

POLICY OVERVIEW AND SCRUTINY COMMITTEE
27/01/2022 at 6.00 pm



Present: Councillor McLaren (Chair)
Councillors Alyas, Brownridge, Hobin, K Phythian, Surjan and Williamson

Also in Attendance:

Shoab Akhtar	Cabinet Member for Employment & Enterprise
Amanda Chadderton	Deputy Leader and Cabinet Member for Neighbourhoods
Zahid Chauhan OBE	Cabinet Member for Health & Social Care
Elaine Devaney	Director of Children's Social Care
Paul Entwistle	Director of Legal Services
Lewis Greenwood	Head of Executive Services
Abdul Jabbar MBE	Deputy Leader and Cabinet Member for Finance & Low Carbon
John Lamb	Director of Environmental Services
Richard Lynch	Director for Education
Kaidy McCann	Constitutional Services
Shaid Mushtaq	Cabinet Member for Education & Skills
Hannah Roberts	Cabinet Member for Housing
Anne Ryans	Director of Finance
Arooj Shah	Leader of the Council and Cabinet Member for Economic & Social Reform
Mark Stenson	Assistant Director of Finance
Katrina Stephens	Director of Public Health
Julia Veall	Director of Workforce and Organisational Design

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Curley.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

5 **MONTH 8 REVENUE MONITOR REPORT**

Consideration was given to a report of the Director of Finance which provided an update on the Council's 2021/22 forecast revenue budget position and the financial position of the capital

programme as at 30 November 2021 (Month 8), together with the revised capital programme 2021/22 to 2025/26.

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



In relation to the Revenue position, Members were informed that the current forecast outturn position for 2021/22 was a projected surplus variance of £2.672m after allowing for approved and pending transfers to and from reserves.

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

The pandemic had continued to affect nearly all aspects of Council service delivery; however, the most significant areas of concern were the People and Place, Children's Services and Community Health & Adult Social Care Portfolios. Action was being taken and would continue for the remainder of the financial year to address variances and take mitigating action as detailed in the report.

Members were informed that the overall corporate position was partly being offset by the application of the £7.737m general COVID support grant and £0.352m from the Quarter 1 compensation claim for lost income in relation to sales fees and charges (SFC); in total £8.089m, all of which was received from the Department for Levelling Up, Housing and Communities (DLUHC). In Appendix 1 to the report, the un-ringfenced Government support was presented as a single sum so that it highlighted the level of variation across all Council budgets, given that there was still insufficient resource to fully offset the adverse COVID related variance. However, the summary report presented the position after applying the Government grant across Portfolio areas.

An update detailing the major issues driving the projections was contained within Annex 1, Section 2.

Section 4 of the report advised the Committee of the grants that the Council had received. There had been a number of developments particularly in relation to support for businesses and to provide additional support for the Council. Further grant funding and external contributions were expected, as a result, both the overall financial position and the application of Government grant would change during the remainder of the financial year.

Information on the latest position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report. There were currently no

significant issues of concern in relation to the HRA, however the Collection Fund was forecasting an overall deficit of £8.074m with the Council's allocation being £7.741m. Grants received in lieu of Business Rates relating to the provision of Extended Retail Relief would be carried forward into 2022/23 to offset the Business Rates deficit. Current estimates were that those Grants would total approximately £9.045m. This would allow an estimated £1.304m surplus to be used to support the 2022/23 budget. The DSG continued to be an area which was facing a financial challenge with a revised, projected deficit of £3.029m at the end of the current financial year. Action was being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. The projection was that the DSG would be in surplus by 2023/24.

In relation to the Capital position, the report outlined 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 was £52.558m at the close of Month 8. Actual expenditure to 30 November 2021 was £23.801m (45.29% of the forecast outturn).

Members noted that the most recent projection would continue to change before the year end with additional reprofiling into future years.

RESOLVED that the following be accepted and commended to Cabinet, the :

1. Forecast revenue outturn for 2021/22 at month 8 being a £2.672m surplus variance.
2. Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund
3. Use of reserves as detailed in Appendix 1 to Annex 1
4. Revised capital programme for 2021/22 to 2025/26 at Month 8 as presented in Annex 2.

6

REVENUE BUDGET REPORT 2022/23

Consideration was given to a report of the Director of Finance which provided the Committee with the forecast budget reduction requirement and the Administration's budget proposals for 2022/23 having regard to the Provisional Local Government Finance Settlement published on 16 December 2021.

