

## ***CABINET Agenda***

Date Monday 22 August 2022

Time 5.00 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](mailto: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, 17 August 2022.
  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.

Members of the public and the press may also record / film / photograph or broadcast this meeting when the public and the press are not lawfully excluded. Please note that anyone using recording equipment both audio and visual will not be permitted to leave the equipment in the room where a private meeting is held.

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, Ali, Brownridge, Chadderton, Jabbar, Moores, Mushtaq, Stretton and Taylor

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 25th July 2022 (Pages 1 - 14)
- 6 Corporate Plan 2022-2027
- 7 Amendments to the Local Planning Scheme of Delegation (Pages 15 - 28)
- 8 Treasury Management Review 2021/22 (Pages 29 - 56)
- 9 Revenue Monitor and Capital Investment Programme 2022/23 Quarter 1 – June 2022 (Pages 57 - 110)
- 10 Approval to Award the Contract for the Delivery of the Early Payment Scheme (Pages 111 - 116)
- 11 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.
- 12 Approval to Award the Contract for the Delivery of the Early Payment Scheme (Pages 117 - 122)

**Present:** Councillor Chadderton (Chair)  
Councillors Akhtar, Brownridge, Chadderton, Jabbar, Moores,  
Stretton and Taylor

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Ali and Mushtaq.

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**

A public question was received from Neil Wilby:  
"Following the widely condemned scenes of disorder at the last two Council meetings, both in the public galleries and within the Chamber itself, can the Council Leader, on behalf of the Cabinet, please confirm what steps have been, or are being, taken to create a safe working environment for those members of the public not part of the disorderly group whom self-style as 'The Rabble'; paid council officers; security staff; film crews; journalists; elected Members and, of course, the Mayor. Thank you".

Councillor Chadderton responded. "Thank you for this question. The behaviours of some of the public in the council chamber at our last meeting were utterly disgraceful and we have acted swiftly to ensure that we keep staff, elected members and members of the public safe.

We have had a number of complaints from elected members, staff and members of the public about both the behaviour of people in the public gallery and the behaviour of a small number of opposition members. These complaints cover incidents where people threw missiles in the chamber, shouted abuse and used foul language, were threatening and aggressive and disrupted the meeting to the point where it was difficult to conduct the business of the council.

We have security cameras in the chamber and were live streaming the meeting so much of this activity was captured. We welcome and encourage local people attending public meetings because we know that resident input, involvement and reasonable challenge is an essential part of improving what we do. We also know that some of the issues that we discuss or decisions we make aren't always popular with the public and it's right that people have an opportunity to give us feedback and tell us what they think. But that has to be done in a reasonable manner that doesn't threaten, harass or bully staff or elected members doing their jobs. **Page 1**

The sorts of behaviour we saw at the last two council meetings will not be allowed to continue and will not be tolerated. We are taking action against those small number of people whose actions amounted to criminal and anti-social behaviour.

We are also looking to implement enhanced security measures for future meetings to better protect those taking part in or observing them and to reduce the opportunities for the types of behaviour we saw last time. These include more stringent sign in processes, stricter security checks for people attending and better security camera coverage.

These will apply to all public meetings. These measures are currently being finalised and agreed by key partners including Greater Manchester Police. All four Group Leaders have been briefed on these measures and have agreed to them.

You'll see that some additional measures. Including us being here in the Council Chamber, have already been implemented, others will follow over the coming days and weeks."

5 **MINUTES OF THE CABINET MEETING HELD ON 17TH JUNE 2022**

RESOLVED – That the minutes of the Cabinet meeting held on 17<sup>th</sup> June 2022 be approved.

6 **GM CLEAN AIR PLAN UPDATE**

Consideration was given to a report of the Executive Director of Place and Economic Growth which set out the case for a new Greater Manchester Clean Air Plan and Greater Manchester's annual mean standards for Nitrogen Dioxide in 2021.

Poor air quality was a significant public health issue, causing certain types of disease and in Greater Manchester and contributed to 1,200 deaths a year.

The Government had issued directions to local authorities in the UK, including those in Greater Manchester, to take action to address illegal exceedances of Nitrogen Dioxide (NO<sub>2</sub>) in the shortest possible time and, initially in the case of Greater Manchester, by 2024 at the latest.

Greater Manchester authorities had kept the original GM Clean Air Plan, agreed in Summer 2021 under constant review; by tracking emerging evidence and listening to GM businesses and residents who said that it would cause them financial hardship. In late 2021 GM authorities commissioned an independent review of emerging global supply chain issues and the impact this could have on the cost and availability of vehicles, particularly vans.

The review illustrated that the previous agreed plan in summer 2021 would cause businesses and residents financial hardship and the Government agreed with Greater Manchester's assessment that the plan was no longer likely to achieve compliance in 2024 due to the impact of the pandemic and the supply chain issues for compliant vehicles.

The Government revoked the direction requiring the implementation of a category C charging Clean Air Zone so as to achieve compliance with legal limits for NO<sub>2</sub> in the shortest possible time and by 2024 at the latest and Greater Manchester was now required by 1<sup>st</sup> July 2022 to review existing measures,

determine if any changes should be made and to submit that review to the Secretary of State.

A new plan must be deliverable and reduce NO<sub>2</sub> concentrations to below legal limits in the shortest possible time and by 2026 at the latest, in a way that recognises the cost-of-living crisis and post pandemic economic conditions. This new plan aimed to be both fair to businesses and residents and should not cause financial hardship to people in Greater Manchester.

The new plan would use the £120 million of Clean Air funding that the Government has awarded to Greater Manchester to deliver an investment led approach to invest in vehicle upgrades, rather than imposing daily charges and in particular through the delivery of zero emission buses in the Bee Network (a London-style integrated transport network). The new plan would ensure that the reduction of harmful emissions is at the centre of GM's wider objectives.

The ten GM local authorities had taken a GM-wide approach to producing a Clean Air Plan because air pollution did not respect local authority boundaries, particularly across densely populated urban areas. This enabled a consistent and coordinated approach to maximise air quality benefits for all people living and working in Greater Manchester; whilst minimising the risk of unintended consequences, such as displacing existing, elevated NO<sub>2</sub> concentrations to other locations within Greater Manchester.

#### Options/alternatives considered

Option 1 – To approve the recommendations outlined in the report.

Option 2 – Not to approve the recommendations outlined in the report.

#### RESOLVED – That:

1. The 'Case for a new Greater Manchester Clean Air Plan' document attached as Appendix 1 and associated appendices A to E had been submitted to the Secretary of State as a draft document subject to any comments from the Council ahead of the next Air Quality Administration Committee be noted.
2. Councillor Abdul Jabbar as the Council's appointed representative on the Air Quality Administration Committee will represent Oldham Council comments;
3. The initial screening undertaken to assess which protected characteristics were likely to be impacted by the new GM Clean Air Plan, and in scope for the Equalities Impact Assessment be noted.
4. The updated Do Minimum position for 2023 and 2025 and the forecasted points of exceedance in GM in 2023 and 2025 be noted.
5. The participatory policy development approach and the next steps for the GM CAP be noted.
6. The new 'ask' from Government to remove out-of-area operation by private hire drivers/vehicles to support the new GM Clean Air Plan be noted.
7. The feedback from early engagement activity with vehicle owner representative groups be noted.

8. The NO<sub>2</sub> monitoring results and the exceedances of the annual mean across sites set up for GM CAP purposes between 2018 and 2021 be noted.



7

### **LEVELLING UP OLDHAM: THE OLDHAM ECONOMIC REVIEW OF ECONOMIC TRANSFORMATION AND CIVIC PRIDE**

Consideration was given to a report of the Chief Executive which sought approval of the recommendations of the Independent Oldham Economic Review Board through the Levelling Up Oldham: The Oldham Economic Review of Economic Transformation and Civic Pride. (March 2022).

It was reported that Alun Francis, the principal at Oldham College was asked to lead a Commission to help to plot a brighter future for the Borough; utilising the great leaders in Oldham and drawing on expertise from Greater Manchester, the wider region and nationally to turn the Government's Levelling up mantra into a reality for Oldham's communities.

The review began in September 2021, however the Government's "Levelling Up" White Paper was delayed and not published until February 2022, which meant that it was not available until the final phase of the review was complete.

At the conclusion of the Commission, the documents were in the public domain, however, it was reported that Cabinet was requested to accept the findings as detailed within the appendices and full report and to embed the recommendations into the work of the refreshed Oldham Partnership.

