

6 **Financial Implications**

6.1 All included in the report.

7 **Legal Services Comments**

7.1 None

8 **Cooperative Agenda**

8.1 The treasury management strategy embraces the Council's cooperative agenda. The Council will develop its investment framework to ensure it complements the cooperative ethos of the Council.

9 **Human Resources Comments**

9.1 None

10 **Risk Assessments**

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

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 None

14 **Environmental and Health & Safety Implications**

14.1 None

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

15.1 None

16 **Equality Impact Assessment Completed**

16.1 No

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 TBC

19 **Background Papers**

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

File Ref:	Background papers are provided in Appendices 1 and 2
Officer Name:	Lee Walsh
Contact No:	0161 770 6608

20 **Appendices**

Appendix 1 Prudential and Treasury Management Indicators
Appendix 2 Graphs

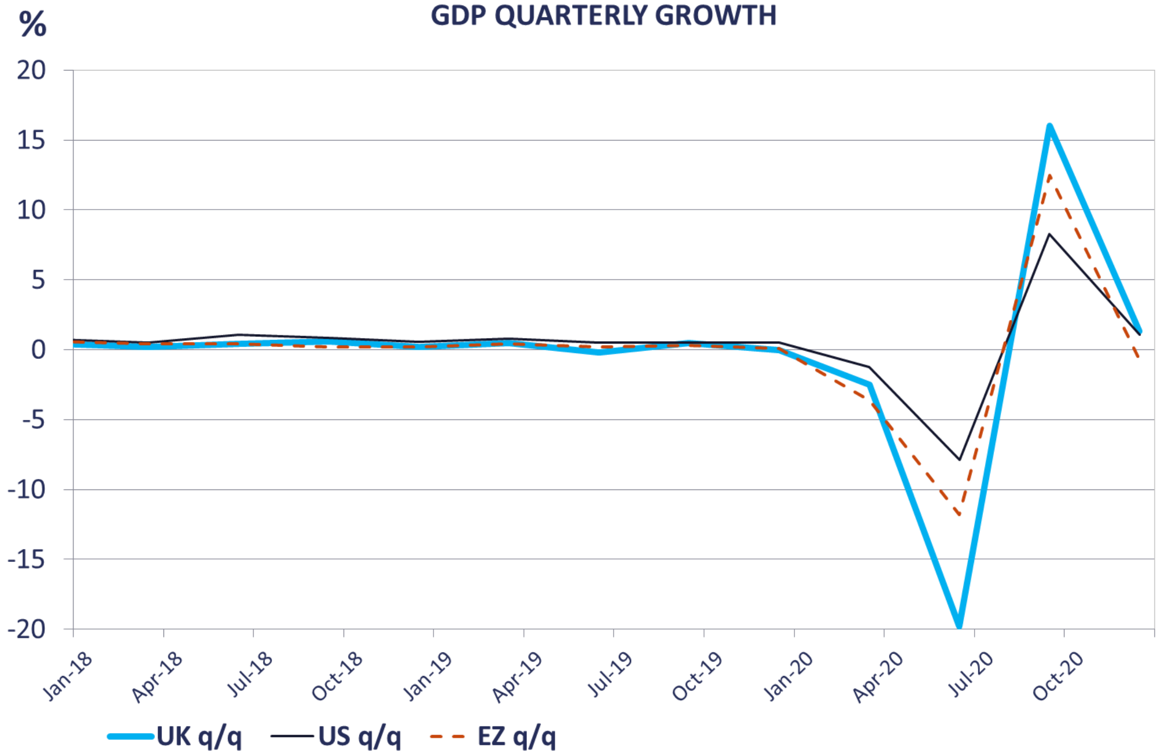
Appendix 1: Prudential and Treasury Indicators