The report presented the Council's Revenue Budget for 2022/23 including the Administration's revenue budget proposals for 2022/23. The report advised Members of the key policies and strategies that influenced the budget process, the initial budget reduction requirement for 2022/23, how that had been adjusted to arrive at a revised budget reduction requirement and then the means by which the budget is balanced.

Members were informed that, based on the latest estimates, the budget reduction requirement for 2022/23 has decreased from

the previously reported figure of £31.900m to £24.781m, increasing to £33.826m after the technical adjustment for the Collection Fund deficit of £9.045m.



The report detailed the Administration's budget reduction proposals. There were a total of 53 proposals expected to deliver savings of £6.268m and had an FTE impact of 22.6. The proposals also had an impact on 2023/24 of £1.895m and 2024/25 of £1.150m. Two of the proposals require investment of £0.405m in 2022/23 to deliver savings in 2023/24, these were:

- ASC-BR1-548: Smarter Ways of Working £0.095m
- ASC-BR1-552: Review Care and Support Plans - £0.310m

Assuming approval of the 2022/23 budget reduction proposals, and those from 2021/22 with a revised value, the budget reduction requirement for 2022/23 reduced to £22.091m, which would be addressed by the flexible use of capital receipts and the use of reserves.

The Committee examined the budget reduction proposals.

The Leader of the Council and Cabinet Member for Economic and Social Reform and the Head of Executive Services were in attendance to introduce the following proposals:-

CEX-BR1-513 Review of Executive Support Service
CEX-BR1-514 Chief Executive Management
PPL-BR1-501 Creating a Better Place - Income Generation

Members were informed that although presented as savings the proposals were due to cuts in Government funding.

Members asked for and received clarification on the following:-

- Would there still be capacity in the teams to deliver services with the adjustment to FTE's – Members were advised that capacity was always an issue however, using different ways of working can enable service standards to be maintained.

The Deputy Leader and Cabinet Member for Neighbourhoods and the Director of Environmental Services were in attendance to introduce the following proposals:-

REF-BR1-519 Electric Cars
REF-BR1-520 Reduction of FTE in Community Safety Services
PPL-BR1-502 Additional Income Generation from new Flexi Parking Permit
PPL-BR1-506 Cemetery and Cremations
PPL-BR1-507 Highways and Highways Unity
PPL-BR1-508 Increase External Customer Base - Trade Waste
PPL-BR1-509 Increase Trade Fees and Charges - Trade Waste
PPL-BR1-510 Public Protection Restructures-Environmental Health & First Response

Members asked for and received clarification on the following:-

- Would there be any impact of the budget adjustment on the removal of Ash Dieback - Members were informed

that the budget reduction would have no impact on the current service. There was also no proposal to change the funding for Japanese Knotweed removal.



The Cabinet Member for Health and Social Care, the Managing Director, Community Health and Social Care Services (DASS) and the Director of Public Health were in attendance to introduce the following proposals:-

ASC-BR1-548 Smarter Ways of Working
ASC-BR1-549 Income Maximisation for Adult Social Care
ASC-BR1-550 CHASC Other - General Operational
ASC-BR1-551 Core Management Fee Reduction - Miocare Group
ASC-BR1-552 Review Care and Support Plans
ASC-BR1-553 Increasing Community Enablement Throughput
ASC-BR1-554 Learning Disability Consultant Psychiatrist
ASC-BR1-555 Supported Living Voids Budget
ASC-BR1-556 Housing Related Support (Short Term Supported Housing)
REF-BR1-521 Smoking in Pregnancy Midwife
REF-BR1-522 Medicines Management
REF-BR1-523 NHS Health Checks EMIS Contract
REF-BR1-524 Sexual Health – Various
REF-BR1-525 Public Health Staffing
REF-BR1-526 Get Oldham Growing

Members asked for and received clarification of the following:-

- Was the Authority paying more for Care Plans than needed – it was noted that those with Care Plans may be given more hours than needed due to the profile of the population. The annual reviews would identify those that need more/less care. Demand for the service had increased 19% in the last 2 years and currently the waiting list was the longest it had ever been with over 400 people awaiting a Care Plan.
- Was there a chance for Get Oldham Growing to merge with the Northern Roots project.- Members felt that the project had done fantastic work and was not just about growing. Removing the post could cause a disproportionate impact on people on low income. In this regard the Committee expressed concern about this proposal and it was agreed to request Cabinet to consider, given the impact this budget reduction would have, that this budget reduction would not proceed.