Options/alternatives considered

Option 1 – To accept the recommendations in the report.

Option 2 – Not to accept the recommendations within the report

RESOLVED – That:

1. The findings of the Commission be noted, and the recommendations set out in the review be endorsed, accepted, and approved.
2. The recommendations were to feed into the work programme/agenda for the refreshed Oldham Partnership to continue with wider partnerships for the accountability of deploying relevant actions and delivering solutions to improve the lives of Oldham's residents.

8

### **CREATING A BETTER PLACE UPDATE: SPINDLES REDEVELOPMENT**

Consideration was given to a report of the Chief Executive which sought to provide an update on the current position of the Creating a Better Place project and sought approval of an amendment to the contract strategy which has further to the outcome of investigation works undertaken.

Following approval at Cabinet in February 2022, of the Full Business Case and a pre-construction services agreement with Wilmot Dixon Construction for the Spindles redevelopment, it was recommended that the redevelopment was contractually split into two separate project and contract workstreams;

Project/Contract Workstream 1:

- Demolition of TJ Hughes



- Construction of the new market and events space
- Roof improvement works



#### Project/Contract Workstream 2

Redevelopment of internal spaces within the centre (Workspace and Archives).

There were two main benefits to this approach in relation to both the programme for delivery and reduced inflation cost risks caused by the current market conditions which could impact the scheme.

Funding for the Spindles project had already been approved through the Council's Capital Programme and associated Creating a Better Place Strategic Framework. Town Deal funding had also been secured for two projects which fell within the Spindles remit: Tommyfield Market and a flexible office space.

Following feedback from staff, residents, market traders and business community from engagement exercises throughout the lockdown period, further extensive consultation was taken between October to December 2021.

All procurement exercises had been undertaken in full compliance with the Public Procurement Law and the Council's Contract Procedure Rules. The Procure Partnerships Construction Framework was selected for the main redevelopment works with the detail provided in the report Cabinet considered in February 2022.

Since the previous Cabinet report, the appointment of Wilmott Dixon Construction in March 2022 has allowed significant progress to be made on the project and the planning application for the redevelopment received planning approval on the 8<sup>th</sup> June 2022.

Options/alternatives considered

Options to be considered at Item 13 of the agenda.

RESOLVED – That the Cabinet would consider the commercially sensitive information at Item 13 of the agenda before making a decision.

9

#### **OLD LIBRARY BUILDING: RESTORATION AND REFURBISHMENT PHASE 2**

Consideration was given to a report of the Executive Director for Place and Economic Growth which sought approval to proceed to the next stage of the Old Library Building: Restoration and Refurbishment Phase 2.

The report provided details of the work already undertaken at the Old Library site including demotion and strip out, extensive programmes of surveys and investigations and the current position works undertaking the restoration and conservations works to the external fabric of the building.

During February 2021 a priority works schedule addressing the most significant conservation issues affecting the Old Library building capturing the most disruptive structural and fabric interventions required to present the building for a future fit out was approved.

Approval was given to award the priority works contract to Tilbury Douglas Construction and work started on site in December 2021. During May 2022 approval was given to issue a works contract modification to enable additional works to be undertaken.

The feasibility option assessment set out the following parameters for the Old Library accommodation goals;

- Public, community space and meeting rooms on the ground floor
- Enhanced / available space for community groups to collaborate from across arts, culture and performance and who need more space to deliver their activities and services.
- Additional gallery space on the upper floor as there is connecting bridge to the existing Gallery
- Civic space – Council Chamber, mayoral chamber, member rooms, committee meeting rooms and executive office space for officers / support staff.

The Strategic Business Case (SBC) had been developed to understand the value in utilising baseline future use assessments and this document set out the procurement and development strategy for the Old Library restoration and refurbishment phase 2. The SBC documentation (appended to the part b paper) sets out:

- What is the rationale for the project, case for change and the business need
- Indicative costs and phasing
- Procurement and delivery strategy
- Financial implications
- Links to corporate strategy/asset management

The lead consultant will be responsible for the co-ordination of the design of the project and for the appointment, coordination, management, and programming of the activities of the Design Team.

A procurement exercise has also been completed for the external project management team, cost consultant and principal designer.

#### Options/Alternatives considered

Option 1 – proceed to the next stage of project development

- Note the completed Strategic Business Case (SBC) and agree to its approval as the basis of the delivery of the preferred facility mix for the Old Library restoration and refurbishment Phase 2.
- Authorise formal agreement and award of the contract(s) in the configuration set out in this report for the next stage of project development.

Option 2 – Carry out further accommodation analysis: to undertake further future uses / accommodation analysis it would be necessary to carry out a further review of the Councils accommodation needs and strategic ambitions.

Objectives would need to be re-set and opportunities to drive programme, design and construction efficiencies would not be realized. Project development would-be put-on hold and the



outturn cost for re-development of the Old Library would likely increase.

Future uses could span into private / third sector solutions and would result in different options being needed for civic / corporate services. Programme, cost uncertainty, timescales and strategic objectives would be put at risk if this option was to be considered further.

Option 3 – do not progress phase 2 proposals at this time. By undertaking the external fabric restoration works, the Council would have invested significantly into addressing the deterioration of the condition of the building and it will be possible, on completion of the phase 1 work, to secure the building pending consideration of other options.

As with other listed heritage buildings on Union Street, the local community do not want these buildings to stand empty, especially given the investment committed to-date in ensuring a long-term future.

Maintaining public access and bringing heritage buildings back into use are known priorities and this is a driving factor in consideration of the options available.

Option 4 - Dispose of the building following completion of the current phase 1 works: By undertaking the external fabric restoration works, the Council would have invested significantly into the development of a long-term future for the Old Library building.

However, it may not be possible to achieve any interest in the market with a specified and deliverable use without a commitment to invest the further resources (time and financial) needed to complete a fully occupiable building. It is anticipated that the Council would have to include a significant grant award (£millions) to any potential bidder as part of a disposal package. Concerns and risks were noted that any successful bidder, even with the Council grant award, could take ownership of the building without securing an acceptable end use or timeline for reinvestment. Creating a Better Place strategic objective would be put at risk.

RESOLVED – That the Cabinet would consider the commercially sensitive information contained at Item 14 before making a decision.

10

### **ATOM VALLEY MAYORAL DEVELOPMENT ZONE (MDZ)**

Consideration was given to a report of the Executive Director of Place and Economic Growth which sought approval of the establishment of a Mayoral Development Zone, within the North East Growth location of Greater Manchester and for it to be named the Atom Valley Mayoral Development Zone.

It was reported that the aim of Growth Locations of which there are six across Greater Manchester was to identify priorities for investment to support new development, improve sustainable transport links, create and retain employment, offer better job opportunities and improve training and skills development for residents.

The North-East Growth Location had a specific opportunity to create significant levels of employment around three key sites, Northern Gateway Site (Bury/Ainsdale), Stakehill site

(Rochdale/Oldham) and the Kingsway Business Park (Rochdale).

To support transformational economic growth at these locations, all three local authorities were seeking Cabinet approval for the sites in question to be incorporated into a Mayoral Development Zone to ensure a committed focus in delivering these sites at district, regional and national levels.

The Atom Valley MDZ would support inclusive and sustainable growth that would boost and maximise the competitiveness of the northern part of Greater Manchester in relation to its local economy and would provide employment opportunities in those areas, the proposal was also to brand the area as the Atom Valley Mayoral Development Zone.

Governance arrangements including the formation of a Mayoral Development Zone Board would be established as part of the proposals to ensure that the necessary infrastructure and investment was secured to realise the full potential and aspirations of the area.

Option/alternatives considered

Option 1 – To approve the recommendations

Option 2 – Not to approve the recommendations

RESOLVED – That:

1. The establishment of the Mayoral Development Zone (MDZ) within the North East Growth Corridor be approved.
2. That the Mayoral Development Zone be named Atom Valley.
3. The establishment of the Atom Valley Mayoral Development Board be approved with the delegated authority to develop a strategy for the Mayoral Development Zone and create business case for investment and external funding support with the Greater Manchester Combined Authority.

11

## **CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT (CRSTS) - TRANSPORT CAPITAL PROGRAMME 2022/23**

Consideration was given to a report of the Executive Director for Place and Economic Growth which sought formal acceptance of the City Region Sustainable Transport Settlement and Integrated Transport Block allocations for 2022/23 and the programmes recommended for delivery.