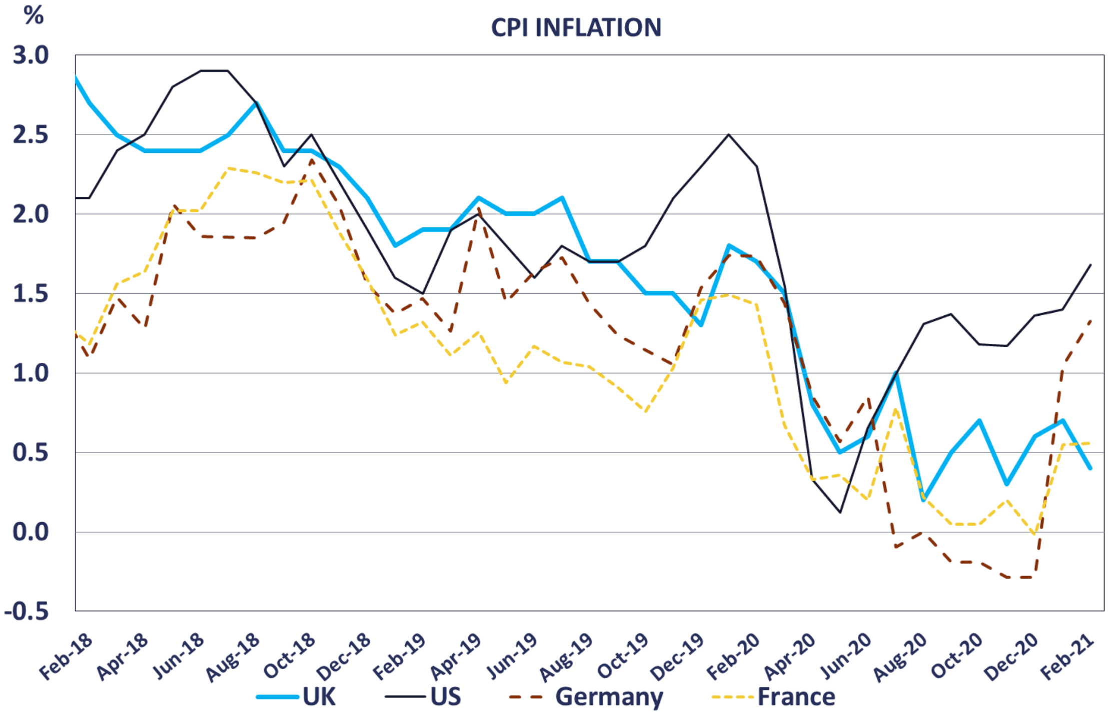
TABLE 1: Prudential indicators	2019/20	2020/21	2020/21	2020/21
	Outturn	Original	Revised	Outturn
Capital Expenditure				
Non – HRA	52,249	142,094	76,061	68,830
HRA	2,134	5,538	4,952	4,397
TOTAL	54,383	147,632	81,013	73,227
Ratio of financing costs to net revenue stream				
Non – HRA	13.41%	14.02%	14.02%	12.39%
In year Capital Financing Requirement				
Non – HRA	(21,503)	94,865	32,558	19,336
TOTAL	(21,503)	94,865	32,558	19,336
Capital Financing Requirement as at 31 March	472,377	567,242	504,935	491,713

TABLE 2: Treasury management indicators	2019/20	2020/21	2020/21	2020/21
	Outturn	Original Budget	Revised	Outturn
Authorised Limit for external debt				
Borrowing	272,000	372,000	308,000	308,000
Other long term liabilities	240,000	229,500	229,500	229,500
TOTAL	**512,000**	**601,500**	**537,500**	**537,500**
Operational Boundary for external debt -				
Borrowing	260,000	350,000	288,000	288,000
Other long term liabilities	235,000	224,500	224,500	224,500
TOTAL	**495,000**	**574,500**	**512,500**	**512,500**
Actual external debt	403,710			397,248
Upper limit for total principal sums invested for over 364 days	50,000	50,000	50,000	50,000