The Cabinet Member for Education and Skills, the Director of Education, Skills & Early Years and the Director of Public Health were in attendance to introduce the following proposals:-

REF-BR1-527 Oldham Music Service - Fees & Charges
REF-BR1-528 Oldham Theatre Workshop - Fees & Charges
CHS-BR1-532 Income Generation - Educational Psychologists / QEST

CHS-BR1-534 Virtual School Team Manager - Pupil Premium Plus
CHS-BR1-535 Governor Services - Reduce Expenditure
CHS-BR1-536 Oldham Learning Reduce De-delegated Funding
CHS-BR1-537 General (non-staffing) Expenditure



Members asked for and received clarification of the following:-

- Had the schools been informed about the music service – it was noted that informal conversations had been had with schools. In increase was in line with previous years and schools value the service. It was accepted that some schools did struggle however Members were advised that school budgets would increase for 2022/23 as additional grant resources had been allocated by Government.

The Cabinet Member for Housing and the Director of Environmental Services were in attendance to introduce the following proposals:-

PPL-BR1-511 Public Protection Restructures - Building Control
PPL-BR1-503 Planning Income Fees

Members asked for and received clarification of the following:-

- Was there an opportunity to increase the income target again in the following year – due to the volume of applications it was felt with confidence that the income targets would be reached and the target could be increased further for the following year.
- Could Building Control be a niche market for apprenticeships – it was noted that this could be looked into by the team. It was a high demand area and junior Officers had the ability to work up to more senior roles.

The Cabinet Member for Employment and Enterprise was in attendance to introduce the proposal on which the Committee had no questions:-

PPL-BR1-504 Visit Oldham, Training Budget and Oldham Enterprise Trust

The Cabinet Member for Finance and Low Carbon on behalf of the Cabinet Member for Corporate Services, the Director of Workforce and Organisational Design and the Director of Legal were in attendance to introduce the following proposals:-

REF-BR1-529 Human Resources & Organisational Development
REF-BR1-530 Transformation & Reform - Vacant Posts Deletion
CEX-BR1-515 Elections

Members asked about the impact of not continuing to the GM elections initiative – Members were advised that the initiative had ceased and funding was therefore available for other purposes.

The Cabinet Member for Finance and Low Carbon on behalf of the Cabinet Member for Children and Young People and the Director of Education were in attendance to introduce the following proposals:-



CHS-BR1-538 Early Years Staffing Reduction
CHS-BR1-539 Delete Post - Designated Missing From Home
CHS-BR1-540 Reduce FTE of Children with Disabilities (CWD) Team
CHS-BR1-541 Delete Post - Corporate Parenting Manager
CHS-BR1-542 Delete 2 Social Workers from the Adoption Service
CHS-BR1-543 Delete Post - Social Worker in Permanence
CHS-BR1-544 Autism Youth Club
CHS-BR1-545 Do not renew MOMO
CHS-BR1-547 Savings on Targeted Youth Lot 3

Members asked for and received clarification of the following:-

- Adoption posts – it was noted that the posts had been vacant for some time and the service had been managing effectively.
- Autism Youth Club and parents view – it was noted that having listened to service user comments, a flexible provision that was personalised was needed. Other alternatives would be commissioned dependent on need.

The Deputy Leader and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:-

CEX-BR1-516 Finance Service
CEX-BR1-517 Finance Service - Unity Contract
CEX-BR1-518 Treasury Management
PPL-BR1-505 Corporate Landlord and Facilities Management
PPL-BR1-512 Information and Communications Technology (ICT)

Members asked for and received clarification of the following:-

- Was the Hardship Fund being used in full – it was noted that the provision was available and was there for those with the need.

RESOLVED that the Policy Overview and Scrutiny Committee accepted and commended the following to Cabinet:

1. The policy landscape and context in which the Council is setting its revenue budget for 2022/23;
2. The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
3. A proposed 2022/23 Council Tax increase of 3.99% for Oldham Council services (1.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges set out at Table 19 of the report;
4. The financial forecasts for 2022/23 having regard to the Provisional Local Government Finance Settlement and

associated funding announcements, an overall budget reduction requirement of £33.826m;

5. A revision to the Budget Reduction proposals approved for 2022/23 at the Budget Council of 4 March 2021 to a value of £5.467m;
6. The Flexible Use of Capital Receipts at a value of £2.500m;
7. The proposed use of £20.951m of reserves to balance the 2022/23 budget including £0.405m to support the delivery of budget reductions for 2023/24 and a transfer to reserves of £1.360m for Retained Business Rates;
8. The proposal to draw on the Collection Fund for major preceptors of £120.698m for Borough Wide services and £102.932m for Council services (subject to confirmation);
9. The proposed net revenue expenditure budget for 2022/23 for the Council set at £258.588m;
10. The proposed fees and charges as set out in the schedule included at Appendix 7;
11. The draft pay policy statement included at Appendix 8.