Funding previously received for Core Highways Maintenance and Integrated Transport Block (ITB) had been 'consolidated' into the City Region Sustainable Transport Settlement (CRSTS) funding settlement with effect from 2022/23, for the next 5 financial years.

On 1st April 2022, GM was notified of its final CRSTS allocation of £1.07bn based upon the CRSTS Prospectus, which had been submitted to Government in September 2021 and the draft Programme Case submitted on 31st January 2022.

This allocation included an amount of £175m for core highways maintenance and £82m for ITB funding for the period 2022/23 to 2026/27.

In a report presented to the GM Wider Leadership Team on 13th April 2022 by TfGM/GMCA agreement was gained of the 2022/23 interim allocation of CRSTS funding for the following elements (in advance of final agreement of the full allocations across the CRSTS programme):

- 2022/23 Core Highways Maintenance funding (consolidated highways maintenance block, incentive fund, pothole and challenge funding);
- 2022/23 Integrated Transport Block (ITB) funding.

### **Core Highways Maintenance Funding**

A core highway maintenance allocation of £35m (covering the first year of the £175m) will be made to local authorities based on an allocation process agreed with the GM Delivery Group, the GM Highways Group and the GM Treasurers.

### **Integrated Transport Block (ITB) Funding**

ITB is capital funding granted to local authorities for expenditure on their local transport plans. Following the confirmation of the final CRSTS award by DfT the proposal for allocating ITB in 2022/23, that had been discussed and agreed in principle by the GM Delivery Group and GM Highways Group, was as follows:

- There is no requirement for ITB to be used as part of the funding strategy for Bus Franchising in 2022/23, and therefore it can be released, in full, for funding local transport. However, the potential requirements for ITB to be applied as a funding mitigation for Bus Franchising will need to be reviewed on an annual basis.
- For 2022/23, it is proposed that the allocation basis for ITB returns to the 'historic' 50:50 between the GM local authorities and public transport investment via GMCA. Therefore, the proposal is that £16.3m of ITB is released on a 50:50 basis between the GM local authorities and GMCA.

Following discussions with local authorities via the GM Delivery Group and the GM Treasurers, it was proposed that the allocations of ITB funding per local authority would follow the same as that used when ITB was last allocated to the GM local authorities in 2010/11.

Oldham's total settlement for 2022/23 will be £3,774,000 (£707k ITB funding and £3.067m core maintenance funding).

This will be passported, via the Council's Capital Strategy and Capital Programme 2022/23 - 2026/27 approved by full Council on the 2nd March 2022, for investment in and maintenance of Oldham's transport network. This is in accordance with current Local Transport Plan expectations.

### **Core Highways Maintenance Funding**

In an effort to maintain the progress made as part of our recently completed Highway Investment Programme (HIP) we plan on prioritising funds going forward in the same manner. Ensuring scheme selection is carried out in the same manner will allow us to continue to prioritise the correct intervention on the highway at the correct time.

Prioritising the programme using the most recent condition data from the range of condition surveys we carry out annually, and cross referencing those against out claims and enquiry data, has allowed us to not only target the worst roads across the

borough, but also continue in our efforts to reduce highway claims and revenue repairs throughout Oldham. With savings achieved in 2021/22 we already have a preventative maintenance programme of £750,000 approved. This has been tendered and is awaiting delivery in the summer of 2022 (shown at the bottom of Appendix 1 as previously approved). Appendix 1 details the highway schemes to be funded from CRSTS which will enable us to carry out a resurfacing programme alongside the preventative programme.

### **Integrated Transport Block (ITB) Funding**

The ITB allocation for Oldham in 2022/23 is £707,000. A programme of works has been compiled by highways officers. Appendix 2 set out a proposed programme of schemes which would fully utilise the expected ITB allocation and is recommended for delivery in 2022/23.

Options/Alternatives considered

Option 1 - Members agree - The proposed programme of schemes which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA.

Option 2 – Members don't agree the proposed programme of schemes which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA.

RESOLVED – That Cabinet would consider the commercially sensitive information contained at Item 15 of the agenda.

12

### **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.

13

### **CREATING A BETTER PLACE UPDATE: SPINDLES REDEVELOPMENT**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 8.

RESOLVED – That:

1. The updated contract strategy as set out in this report be noted.
2. That the Construction company as detailed within the commercially sensitive report be formally appointed to undertake a package of Enabling Works in relation to accelerating a start on site for the Workspace and Archive development (Project 2).
3. Approval be delegated to the Leader of the Council as Portfolio Holder for Regeneration and Housing, in consultation with the Portfolio Holders for Finance and Culture, Chief Executive and Executive Director for Place and

Economic Growth, Directors of Economy, Finance and Legal Services –

- a. to review and approve the details associated with finalising the technical details and entering into the design and build contract for the Market, Event space and Roof works (Project 1); and
  - b. to review and approve the details associated with finalising the technical details and entering into the design and build contract for the Workspace and Archive (Project 2)
4. The Borough Solicitor or his nominated representative/s be authorised to negotiate and sign and/or affix the Common Seal of the Council to any documents authorised by and/or required to give effect to the recommendations in this report.



14

## **OLD LIBRARY BUILDING: RESTORATION AND REFURBISHMENT PHASE 2**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 9.

RESOLVED – That:

1. The completed Strategic Business Case (SBC) for the Design and Build project be noted and approved.
2. The preferred facility mix / internal fit out arrangement within the Old Library building which comprises redevelopment Phase 2 be noted and approved
3. Formal agreement and award of the pre-construction services agreement (PCSA) to the Construction Company as detailed within the report be approved.
4. Formal agreement and award of the contract for professional services for an Architect led multidisciplinary design team to the Architects.as detailed within the report be approved
5. Formal agreement and award of the contract for project management professional services to the company detailed within the report be approved.
6. Formal agreement and award of the contract for cost consultancy professional services to the Company detailed within the report be approved.
7. Formal agreement and award of the contract for Principal Designer to the company as detailed within the report be approved
8. Formal agreement of the appointment via a call-off contract using a compliant Framework of solicitors to provide external legal support to the Project be approved.
9. Approval be delegated to the Cabinet Member for Regeneration and Housing in consultation with the Executive Director for Place & Economic Growth, the Director of Legal Services, the Director of Finance (or their nominees), and the Cabinet Members for Finance and Culture
  - a) to appoint any further external technical specialists as required to ensure value for money and timely delivery.



- b) to review and agree the formal agreement of the phase 2 Design and Build construction contract.
10. The Borough Solicitor or his nominated representative be authorised to sign and/or affix the Common Seal of the Council to the contract documents and associated documentation in accordance with this report.

15

**CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT (CRSTS) - TRANSPORT CAPITAL PROGRAMME 2022/23**

Consideration was given to the commercially sensitive information on relation to Item 11.

RESOLVED – That:

1. The proposed programme of works/projects which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA be approved.
2. The 2022/23 Transport Capital programme, based on good practice and ensuring best value for money (Appendix 1) be approved.
3. The 2022/23 Integrated Transport Block (ITB) programme of highway safety, traffic management and minor works schemes based on accident data analysis and feedback from Councillors and residents across the borough (Appendix 2) be approved.
4. All tender award decisions relating to delivery of the appended programmes, with a value of over £400,000, be delegated to the Executive Director for Place & Economic Growth in consultation with the relevant Portfolio holder (consistent with previous Cabinet delegations for highways improvement contracts/programmes): this is necessary to meet delivery timescales.
5. All tender award decisions relating to delivery of the appended programmes (up to £400,000), be delegated to the Executive Director for Place & Economic Growth without the need for further sign-off of individual tender awards (the mechanism for this to be agreed with the Executive Director for Place & Economic Growth).
6. Any underspend generated as the attached programmes progress (Appendix 1 and 2) be used to deliver additional schemes in priority order (although lower priority schemes may be selected depending on available budget, value for money and type of treatment) until the budget is fully expended in year. This approach to utilising underspend meant that the Highways service did not need to gain further approvals to deliver additional schemes, ensuring they could be delivered as soon as practically possible. Any additional schemes to be delivered would be communicated with the Portfolio Holder in advance and Ward Members as the scheme development progresses.
7. It be noted:



- detailed financial reports and updates will be reported to Corporate Investment Performance Board (CIPB).
- delivery teams will engage with procurement and legal to ensure that the Council's Contract Procedure Rules are adhered to in all cases.
- The Portfolio Holder would be kept up to date on programme delivery overall; and
- Ward members would be informed of scheme development (where appropriate) and delivery dates ahead of schemes getting to site. This mechanism would ensure prompt and efficient delivery of schemes and the overall programme.