Maturity structure of fixed rate borrowing during 2020/21	Upper Limit	Lower Limit	Actual
Under 12 months	40%	0%	32%
12 months and within 24 months	40%	0%	10%
24 months and within 5 years	40%	0%	13%
5 years and within 10 years	40%	0%	4%
10 years and above	50%	0%	40%

Appendix 2 Graphs

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CPI INFLATION
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Jun-20
Aug-20
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Dec-20
Feb-21
UK
US
Germany
France

Report to CABINET – Part A

Towns Fund Grant Acceptance

Portfolio Holders:

Councilor Arooj Shah, Leader of the Council and Portfolio Holder for Economic and Social Reform

Councilor Abdul Jabbar, Deputy Leader of the Council and Portfolio Holder for Finance and Low Carbon

SRO: Helen Lockwood, Deputy Chief Executive – People and Place

Officer Contact: Emma Barton, Director of Economy

Report Author: Roger Frith, Head of Regeneration and Development
Ext. 4120

23rd August 2021

Reason for Decision

Cabinet Members are asked to note the £24.4m Towns Fund capital grant allocation following confirmation of award the Ministry of Housing, Communities and Local Government (MHCLG) in June 2021. Four projects from the submission were selected by MHCLG for progression and financial support from the Towns Fund, and with both political approval and approval of the Oldham Town Deal Board, the four projects were allocated an equal share of the allocation:

- £6.134m for Tommyfield Market,
- £6.133m for Making Space for Live Performance
- £6.133m for and Northern Roots, and
- £6.0m for the Flexible Workspace (the maximum allocation permitted in the grant offer letter).

A further report which outlines the full details of the grant award – will be considered under Part B of the agenda.

Recommendations

Cabinet is asked to note the contents of the report.

Report on Towns Fund Grant Acceptance

1 Background

1.1 In December 2020, Oldham Council ('the Council') submitted a Town Investment Plan (TIP) requesting a Town Deal worth £41m for five projects in Oldham Town Centre. The development of this document was overseen by partners on the Oldham Town Deal Board ('the Board'). In a press release dated 7th June 2021, the Government announced that Oldham had secured £24.4m from the Towns Fund. The Heads of Terms document that followed on 8th June 2021 is appended to the part b report, confirming four of the five projects within the funding envelope being offered:

i) **Relocating Tommyfield Market** from its existing site into Spindles Town Square Shopping Centre: funding will facilitate the relocation of traders into the shopping centre as part of wider efforts to deliver the Oldham Town Centre Vision.

ii) **Making Space for Live Performance:** this project will provide a new flexible performance space in the town centre for use by local arts and culture providers including Oldham Coliseum Theatre. Based within a redeveloped Old Post Office and former Quaker Meeting House at 84 Union Street, which will both be retained as part of the project, it will provide additional creative arts and performance spaces that meet modern requirements. It will play a significant role in post-Covid-19 recovery.

iii) **Flexible Workspace:** like the relocation of Tommyfield Market, the introduction of the town centre's first Grade A office accommodation to Spindles Town Square Shopping Centre will diversify the space into a thriving economic and social hub with increased levels of footfall. The contemporary office space will appeal to new entrepreneurs and growing sectors like creative design and media, to deliver new jobs for local people and replicate successes elsewhere in Greater Manchester.

iv) **Northern Roots:** the UK's largest urban farm and eco-park. This nationally significant project will create 160 acres of high-quality green space and environment enhancement for community use, a short stroll from Oldham town centre. Funding will support the cost of enabling works and access routes and the construction of key infrastructure including the visitor centre, education centre, market garden and mountain biking hub

1.2 Bid assessors declined support for a fifth project: a minewater heat network to convert water from flooded coal mines into energy to create an environmentally friendly power source for Oldham Town Centre. The assessors felt the project offered limited alignment with the intervention framework and the objectives of the Towns Fund. They cited limited links to 'remediation and/or development of abandoned or dilapidated sites' due to the development being underground and to 'skills infrastructure'. They also stated that the high-level delivery plan did not provide confidence that a project of that scale and/or complexity could be delivered as planned and commented that the benefits accrued from the investment were contingent on the feasibility exercise being successful. Alternative funding sources for the project in support of the Green New Deal sustainability goals are being explored with the Department for Business, Energy and Industrial Strategy (BEIS).