With regard to the 53 recurrent 2022/23 Budget Reduction proposals at a value of £6.268m with a further £1.895m for 2023/24 and £1.150m for 2024/25, the Committee commended 52 of the proposals to Cabinet. It however requested that Cabinet considered its approach to the 2022/23 proposal, REF-BR1-526 Get Oldham Growing at a value of £0.062m, with a view to withdrawing the proposal, given the impact that it would have.

7

MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2026/27

Consideration was given to a report of the Director of Finance which provided the Committee with the forecast budget reduction requirement estimates for the period 2022/23 to 2026/27 having regard to the three-year Indicative Spending Review published on 27 October 2021, key Government Policy Documents (such as the two White Paper on the future of Adult Social Care entitled Building Back Better and People at the Heart of Social Care) and the Provisional Local Government Finance Settlement published on 16 December 2021.

This report set out the Council's Medium Term Financial Strategy (MTFS) for the period 2022/23 to 2026/27. The report advised Members of the key financial challenges and issues which would be faced by the Council over the forecast period and set out the estimated budget reduction requirement for the period 2022/23 to 2026/27.

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

It also advised of the national policy landscape and economic context in which the Council was setting its revenue budget for 2022/23 and Medium Term Financial Strategy to 2026/27.



Members noted that, as the Government had only provided certainty in a one-year settlement for the financial year 2022/23 and an indicative settlement as per the Spending Review for a further two years. The MTFS estimates for 2023/24 to 2026/27 were based on a series of assumptions and therefore must be considered indicative only. This had generated significant uncertainty and hindered effective planning by the Council both financially and operationally, as future Government funding intentions such as those planned in the Levelling Up Agenda were difficult to assess. This position, together with the transformational and organisational plans for change that the Council would implement to address the financial challenge, were outlined in Section 11 of the report.

The MTFS highlighted the plan to deliver significant savings from 2023/24 onwards. Whilst it was anticipated that the Council would continue to rely on the use of reserves to support the revenue budget in 2023/24 and 2024/25 at a value of £9.932m, additional budget reductions were expected to be achieved as part of the Council's transformation programme. The 2022/23 budget reductions had implications for future financial years, with savings of £6.817m in 2023/24, £41.450m in 2024/25 and a further £0.303m in the financial year 2025/26.

Having allowed for the use of reserves and already assumed budget reductions, the targets to be addressed were £17.427m for 2023/24, £8.087m for 2024/25, £8.574m for 2025/26 and £6.142m for 2026/27.

The Council's approach to balancing its budget was the transformation programme based upon the Delivering a Sustainable Future (DaSF) concept. The themes of the DaSF were as followed:

- Enablers for Transformation
- Placed Based Integration/ Communities
- Children's Transformation Programme
- Adult Social Care Transformation Programme including Health and Care Integration
- Economy and Public Realm (including the Creating a Better Place Strategy)

In addition, there were a range of Cross Cutting initiatives that had been identified that would complement the transformational programmes indicative targets had been assigned although there had to be some flexibility given the uncertainty that underpinned financial planning for the future years.

Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2022/23, there would be a regular review of the progress of existing change programmes against the delivery milestones

and financial targets. It would also ensure that there was continuous emphasis on the delivery of change and the achievement of the budget reductions required in line with the five-year strategy.

RESOLVED that the Policy Overview and Scrutiny Committee considered, accepted and commended to Cabinet, the following:

1. The policy landscape and economic context in which the Council is setting its Medium Term Financial Strategy to 2026/27;
2. The impact of Oldham Council Policies and Strategies on the Council's budget setting process and the development of its Medium Term Financial Strategy;
3. The financial forecasts for 2022/23 to 2026/27 having regard to the Provisional Local Government Finance Settlement, three-year indicative Spending Review, key White Papers and associated funding announcements;
4. The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
5. The proposed use of £6.000m of reserves to support the 2023/24 budget and £3.932m of reserves to support the 2024/25 budget; and
6. The revised estimated budget reduction targets of £17.427m for 2023/24, £8.087m for 2024/25, £8.574m for 2025/26, and £6.142m for 2026/27 after the use of reserves (as at recommendation 5) and the impact of budget reductions agreed for 2021/22 and 2022/23.