The meeting started at 6.00pm and finished at 6.40pm

This page is intentionally left blank

## Report to COUNCIL

# Local Planning Scheme of Delegation

### **Portfolio Holder:**

Councillor Amanda Chadderton (Leader) - Cabinet Member for Regeneration and Housing

**Officer Contact:** Emma Barton, Executive Director for Place & Economic Growth

**Report Author:** Elizabeth Dryden-Stuart, Strategic Planning and Information Team Leader

**Ext.** 1672

**7 September 2022**

---

### **Reason for Decision**

To amend the Council's Local Development Framework Scheme of Delegation (last approved 14 September 2011) to bring the decision-making process up to date and reflect recent legislative changes.

### **Executive Summary**

The report sets out the levels of decision-making required for documents prepared as part of, and in support of, the Local Plan to:

- Reflect legislative changes and operational experience since it was last amended in 2011; and
- To set out the processes for dealing appropriately with the preparation of a Neighbourhood Plan, should one be proposed, and the Brownfield Land Register.

### **Recommendations**

That the revised Local Planning Scheme of Delegation be approved and adopted.

---

## Amendments to the Local Planning Scheme of Delegation

### 1 Background

- 1.1 The Council's Constitution is a living document that requires regular updating to ensure it reflects legislative and organisational changes. The current Local Development Framework Scheme of Delegation was approved 14 September 2011. As such, an update to the scheme of delegation is required in respect of changes to the local planning decision-making process. This includes renaming it as the Local Planning Scheme of Delegation.
- 1.2 Having an up-to-date Local Planning Scheme of Delegation links to the Council's Corporate Plan and Priorities, in particular supporting local leaders and working with a resident focus through ensuring there is a clear and transparent decision-making process for documents that are prepared as part of, and in support of, the Local Plan, and which reflects the recent legislative changes.

### 2 Current Position

#### Changes to the Local Planning System

- 2.1 The current Local Development Framework Scheme of Delegation was adopted 14 September 2011 to reflect changes in the procedures to be followed in relation to the production of development plan documents, following amendments to the Town and Country Planning (Local Development) (England) Regulations 2004.
- 2.2 Since the Scheme of Delegation was last updated legislative changes have taken place, including:
- The Town and Country Planning (Local Planning) (England) Regulations 2012 as amended;
  - The Neighbourhood Planning (General) Regulations 2012; and
  - The Town and Country Planning (Brownfield Land Register) Regulations 2017
- 2.3 As such, changes need to be made to the existing Local Development Framework Scheme of Delegation in relation to the following in particular:
- Terminology (such as replacing references to the Local Development Framework);
  - References to regulation stages within the decision-making procedures; and
  - Decision making processes for Neighbourhood Planning.
- 2.4 There may be further changes as a result of the recently announced Levelling Up and Regeneration Bill. Any changes needed to the Scheme of Delegation will be considered at the appropriate time once further guidance and legislation has been published.

---

## Neighbourhood Planning

- 2.5 Neighbourhood planning was introduced as part of the Localism Act 2011. Communities have been part of the plan-making process for a long time, however the Government introduced new legislation to empower communities so that they could have a greater say in helping shape where they live and work through 'neighbourhood planning'.
- 2.6 Parish Councils or, in non-parished areas, neighbourhood forums can develop a shared vision and planning policies through a neighbourhood plan that, once passed, becomes part of the statutory development plan and is used to determine planning applications alongside the Local Plan for that neighbourhood area.
- 2.7 A Neighbourhood Plan should support the strategic development needs set out in the Local Plan and must address the development and use of land.
- 2.8 The Localism Act has also given communities the ability to grant planning permission through Neighbourhood Development Orders (NDOs) or Community Right to Build Order (CRBO). An NDO (or CRBO) can grant planning permission for specific types of development in a specific neighbourhood area, they can:
- Apply to a specific site, sites, or wider geographical area;
  - Grant planning permission for a certain type or types of development; and
  - Grant planning permission outright or subject to conditions.
- 2.9 NDOs (or CRBO's) only grant planning permission, and do not remove the need to comply with other relevant legislation and regulations.
- 2.10 Whilst a Neighbourhood Plan or NDO is not prepared by the Council as Local Planning Authority (LPA), we are required to support and assist those preparing them. In relation to Neighbourhood Plans, upon a successful examination and referendum the neighbourhood plan becomes part of the statutory development plan once it has been made (brought into legal force) by the LPA. As such, the necessary decision-making processes for the preparation of neighbourhood plans need to be incorporated into the Local Planning Scheme of Delegation.
- 2.11 The proposed levels of decision-making for neighbourhood planning are set out below.

## Brownfield Land Register

- 2.12 Regulation 3 of the Town and Country Planning (Brownfield Land Register) Regulations 2017 requires local planning authorities to prepare, maintain and publish a register of previously developed (brownfield) land. The Register must be reviewed at least once a year.
- 2.13 The Brownfield Land Register is split into two parts: Part 1 includes all those brownfield sites suitable and available for residential development in the borough and which meet certain criteria; Part 2 is a subset of Part 1, and this identifies those which have been granted permission in principle through Article 4 of the Town and Country Planning (Permission in Principle) Order 2017. Prior to entering

---

a site in Part 2, the LPA must undertake the necessary requirements for publicity, notification and consultation (set out in regulations 6 to 13 of the Town and Country Planning (Brownfield Land Register) Regulations 2017). The Council does not currently have any sites on Part 2 of the Brownfield Land Register.

- 2.14 The proposed levels of decision-making for the Brownfield Land Register are set out below.

#### Places for Everyone

- 2.15 The Council is in the process of preparing the Places for Everyone Joint Development Plan with Bolton, Bury, Manchester, Rochdale, Salford, Tameside, Trafford and Wigan. The Places for Everyone Publication Plan (2021) has now been submitted for examination. The proposed levels of decision-making required for Places for Everyone are reflected in the section on the preparation of joint development plans below.

#### Local Planning Scheme of Delegation

- 2.16 References to regulations in the Local Planning Scheme of Delegation relate to the Town and Country Planning (Local Planning) (England) Regulations 2012 as amended, unless otherwise stated.
- 2.17 In addition to the specific powers outlined above, there may other powers and duties relating to local planning. Where not specifically outlined below it is suggested that these duties may be exercised by Council officers under the general scheme of delegation relating to Local Planning matters.

#### *Local Development Scheme*

- 2.18 The Local Development Scheme (LDS) is a public statement setting out the Council's project plan for preparing the Local Plan and its supporting documents.
- 2.19 The purpose of the LDS is to:
- Set out what planning policy documents exist and what new documents will be prepared as part of, and in support of, the Local Plan;
  - Set out the timescales the public can expect for the preparation and review of these documents;
  - Indicate when the local community can get involved and influence the plan-making process;
  - Enable work programmes to be set for the preparation of Local Plan documents; and
  - Show how the programme for the production of documents will establish and reflect the council's priorities and to assist the programming of other Council strategies and programmes.



2.20 The proposed levels of decision-making for the LDS are:

LDS Review ( <i>S15(8)(a) Planning and Compulsory Purchase Act (PCPA) 2004</i> )	Portfolio Member in consultation with Executive Director
All other powers and duties relating to the LDS	Executive Director

*Statement of Community Involvement*

2.21 The Statement of Community Involvement (SCI) outlines when and how we will engage the community in the preparation of the Local Plan and other planning documents. It outlines how we will provide guidance and assistance to neighbourhood planning groups. It also sets out how the community will be consulted on planning applications.

2.22 Changes to the Regulations introduced in 2012 mean that there is no longer an obligation to undertake consultation on the SCI before its adoption.

2.23 The proposed levels of decision-making for the SCI are:

Adoption of SCI ( <i>S23 PCPA 2004</i> )	Council
All other powers and duties relating to the SCI	Executive Director

*Development Plan Documents (DPDs)*

2.24 These documents form the heart of the Local Planning system and include documents relating to the development and use of land and which contain the statutory planning policies used to guide future development. Together these form the adopted Development Plan for the borough. The primary DPD is usually the Local Plan.

2.25 The process of preparing a DPD requires public consultation/participation at key stages and decisions will be required prior to each stage of consultation.