1.3 The £24.4m grant funding for the four approved projects is subject to successfully completing Phase 2 of the Towns Fund process comprising detailed project development and business case assurance at the local level; the funding offer is subject to Government approval of project (full) business cases to be developed over 12 months from receipt of Heads of Terms in June 2021. The grant will be approximately 90% capital and will need to be contractually committed by March 2026.

1.4 The Town Deal will represent the agreement in principle between Government, the Council and the Board, confirmed in a Heads of Terms document. It will set out a vision and strategy for the town, and what each party agrees to do to achieve this vision. The document will be signed by the Secretary of State for Housing, Communities and Local Government on behalf of Government. The other signatories will be the Council Chief Executive or Council Leader, and the Board Chair.

2 Current Position

2.1 Excluding the Minewater Heat Network, the grant award of £24.4m is £12.6m lower than the bid for the four supported projects (£37m).

2.2 It is therefore proposed that the four projects were allocated an equal share of the grant allocation:

- £6.134m for Tommyfield Market,
- £6.133m for Making Space for Live Performance
- £6.133m for and Northern Roots, and
- £6.0m for the Flexible Workspace (the maximum allocation permitted in the grant offer letter).

3 Options/Alternatives

3.1 Option 1: do nothing. Do not accept the grant award. This would have major implications for delivery of the projects to original timescales and budgets and, therefore, the achievement of regeneration ambitions and objectives.

3.2 Option 2: Formally accept the Town Fund award allocation for £24.4m and share equally (as set out in this report and in alignment with maximum award values) amongst the four projects identified.

4 Preferred Option

4.1 Option 2 is the preferred option to help ensure delivery of the projects to original timescales and budgets and, therefore, the achievement of regeneration ambitions and objectives.

5 Consultation

5.1 At a meeting on 28th June 2021, the Oldham Town Deal Board voted unanimously to accept the £24.4m Towns Fund grant award and to return signed Heads of Terms to MHCLG by 29th June 2021.

5.2 Consultation and engagement work has taken place over the last two years with stakeholders, partners, Council teams and services, elected members, public sector organisations and different voices from our local communities to help clearly define regeneration ambitions, and to ensure that the projects referenced in this report align with local priorities, ideas and suggestions.

5.3 There will be more community engagement taking place now that the Government have confirmed the next step in the recovery roadmap: this will allow Oldham's local communities to continue to shape, steer and co-design the next stages of the developments.

5.4 Specific detailed project consultation will take place at the applicable time in conjunction with standard practice for project development / planning application considerations.

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6 Financial Implications

6.1 Financial implications are covered in Part B of the report

7 Legal Services Comments

7.1 Legal implications are covered in Part B of the report.

8 Co-operative Agenda

8.1 The acceptance of the Towns Fund grant award to deliver four projects in Oldham town centre supports the Co-operative Agenda by achieving outcomes that contribute to making Oldham a place to invest and do business, and a regenerated town which grows the business base to ensure our local residents and communities can thrive via access to new jobs and training opportunities.

(Roger Frith, Head of Regeneration and Development)

9 Human Resources Comments

9.1 N/A

10 Risk Assessments

10.1 As set out in Part B of the report.

11 IT Implications

11.1 N/A

12 Property Implications

12.1 Property implications are covered in Part B of the report.

13 Procurement Implications

13.1 Procurement implications are covered in Part B of the report.

14 Environmental and Health & Safety Implications

14.1 None at the present time

15 Equality, Community Cohesion and Crime Implications

15.1 None

16 Implications for Children and Young People

16.1 None

17 Equality Impact Assessment Completed?

17.1 Not at this stage of the projects

18 **Key Decision**

18.1 No

19 **Key Decision Reference**

19.1 N/A

20 **Background Papers**

20.1 None

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

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