8

COUNCIL TAX REDUCTION SCHEME 2022/23

Consideration was given to a report of the Director of Finance which presented the proposed Council Tax Reduction Scheme for 2022/23.

Members were informed that there was a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualified for assistance in paying Council Tax. The Local Government Finance Act 2012 placed a requirement that each year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2022/23 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2022. For Oldham, this required the Council to agree a revised 2022/23 scheme at the 2 March 2022 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors, such as the Greater Manchester Combined Authority, and the public.

The current scheme limited the maximum CTR award to 85% of Council Tax for a Band A property. The scheme was understood and established in Oldham. This scheme required a minimum payment towards Council Tax for all those of working age. Oldham's scheme required a minimum payment of 15% of a Band A Council Tax charge.

The number of CTR claimants of working age had increased during the COVID-19 pandemic and this impacted on the level of Council Tax that could be collected by reducing the Council Tax Tax Base. The impact of the increase in claimants, taking the April 2020 working age CTR claimant numbers compared with claimant numbers in December 2021, had reduced the 2021/22 Tax Base by an estimated 307 Band D equivalents which equated to approximately £0.626m in foregone Council Tax Income (of which the Councils share was £0.531m). However, by December 2021, the Tax Base had seen some recovery so the full impact in cash terms over the period from April 2020 was much higher.

The furlough scheme (Coronavirus Job Retention Scheme) concluded on 30 September 2021 as did the fifth grant under the Self-Employed Income Support scheme and the Universal Credit £20 uplift. Self-employed recipients of Universal Credit were not subject to the minimum income floor during the pandemic, but this was re-instated (with some exceptions) from 31 July 2021. The effects of the phasing out of those schemes that had provided financial help for residents, along with the ongoing impacts of the pandemic in shifting the demand for support under CTR scheme and the ability of residents to pay over the remainder of 2021/22 and into 2022/23 was difficult to estimate, and the full economic impact was uncertain.

Having regard to all relevant information, Members were recommended to maintain the current Council Tax Reduction scheme in 2021/22, being mindful of the aim of ensuring continuity about entitlement to those residents on the lowest incomes.

RESOLVED that the Council Tax reduction Scheme be unchanged in 2022/23 and therefore commended to Cabinet.

9

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2022/23 TO 2026/27

Consideration was given to a report of the Director of Finance which set out the Capital Strategy for 2022/23 to 2026/27 and thereby the proposed 2022/23 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2023/24 to 2026/27, having regard to the resources available over the life of the programme.

The Council's Capital Strategy and capital programme were set over a five-year timeframe. The proposed Capital Strategy and programme for 2022/23 to 2026/27 took the essential elements of the 2021/22 to 2025/26 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2022/23.

The Strategy included a longer-term vision, a forward look at those projects that were likely to run beyond the five-year strategy and programme period or be initiated subsequently.

This covered a timeframe for the 10 years from 2027/28 to 2036/37.



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

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

The Capital Strategy was presented at Appendix 1. It was prepared in 15 sections and ensured that all Members were presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

The Strategy is aligned with the Creating a Better Place programme which is focused on building more homes for the borough's residents, creating new jobs through regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. This also incorporates the Medium-Term Property Strategy and Housing Strategy and aims to deliver its ambition in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.

The Capital Strategy section (section 1) highlighted the impact of COVID-19 pandemic on programme delivery, summarised the recently announced revisions to Prudential and Treasury Management Codes of Practice and described how the Capital Strategy was shaped by the ethos of being a Co-operative Council, the Corporate Plan and COVID-19 Recovery Strategy. The section of the report also described more fully the Creating a Better Place programme (encompassing the Medium-Term Property Strategy and Housing Strategy) which accounted for around 2/3rds of planned Capital Expenditure over the five-year period 2022/23 to 2026/27.

The National Infrastructure Strategy (NIS) published alongside the Chancellor's 2020 Spending Review had, in the last year, overseen the launch of the UK Infrastructure Bank. It had confirmed a further 15 Towns Deals worth £335 million (including Oldham's worth £24.4m) to revitalise towns across England; and provided £1.2 billion up to 2024/25 for gigabit broadband rollout across the UK.