2.26 The proposed levels of decision-making for DPDs are:

Approval of documents for public consultation as part of Regulation 18	Cabinet
Approval of Publication Plan prepared as part of Regulation 19 for public consultation	Cabinet
Approval for Submission of Publication Plan and supporting	Council

evidence and documentation to Secretary of State for independent examination ( <i>S20 PCPA 2004</i> )	
Preparation, and submission, of material requested by the inspector as part of the examination process.	Head of Service
Approval of, and publication of, modifications to the Publication Plan, as recommended through the independent examination, for public consultation. ( <i>S20(7C) PCPA 2004</i> )	Cabinet
Adoption ( <i>S23 PCPA 2004</i> )	Council
All other powers and duties relating to DPDs	Executive Director

- 2.27 The same levels of decision-making would be followed for an Area Action Plan were one to be produced. These may be prepared to provide a greater level of detail in the planning of key areas.

*Supplementary Planning Documents*

- 2.28 Supplementary Planning Documents (SPDs) are designed to support, explain and expand upon policies contained in Local Plans and other DPDs and are a material consideration in planning decisions. They are not DPDs and therefore should not be approved by Council.

- 2.29 The proposed levels of decision-making for SPDs are:

Approval of draft SPD for public consultation ( <i>Regulation 12</i> )	Cabinet
Adoption of SPD ( <i>Regulation 14</i> )	Cabinet
All other powers and duties relating to SPDs	Executive Director

*Interim Planning Position Papers*

- 2.30 An interim planning position paper (IPPP) provides further guidance and advice on relevant planning policy matters which may have arisen since a statutory planning document (which forms part of the adopted Development Plan for the borough) was adopted. They are not subject to consultation. IPPPs deal with topics for which additional information is required about how the matter affects Oldham and how it is to be implemented through the planning system until such time as an updated statutory planning document can be prepared. Although not part of the

---

Borough's statutory development plan, the IPPP will have the status of a relevant material consideration in the determination of planning applications.

2.31 The proposed levels of decision making for IPPP's are as follows:

Approval of Interim Planning Papers	Cabinet
All other powers and duties relating to Interim Planning Papers	Executive Director

*Evidence Base*

2.32 A Local Plan must be positively prepared, justified, effective and consistent with national policy. To do so, objective and proportionate evidence is required which can take a number of forms: work prepared in-house, work commissioned by Oldham Council and undertaken by consultants, and work commissioned by AGMA and partner bodies. This may also include designation updates, for example those from Greater Manchester Ecological Unit in relation to Sites of Biological Importance (SBI) and Regionally Important Geodiversity Sites (RIGS) and reports responding to the Housing Delivery Test.

2.33 The approval to appoint external support will be carried out in line with the Council's procurement procedures.

2.34 The proposed levels of decision-making for evidence base documents relating to the preparation of the Local Plan are as follows:

Approval, and publication of, Oldham Council prepared or commissioned evidence base.	Portfolio Member in consultation with Executive Director
All other powers and duties relating to evidence base	Executive Director

*Monitoring Report*

2.35 The Monitoring Report monitors:

- The progress of documents identified for production as part of the Local Plan
- The implementation of the borough's planning policies to ascertain whether:
  - They are achieving their objectives and delivering sustainable development
  - They have unintended consequences
  - The assumptions and objectives behind policies are still relevant
  - The targets are being achieved.

2.36 The Monitoring Report also:

- Provides detailed information on levels of house building, housing clearance and the borough's potential housing land supply, including the five-year deliverable housing land supply; and
- Includes the Infrastructure Funding Statement, which provides a summary of financial contributions the Council has secured through Section 106 agreements (s106) from new developments.

2.37 The proposed levels of decision-making for the Monitoring Report are:

Monitoring Report ( <i>S35 PCPA 2004</i> )	Portfolio Member in consultation with Executive Director
All other powers and duties relating to the Monitoring Report	Executive Director

*Joint Development Plan Documents*

2.38 There will be occasions when the Council decides that it is appropriate to work with other Councils and partner bodies to jointly prepare a planning document. For example, in the past we have prepared the Joint Waste and Minerals Development Plan Documents and currently nine of the Greater Manchester districts are preparing Places for Everyone. Upon adoption these joint DPD's form part of the adopted Development Plan for the borough.

2.39 Where joint development plan documents are to be prepared, the proposed levels of decision-making are as follows:

Approval to commence the joint DPD ( <i>S28 PCPA 2004 and Regulation 4(4A) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000</i> )	Council
Approval of Publication Plan, prepared as part of Regulation 19, and any supporting documents for public consultation	Cabinet
Approval for submission of Publication Plan and supporting documents to Secretary of State for independent examination ( <i>S20 PCPA 2004</i> )	Council
Preparation, and submission, of material requested by the inspector as part of the examination process.	Head of Service
Approval of, and publication of, modifications to the Publication Plan,	Cabinet

as recommended through the independent examination, for public consultation. (S20(7C) PCPA 2004)	
Adoption of joint DPD (S23 PCPA 2004)	Council

*Brownfield Land Register*

- 2.40 The Brownfield Land Register must be reviewed at least once a year, to ensure that sites which no longer meet the criteria for inclusion are removed and new sites are entered if it is appropriate to do so.
- 2.41 The proposed levels of decision-making for the Brownfield Land Register are:

Approval to publish, and consult on, sites that the Council proposes to grant permission in principle on (Regulations 6 to 13 of the Town and Country Planning (Brownfield Land Register) Regulations 2017).	Portfolio Member in consultation with the Executive Director
Grant permission in principle on sites to be included in the Brownfield Land Register (Article 4 of the Town and Country Planning (Permission in Principle) Order 2017) upon receipt and consideration of representations.	Planning Committee
Approval and publication of the Brownfield Land Register (Part 1 and Part 2)	Portfolio Member in consultation with the Executive Director

*Consultation Responses*

- 2.42 From time-to-time Oldham Council may be invited to comment on a relevant planning consultation. This may, for example, relate to changes in national planning guidance or consultations being carried out by relevant statutory providers and neighbouring local planning authorities.
- 2.43 When it is considered appropriate to submit comments on relevant planning consultations the proposed levels of decision making are as follows:

Approval of comments to relevant planning consultations on behalf of Oldham Council.	Executive Director in consultation with Portfolio Member.
--	---

All other powers and duties relating to relevant planning consultations.	Executive Director
--	--------------------

### *Neighbourhood Plans*

2.44 The legal procedure for producing a neighbourhood plan is set out in Schedule 4B of the Town and Country Planning Act 1990 (TCPA 1990) and the Neighbourhood Planning (General) Regulations 2012 (NPR). Matters relating to a neighbourhood plan are not functions which must be dealt with by a body other than the Executive. As a result, they are the responsibility of the Cabinet (although they can be delegated to individual Cabinet members or Council officers).

2.45 The key stages in the preparation of a neighbourhood plan and proposed levels of decision making are set out in the table below:

Designation of an organisation or body as a neighbourhood forum ( <i>S61F Town and Country Planning Act (TCPA) 1990</i> ) for preparation of a neighbourhood plan.	Cabinet
Powers to 1). decline to consider a neighbourhood forum application where there is an existing forum ( <i>Reg 11 NPR</i> ); where any application is currently under consideration ( <i>Reg 5 NPR</i> ) or where it is a repeat proposal ( <i>Schedule 4B TCPA 1990</i> ); 2). consider the withdrawal of an organisation or body's designation as a neighbourhood forum ( <i>S61F TCPA 1990</i> ); and 3). consider whether a qualifying body is authorised and application documentation is complete ( <i>Schedule 4B TCPA 1990</i> );	Portfolio Member in consultation with the Executive Director
Designation of a Neighbourhood Area (the area to which a proposed neighbourhood plan would apply), or an amendment to an existing Neighbourhood Area, following receipt of a proposed neighbourhood area and public consultation.	Cabinet
Approval of publication of the	Cabinet



neighbourhood plan for public consultation. ( <i>Regulation 16</i> ) ( <i>NPR</i> )	
Approval of submission for independent examination of the neighbourhood plan ( <i>Regulation 17</i> ) ( <i>NPR</i> )	Cabinet
Powers to: 1). consider recommendations made in the Inspectors Report ( <i>Schedule 4B TCPA 1990</i> ); 2). refer an issue to independent examination where proposed recommendation differs from that made by the examiner ( <i>Schedule 4B TCPA 1990</i> ); and 3). Revoke or modify a neighbourhood plan ( <i>S61M TCPA 1990</i> )	Portfolio Member in consultation with the Executive Director
Approval of Neighbourhood Plan following successful independent examination and referendum. ( <i>Regulation 18 NPR</i> )	Council
All other powers and duties relating to Neighbourhood Plans	Executive Director

2.46 The key stages in the preparation of a NDO / CRBO and proposed levels of decision making are set out in the table below:

Approval of the publication of a NDO / CRBO for public consultation. ( <i>Regulation 23</i> ) ( <i>NPR</i> )	Cabinet
Approval of submission for independent examination of the NDO / CRBO ( <i>Regulation 24 NPR</i> )	Cabinet
Decisions regarding NDO / CRBO proposal following examiners report and approval of publication thereof ( <i>Regulation 25 (1), (2) NPR</i> )	Council
All other powers and duties relating to Neighbourhood Plans	Executive Director

---

### **3 Options/Alternatives**

- 3.1 Option 1 – To approve and adopt the revised levels of decision-making in respect of local planning. This would reflect the latest terminology and regulations and provide greater clarity when making decisions in respect of local planning.
- 3.2 Option 2 – Not to approve and adopt the revised levels of decision-making in respect of local planning. This would result in the continued use of an out-of-date scheme of delegation and a lack of clarity.

### **4 Preferred Option**

- 4.1 Option 1 is the preferred option as this would reflect the latest terminology and regulations and provide greater clarity when making decisions in respect of local planning.

### **5 Consultation**

- 5.1 Not applicable

### **6 Financial Implications**

- 6.1 Not applicable

### **7 Legal Services Comments**

- 7.1 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the Cabinet is responsible for the discharge of the function of formulating or preparing plans and alterations which together comprise the Development Plan, except in relation to actions specified below, which are not to be the responsibility of the Cabinet:
- (a) the giving of instructions requiring the Cabinet to reconsider any draft development plan document submitted by the Cabinet for the Council's consideration;
  - (b) the amendment of any draft development plan document submitted by the Cabinet for the Council's consideration;
  - (c) approval, of any development plan document
  - (d) the approval, for the purpose of its submission to the Secretary of State for independent examination under section 20 (independent examination) of the Planning and Compulsory Purchase Act 2004, of a development plan document; (e) the adoption (with or without modification) of the development plan document. (A Evans)

### **8. Co-operative Agenda**

- 8.1 The amendments proposed to the Local Planning Scheme of Delegation seek to ensure effective and efficient decision-making, enabling delivery of the council's priorities and objectives under the Co-operative Agenda.

---

9 **Human Resources Comments**

9.1 Not applicable

10 **Risk Assessments**

10.1 Not applicable

11 **IT Implications**

11.1 Not applicable

12 **Property Implications**

12.1 Not applicable

13 **Procurement Implications**

13.1 Not applicable

14 **Environmental and Health & Safety Implications**

14.1 Regard will be given to environmental and health and safety issues / implications during the preparation of relevant documents under the revised Local Plan Scheme of Delegation as appropriate and in line with the relevant statutory regulations.

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

15.1 Regard will be given to the need to carry out an Equality Impact Assessment in line with the relevant statutory regulations during preparation of documents under the revised Local Plan Scheme of Delegation as appropriate.

16 **Equality Impact Assessment Completed?**

16.1 No. See above.

17 **Key Decision**

17.1 No

18 **Key Decision Reference**

18.1 Not applicable

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 :

- 
- Town and Country Planning Act (TCPA) 1990 (<https://www.legislation.gov.uk/ukpga/1990/8/contents>)
  - Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (<https://www.legislation.gov.uk/uksi/2000/2853/made?view=plain>)
  - Planning and Compulsory Purchase Act (PCPA) 2004 (<https://www.legislation.gov.uk/ukpga/2004/5/contents>)
  - The Town and Country Planning (Local Planning) (England) Regulations 2012 as amended (<https://www.legislation.gov.uk/uksi/2012/767/contents/made>);
  - The Neighbourhood Planning (General) Regulations 2012 (<https://www.legislation.gov.uk/uksi/2012/637/contents/made>); and
  - The Town and Country Planning (Brownfield Land Register) Regulations 2017 (<https://www.legislation.gov.uk/uksi/2017/403/contents/made>)

## 20 **Appendices**

### 20.1 None

## Report to Cabinet

# Treasury Management Review 2021/22

**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

**22 August 2022**

---

## 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 2021/22. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2021/22 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (approved by Council on 4 March 2021)
- a mid-year (minimum) treasury update report (approved by Council on 15 December 2021)
- 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 therefore

considered and approved the contents of this report at its meeting on 21 June 2022. The Committee was content to commend this report to Cabinet. As such, Cabinet is therefore requested to approve the content of this annual report and to commend it to Council (to ensure full compliance with the Code for 2021/22).

## Executive Summary

During 2021/22, 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	2020/21 Actual £'000	2021/22 Revised £'000	2021/22 Actual £'000
Actual capital expenditure	73,227	38,709	76,989
Total Capital Financing Requirement:	491,713	494,877	468,895
Borrowing	172,843	172,843	167,597
Total External debt (Gross Borrowing)	397,248	381,246	381,045
Investments			
· Longer than 1 year	15,000	15,000	15,000
· Under 1 year	68,540	52,000	90,300
· Total	<b>83,540</b>	<b>67,000</b>	<b>105,300</b>
<b>Net Borrowing (Gross borrowing less investments)</b>	89,303	105,843	62,297

As can be seen in the table above, actual capital expenditure was greater than the revised budget estimate for 2021/22 presented within the 2022/23 Treasury Management Strategy report considered at the Council meeting of 2 March 2022. The outturn position was less than the £86.002m original capital budget for 2021/22 as approved at Budget Council on 4 March 2021.

Oldham, along with the rest of the country, was impacted by the COVID-19 pandemic during 2021/22 but as the year progressed began to get back to some form of normality. This is reflected in the progress in taking forward the Council's capital programme and hence the expenditure incurred, most of which was over the later part of the financial year. It must be noted that as the pandemic is still on-going, there will be further challenges during 2022/23 but these are expected to be on a much lesser scale. The capital programme will therefore be subject to change, but this will receive close financial monitoring during the financial year.

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 2021/22.

The financial year 2021/22 continued the challenging investment environment of previous years, namely low investment returns, although there was an upward movement towards the year-end reflecting inflationary price rises and increases in interest rates.

### **Recommendations**

Cabinet is recommended to:

- 1) Approve the actual 2021/22 prudential and treasury indicators presented in this report
- 2) Approve the annual treasury management report for 2021/22
- 3) Commend this report to Council

## Treasury Management Review 2021/22

### 1 Background

1.1 The Council has adopted the Revised Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2021. 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;
- The impact of this activity on the Council’s underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- The overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- The summary of interest rate movements in the year;
- The detailed debt activity; and
- The detailed investment activity.

---

## 2 Current Position

### 2.1 The Council's Capital Expenditure and Financing during 2021/22

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 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 2021/22 was greater than the revised budget estimate. The revised budget estimate is based on the month 8 2021/22 reported position to align with the Annual Treasury Management Strategy 2022/23 report approved on 2 March 2022, and not the latest reported position (month 9 report presented to Cabinet on 21 March 2022). All prudential indicators in the 2021/22 strategy are based on this revised budget.

2.1.3 One of the major causes of the variation in expenditure between the revised outturn and the actual position was the requirement for the Council to include the new Saddleworth School within its asset register and 2021/22 accounts at a value of £32.333m. The school was opened in March 2022 and was mostly funded by the Department of Education who donated the asset to the Council. Other expenditure was also accelerated at the year end due to the easing of pandemic related pressures.

	2020/21 Actual £'000	2021/22 Revised £'000	2021/22 Actual £'000
Non-HRA capital expenditure	68,830	38,419	76,309
HRA capital expenditure	4,397	290	680
<b>Total capital expenditure</b>	<b>73,227</b>	<b>38,709</b>	<b>76,989</b>
Resourced by:			
• Capital receipts	3,184	5,535	11,861
• Capital grants	20,820	13,688	31,829
• Donated Asset	0	0	32,333
• HRA	2,532	291	912
• Revenue	146	7	54
<b>Unfinanced capital expenditure</b>	<b>46,545</b>	<b>19,187</b>	<b>0</b>

---

## 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 2021/22 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 2021/22 MRP Policy (as required by Government Guidance) was approved as part of the Treasury Management Strategy report for 2021/22 on 4 March 2021.

2.2.6 The Council's CFR for the year is shown in the table below and represents a key prudential indicator. It includes Private Finance Initiative (PFI) and leasing schemes on the balance sheet, which increase the Council's borrowing need. In 2021/22 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.