The Council would aim to access the maximum level of NIS resources to support projects in Oldham and the wider Greater Manchester region, working with the Greater Manchester Combined Authority (GMCA) and other GM Authorities as necessary.

The Strategy also advised that the Council was proposing to continue to use the flexibility provided by the Government to use capital receipts to fund the revenue cost of transformation. The 2022/23 revenue budget would rely on up to £2.500m of such funding from capital receipts. Annex C of Appendix 1 set out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2022/23 to 2026/27.

Capital Programme 2021/22 to 2025/26

The 2021/22 month 8 capital monitoring position presented expenditure projections that were a key determinant of the 2022/23 programme. As many schemes spanned more than one year, the anticipated level of reprofiling between years sets the underlying position.

The projected outturn spending position for 2021/22 was £52.558m. The People and Place Directorate which managed all of the major regeneration projects, constituted the main area of expenditure. Grants and Other Contributions (£19.850m) followed by Prudential Borrowing provided the main source of financing (£26.294m).

Actual expenditure to 30 November 2021 was £23.801m (45.29% of the forecast outturn). This spending profile was in line with that in previous years, however the position would be kept under review and budgets would continue to be managed in accordance with forecasts.

Capital Programme 2022/23 to 2026/27

The Council had set out its capital programme for the period 2022/23 to 2026/27 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy had been influenced by the level of resources considered available. The level of prudential borrowing included reflected the financing available in the revenue budget, capital receipts aligned with forecasts and grant funding and other contributions were based on already notified allocations or best estimates at time of preparation. If additional resources became available, projects that met the Council's strategic capital objectives would be brought forward for approval.

As at the month 8 capital monitoring position, the anticipated expenditure over the five-year life of the 2021/22 to 2025/26 strategy was £368.705m, taking 2021/22 aside (£52.558m) left £316.147m for the remainder of the approved 2022/23 to 2025/26 capital programme. Following the refresh of existing strategies and the Creating a Better Place programme, and moving forward the planning period by one year, the Capital Strategy for 2022/23 to 2026/27 totals £347.387m.

The capital programme included proposed expenditure for 2022/23 of £100.248m of which £81.465m, was the largest area of expenditure being on regeneration, schools, transport and infrastructure projects within the People and Place Directorate.

Total expenditure decreased to £86.993m, £64.253m, £48.810m and £47.083m in 2023/24, 2024/25, 2025/26 and 2026/27 respectively.

Resources Available to Support the Capital Programme

The Government was continuing to provide significant levels of grant funding. The main sources of grant income were the Towns Fund at £24.400m (£24.200m over the period 2022/23 to 2026/27), along with Education-related Basic Need Capital grant provision of £10.104m over the life of the programme. There were also considerable resources allocated to the Council via the GMCA including the Mayors Cycling and Walking Challenge Fund (£10.125m in 2022/23) and Local Transport Programme – Highway Maintenance Grant totals £14.812m over the strategy period.

The grant funding provided by Government could be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy. The majority of capital Government Grant funding was un-ringfenced. Resources classified as ringfenced had to be utilised to finance particular categories of expenditure and therefore were restricted in their use. The 2022/23 capital programme relies on £11.714m of un-ringfenced and £33.787m of ringfenced grants.

As in previous years, a major source of financing remained prudential borrowing. The amount required in 2022/23 (£46.990m) included borrowing attributed to schemes that had slipped from prior years as well as new borrowing associated with the regeneration programme. The timing of the borrowing was linked to the cash position of the Council and might therefore not mirror the spending/financing profile.

On-going Review of the Capital Programme

Members noted there would be a continued review of capital spending requirements as the Council had further regeneration ambitions, but affordability and deliverability would be a key consideration in this regard. It was, however, possible that the capital position may change prior to the start of 2022/23 and during the year as:

- The outcome of specific grant bids which will be announced during 2022/23.
- It is also likely that there will be new initiatives announced later in the financial year.
- There may also be the opportunity to bid for additional funding.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

Therefore, the overall capital programme position would be kept under review and any new information regarding funding allocations would be presented to Members in future reports.

RESOLVED that the following be accepted and recommended to Cabinet:

1. The Capital Strategy for 2022/23 to 2026/27 at Appendix 1 of this report and summarised at section 2.1.
2. The capital programme for 2022/23 and indicative programmes for 2023/24 to 2026/27 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of this report.
3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1.

10

TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

Consideration was given to a report of the Director of Finance which presented the strategy for 2022/23 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

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

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2021 (the Code) required the receipt by full Council of a Treasury Management Strategy Statement.

The Strategy for 2022/23 covered two main areas.

Capital Issues:

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

Treasury Management Issues:

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

The report outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and made recommendations with regard to the Treasury Management Strategy for 2022/23.

The report included an economic background commentary which reflected the position at 31 December 2021. During 2021, there were two consultation exercises on the Prudential Code and Code of Practice on Treasury Management with a range of proposed changes considered.

The changes mainly related to commercial investments and the requirement for Authorities to adopt a more prudent approach. The second consultation ended on 16 November 2021 and the changes to the Codes were issued on 20 December 2021. The Council's strategy for 2022/23 had incorporated the recent changes in the Codes where information was readily available.

The proposed Treasury Management Strategy was presented to the Policy Overview and Scrutiny Committee to enable scrutiny of the report so that any comments could be incorporated into the report before it was considered by Cabinet on 14 February 2022 and Council on 2 March 2022.

RESOLVED that the following be accepted and recommended to Cabinet:

1. Capital Expenditure Estimates as per paragraph 2.1.2;
2. MRP policy and method of calculation as per Appendix 1;
3. Capital Financing Requirement (CFR) Projections as per paragraph 2.2.4;
4. Projected treasury position as at 31 March 2022 as per paragraph 2.3.3;
5. Treasury Limits as per section 2.4;
6. Borrowing Strategy for 2022/23 as per section 2.6;
7. Annual Investment Strategy as per section 2.10 including risk management and the creditworthiness policy at section 2.11; and
8. Level of investment in specified and non-specified investments detailed at Appendix 5.

HRA BUDGET REPORT 2022/23

Consideration was given to a report of the Finance Manager which set out the latest Housing Revenue Account (HRA), the detailed budget estimates for 2022/23, the strategic estimates for the four years 2023/24 through to 2026/27 and outturn estimate for 2021/22. The report also set out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2022.

The report set out the proposed HRA 2022/23 original budget and the forecast outturn for 2021/22 along with the provisional strategic budgets for 2023/24 through to 2026/27.

HRA activities were a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aimed to

provide a diverse Oldham housing offer that was attractive and met the needs of different sections of the population at different stages of their lives.



After taking all relevant issues into account, the projected financial position for 2021/22 was estimated to be a £4.828m positive variance when compared to the original budget forecast for 2021/22 approved at the Budget Council meeting, 4 March 2021. Of this variance, £1.756m was attributable to a higher than anticipated brought forward balance from 2020/21 and the remaining £3.072m was as a result of the re-profiling of HRA funded capital schemes into later years due to revisions to planned spending profiles. The estimated balance at the end of 2021/22 was projected to be £22.291m.

The financial position for 2022/23 showed an estimated HRA closing balance of £ 20.483m which was sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2022/23 position had been presented after allowing for an increase in dwelling rents of 2.1%, an increase in non-dwelling rents in line with individual contracts, the freezing of all service charges and the setting of Extra Care Housing concierge charges to fully recover costs.

The current policy guidance for the period 2020-2025 was that all rents were calculated based on a maximum of the Consumer Price Index (CPI) rate in September of the preceding year plus 1%. Oldham's projections for the 2022/23 budget had been set assuming rental increases of 2.1% which was 2% lower than if it were to follow the maximum uplift (September 2021 CPI rate being 3.1% plus 1%). The Council had opted to propose the reduced rate given the current healthy levels of HRA balances and the ongoing pressures, including inflation, on household incomes.

The financial projections for the HRA over the period 2021/22 to 2026/27 showed an overall reduction in the level of balances from £22.291m at the end of 2021/22 to £8.123m at the end of 2026/27.

HRA resources were to be used to support several major approved housing capital projects including development within the town centre and on smaller sites around the borough. There was also a commitment to purchase currently empty properties owned by private sector landlords to increase the number of Council owned housing stock.

The HRA detailed budget for 2022/23 and strategic estimates for the four years 2023/24 to 2026/27 and the outturn estimate for 2021/22 were presented to the Policy Overview and Scrutiny Committee for consideration and comment.

RESOLVED that the following be accepted and commended to Cabinet, the:

1. Forecast HRA outturn for 2021/22 (as per Appendix A)
2. Proposed HRA budget for 2022/23 (as per Appendix B)
3. Strategic estimates for 2022/23 to 2026/27 (as per Appendix D)
4. Proposed increase to dwelling rents for all properties of 2.1%.
5. Proposed increase to non-dwelling rents as per individual contracts.
6. Proposal that service charges are unchanged from those of 2021/22.
7. Proposal to set Extra Care Housing concierge charges to fully recover actual costs.