	2020/21 Actual £'000	2021/22 Revised £'000	2021/22 Actual £'000
<b>Capital Financing Requirement</b>			
Opening balance	472,377	491,713	491,713
Add unfinanced capital expenditure	46,544	19,187	0
Add adjustment for the inclusion of on-balance sheet PFI and leasing schemes (if applicable)	270	0	373
Less MRP/VRP*	(2,742)	(2,742)	(2,742)
Less PFI & finance lease repayments	(24,736)	(13,281)	(20,449)
Closing balance	491,713	494,877	468,895

\* 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 (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) 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 2021/22 if so required. This flexibility was not used. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	2020/21 Actual £'000	2021/22 Revised £'000	2021/22 Actual £'000
Total External Debt position (Gross Borrowing)	397,248	381,246	381,045
CFR - including PFI / Finance Leases	491,713	494,877	468,895
Under / (Over) funding of the CFR	94,465	113,631	87,850

The table above shows the position as at 31 March 2022 for the Council's gross borrowing position and CFR. This shows, compared to the revised budget position:

- A small movement in the gross borrowing position, due to lower than expected finance leases.
- A decrease in the CFR.

---

### 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 £523m. 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 £498m. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached. The Council operated well within this boundary in 2021/22.

	2021/22 Actual £'000
Authorised Limit	523,000
Operational Boundary	498,000

### 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.

	2021/22 Actual £'000
Gross Borrowing	167,597
PFI / Finance leases	213,448
<b>Actual External Debt (Gross Borrowing)</b>	<b>381,045</b>
Financing costs as a proportion of net revenue stream (General Fund)	9.65%

- 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.

## 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 2021/22 the Council's treasury position was as follows:

	31 March 2021 Principal £'000	Average Rate/ Return	Average Life years	31 March 2022 Principal £'000	Average Rate/ Return	Average Life years
Fixed rate funding:						
-PWLB	35,482			35,241		
-Stock	6,600			6,600		
Market	130,761			125,756		
<b>Total borrowings</b>	<b>172,843</b>	3.96%	36.35	<b>167,597</b>	4.16%	36.05
<b>PFI &amp; Finance Lease Liabilities</b>	<b>224,405</b>			<b>213,448</b>		
<b>Total External Debt</b>	<b>397,248</b>			<b>381,045</b>		
<b>CFR</b>	<b>491,713</b>			<b>468,895</b>		
<b>Over/ (under) borrowing</b>	<b>(94,465)</b>			<b>(87,850)</b>		
Investments:						
Financial Institutions/LA's	68,540	0.37%		90,300	0.21%	
Property	15,000	4.44%		15,000	3.83%	
<b>Total investments</b>	<b>83,540</b>			<b>105,300</b>		
<b>Net Debt</b>	<b>89,303</b>			<b>62,297</b>		

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

	2020/21 Actual %	Upper Limit %	Lower Limit %	2021/22 Actual %
Under 12 months	32%	40%	0%	33%
12 months and within 24 months	10%	40%	0%	10%
24 months and within 5 years	13%	40%	0%	12%
5 years and within 10 years	4%	40%	0%	9%
10 years and above	40%	50%	0%	36%



2.3.4 The investment portfolio and maturity structure was as follows:

Investment Portfolio	Actual 31 March 2021 £'000	Actual 31 March 2021 %	Actual 31 March 2022 £'000	Actual 31 March 2022 %
<b>Treasury Investments</b>				
Banks	20,000	23.94%	25,000	23.74%
Building Societies	0	0%	5,000	4.75%
Local Authorities / Public Bodies	28,000	33.52%	14,000	13.30%
Money Market Funds (MMF's)	20,540	24.59%	46,300	43.97%
<b>Total Managed In House</b>	<b>68,540</b>	<b>82.04%</b>	<b>90,300</b>	<b>85.75%</b>
Bond Funds	0		0	
Property Funds	15,000	17.96%	15,000	14.25%
Cash Fund Managers	0		0	
<b>Total Managed Externally</b>	<b>15,000</b>	<b>17.96%</b>	<b>15,000</b>	<b>14.25%</b>
<b>TOTAL TREASURY INVESTMENTS</b>	<b>83,540</b>	<b>100%</b>	<b>105,300</b>	<b>100%</b>
<b>TOTAL NON TREASURY INVESTMENTS</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

	2020/21 Actual £'000	2021/22 Actual £'000
Investments		
Longer than 1 year	0	0
Under 1 year	68,540	90,300
Property Fund	15,000	15,000
<b>Total</b>	<b>83,540</b>	<b>105,300</b>

2.3.5 Key features of the debt and investment position are:

- a) Over the course of the year 2021/22, investments have increased by £21.760m. The large increase in investments related to additional Government grants received in March 2022 for the Council Tax energy grant that was to be distributed in 2022/23 to qualifying households along with higher cash balances due to pension costs having previously been paid in advance in April 2020.
- b) The average rate of return on investments with Financial Institutions decreased from 0.38% in 2020/21 to 0.21% in 2021/22. This decrease relates to the Bank of England base rate being at 0.10% for the majority of the year, until the first interest rate rise in December 2021 followed by further increases in February and March 2022.

- 
- c) Investments were arranged throughout the year to ensure enough liquid cash was available to support the paying of COVID-19 related grants to local businesses (on behalf of Central Government), but still trying to make a return on investments by placing cash out for longer periods. Although every effort was made to maximise returns, as the base rate increased 3 times in the later part of 2021/22 from 0.10% to 0.75% this affected the overall return in circumstances where investments were already in fixed term arrangements before the interest rate rise.

## **2.4 Investment Strategy and control of interest rate risk**

- 2.4.1 Investment returns remained close to zero for much of 2021/22. Most Local Authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter Local Authority lending.
- 2.4.2 The expectation for interest rates within the Treasury Management Strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency rate levels introduced at the start of the COVID-19 pandemic were no longer needed.
- 2.4.3 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to Local Authorities to pass on to businesses in the form of Business Grants. This meant that for most of the year there was much more liquidity in financial markets than there was the demand to borrow. This had the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).
- 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 resulting from 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 were 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 as illustrated in the charts shown below. 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 In December 2021 The Bank Of England ceased using LIBOR (London Interbank Offer Rate) and LIBID (London Interbank Bid Rate) and switched to SONIA (Sterling Overnight Index Average). The 2021/22 Treasury Management Strategy approved in

March 2021 stated Oldham Council would measure performance using LIBID rates. Due to this change this report includes both LIBID and the new SONIA comparators.

2.4.7 The two tables below show both bank rate versus LIBID Rates and SONIA Rates at different periods.

#### LIBID Rates of Return to December 2021

	Bank Rate	7 day	1 month	3 month	6 month	12 month
<b>High</b>	0.25	0.06	0.06	0.14	0.36	0.73
<b>High Date</b>	17/12/2021	29/12/2021	31/12/2021	31/12/2021	30/12/2021	28/10/2021
<b>Low</b>	0.10	-0.09	-0.08	-0.07	-0.04	-0.04
<b>Low Date</b>	01/07/2021	27/08/2021	17/09/2021	08/09/2021	27/07/2021	08/07/2021
<b>Average</b>	0.11	-0.07	-0.05	0.01	0.09	0.31
<b>Spread</b>	0.15	0.15	0.14	0.20	0.40	0.68

#### SONIA Rates of Return from December 2021

	Bank Rate	7 day	1 month	3 month	6 month
<b>High</b>	0.75	0.69	0.75	0.93	1.27
<b>High Date</b>	17/03/2022	18/03/2022	16/03/2022	28/03/2022	17/03/2022
<b>Low</b>	0.10	0.05	0.05	0.05	0.05
<b>Low Date</b>	01/04/2021	15/12/2021	10/11/2021	14/04/2021	09/04/2021
<b>Average</b>	0.19	0.14	0.17	0.24	0.34
<b>Spread</b>	0.65	0.65	0.71	0.88	1.22

## 2.5 Borrowing Strategy and control of interest rate risk

2.5.1 During 2021/22, 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 minimising counterparty risk on placing investments also needed to be considered.

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.