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

Consideration was given to a report of the Director of Finance which recommended that the Committee considered the level of balances necessary to support the 2022/23 budget underpinned by the agreed policy on Earmarked Reserves, setting a properly balanced revenue budget which included the financing of capital investments within the present investment proposals.

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

Over the last few years there have been a number of Local Authorities which had been subject to the issuing of a Section 114 notice or approached Government for exceptional financial assistance. During 2021/22, both Slough Borough Council and Wirral Council had been subject to such measures and / or requirements. Those issues were highlighted in Section 5 of the report.

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

Since 2016/17, reserves of £ 74.627m had been used to underpin the Council's revenue budget alongside a number of one-off measures. This included £25.182m relating to grant compensation received in 2020/21 and used in 2021/22 to support the Collection Fund deficit arising from the award by Government of Business Rates Relief after the budget for 2020/21 had been set for 2022/23, it was proposed to use corporate reserves of £10.101m and specific reserves of £1.805m together with £9.045m to offset the Collection Fund deficit for 2021/22 which arose from the awarding of Business Rates Reliefs in 2021/22 after the budget had been set (this was a technical accounting adjustment) combined with one-off measures totalling £2.500m. The remaining corporate Balancing Budget reserve of £9.932m would be used to support 2023/24 and 2024/25. There was, therefore, a considerable reliance on the use of reserves to balance the budget over the MTF5 period. The continued use of reserves and one-off measures had the impact of deferring the changes that were required to balance the revenue budget by on-going sustainable means. The implementation of the next phase of the transformation programme in 2022/23 was expected to begin to address this challenge although this had been impacted by the global pandemic. The expected benefits of the transformation programme would be phased over several financial years and would be supported by the use of reserves over the short term.

As detailed within the Council's Audit Completion Report for 2020/21 received by the Council on 17 December 2021, the External Auditors concluded that "there is not a significant weakness in the Council's arrangements in relation to financial sustainability". This was encouraging and should be considered in the context of 2022/23 budget setting and the Medium-Term Financial Strategy for 2022/23 to 2026/27. It was important to note that the reviews into both Slough Borough Council and Wirral Council indicated that they were at risk of not being able to agree balanced budgets as their reserves were insufficient to mitigate either in year or 2022/23 estimated shortfalls in resources.

Financial resilience depended in part on the Council maintaining an adequate level of reserves which were set out in the report. In order to scrutinise the level of reserves held by the Council the policy on Earmarked Reserves was considered by the Audit Committee in July 2021 and it was proposed to action the same review again in 2022/23 after the closure of the accounts for 2021/22.

Whilst the Council was utilising a number of reserves to support the 2022/23 revenue budget and anticipates a use of reserves in both 2023/24 and 2024/25, Members were assured that Oldham Council currently remained financially resilient. Work was taking place to address the on-going financial pressures that the Council was facing. At the start of 2022/23 it continued to be well placed to meet the difficult financial challenges ahead. The strategy relied on the delivery of the transformation programme over the short to medium term. Public findings reported

elsewhere had shown that some Authorities had not, in a small number of cases, been able to deliver the level of transformational savings required.



In conclusion, the Chief Finance Officer was able to advise Members of the robustness of the estimates and the affordability and prudence of capital estimates for 2022/23. Despite the use of reserves over recent years, the level of reserves remained adequate to support the 2022/23 financial position and demonstrated financial resilience. However, this was only the case provided that action was taken to ensure that the balances were set at the level of £19.935m for 2022/23 as calculated in the report and that all budget options, or in year alternatives, were delivered as planned and monitored.

RESOLVED that the following be accepted and commended to Cabinet:

1. The proposed General Fund Balance currently calculated for 2022/23 at £19.935m.
2. The initial estimate of General Fund Balances to support the Medium-Term Financial Strategy is as follows:
 - £21.268m for 2023/24 and
 - £21.415m for 2024/25 to 2026/27.
3. The intended report to be presented to the Audit Committee on Earmarked Reserves to ensure this area is subject to appropriate scrutiny.
4. The actions necessary to secure a properly balanced budget as presented in paragraph 3.6.
5. The actions necessary to ensure the prudence and affordability of the capital investments as noted in Section 4.

The meeting started at 6.00 pm and ended at 9.00 pm