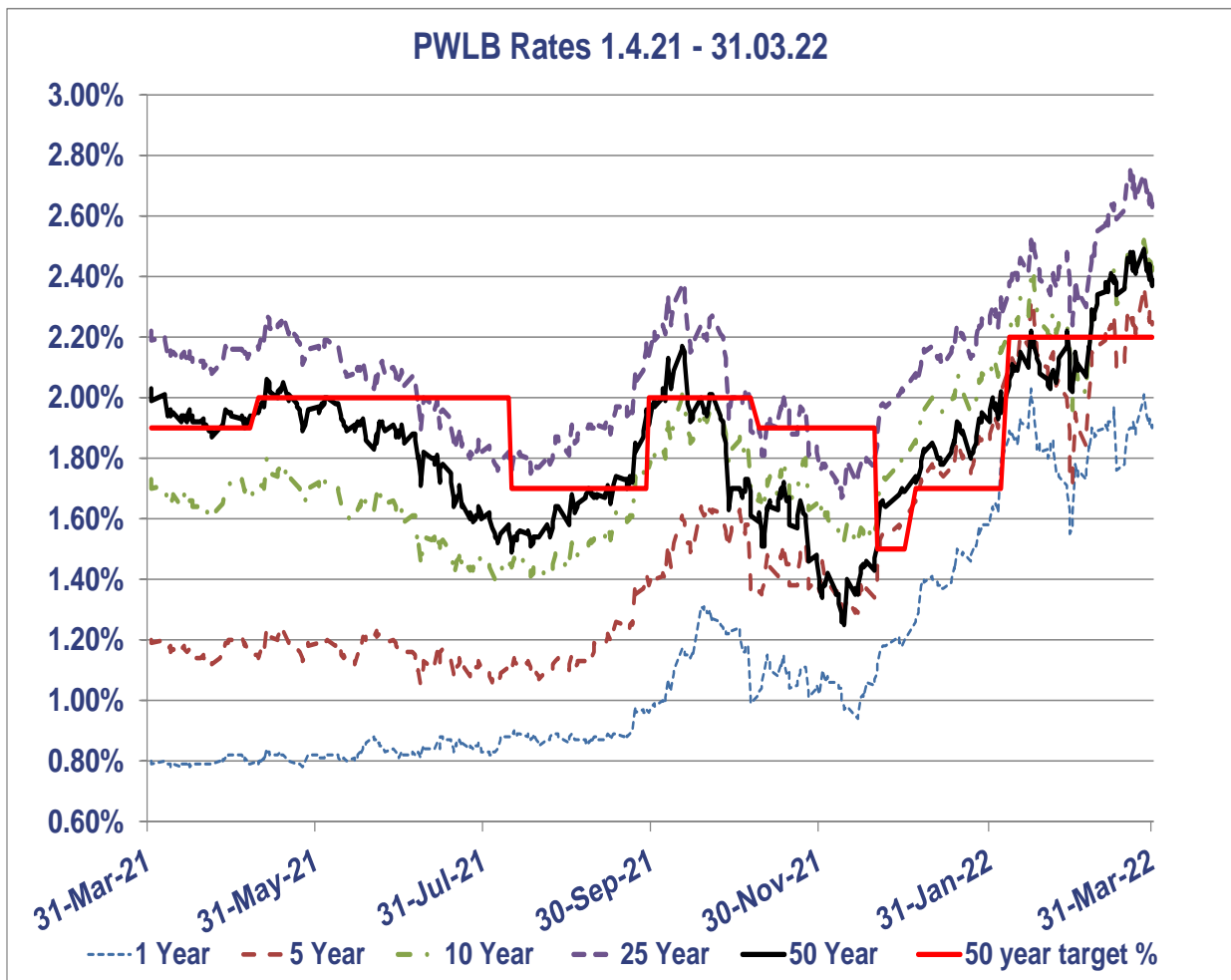
2.5.5 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the financial year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing over the period until well into the second half of 2021/22.

2.5.6 The two tables below show the interest rate forecast as at the time the Treasury Management Strategy was issued in March 2021 compared to the interest rate forecast as at February 2022.

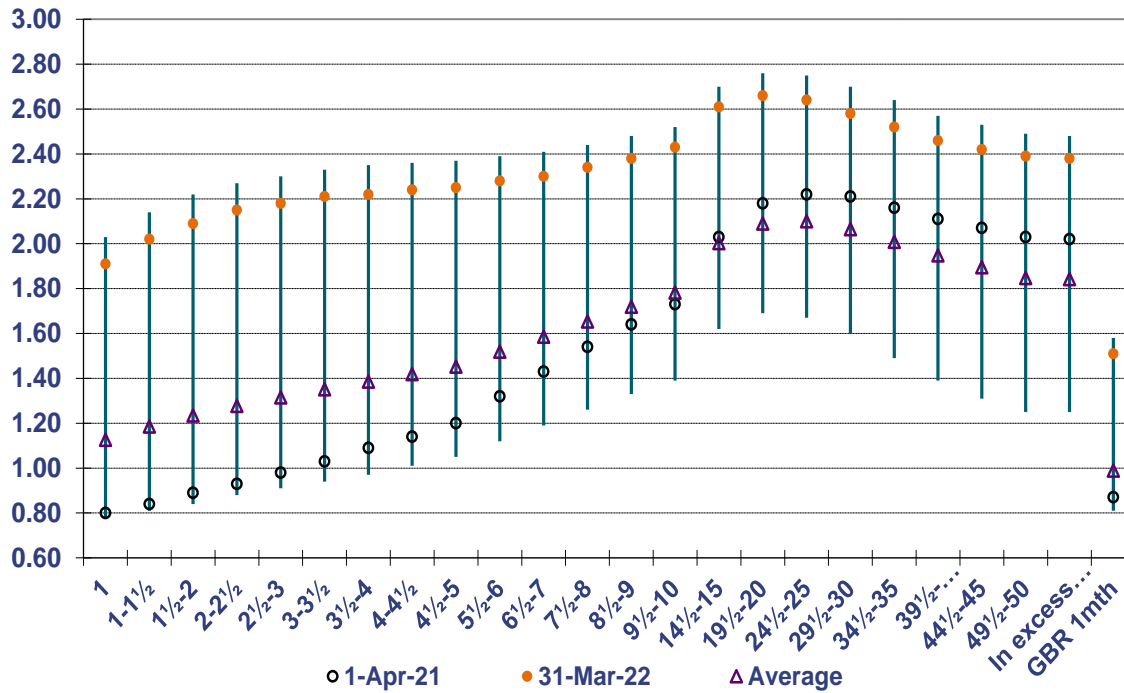
Link Group Interest Rate View		8.2.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
10 yr PWLB	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
25 yr PWLB	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
50 yr PWLB	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00

Link Group Interest Rate View 7.2.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

2.5.7 The information in the table below and in graphs in Appendix 2 show PWLB rates for a selection of maturity periods, the average borrowing rates and the high and low points in rates.



PWLB Certainty Rate Variations 1.4.21 to 31.3.2022



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%

2.5.8 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.

2.5.9 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.

2.5.10 This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen, over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the European Union (EU) would struggle to increase growth rates and inflation 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. Recently, yields have risen since the turn of the year due to global inflation concerns.

2.5.11 Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focused on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

2.5.12 At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% and 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.

2.5.13 Regarding PWLB borrowing rates, the various margins attributed to their pricing 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 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)

2.5.14 There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 to 1.25% later this year, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze. Medium to long dated yields are driven primarily by inflation concerns but the Bank of England is also embarking on a process of Quantitative Tightening from when Bank Rate hits 1%, whereby the Bank's £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

2.15 It should be noted that since the end of the 2021/22, the period to which this report relates, the Bank Rate was increased to 1% in May 2022 and then by a further 0.25% in July 2022. The Monetary Policy Committee (MPC) meeting of 4 August 2022 voted to increase the Bank Rate again by a further 0.5% to 1.75%.

## 2.6 Borrowing Outturn for 2021/22

### Treasury Borrowing

2.6.1 Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

### Debt Rescheduling

2.6.2 There was no rescheduling of debt 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 On 9 August 2021 the Council repaid £0.241m of PWLB debt at a rate of 3.81%. No breakage costs were incurred as the maturity date had been reached. Also, during the year £0.005m was distributed to charities for which the Council manages the funds.

### 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 (now the Department for Leveling Up, Housing and Communities (DLUHC)). This has directed the preparation of the annual investment strategy which for 2021/22 was approved by Council on 4 March 2021. 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 year-end cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources are comprised as follows:

<b>Balance Sheet Resources</b>	<b>31 March 2021 (£'000)</b>	<b>31 March 2022 (£'000)</b>
Balances - General Fund	17,263	20,012
Balances - HRA	21,371	21,721
Earmarked Revenue Reserves	113,512	99,228
Revenue Grant Reserve	20,146	10,731
School Reserve	9,306	10,192
Provisions	25,427	19,698
<b>Total</b>	<b>207,025</b>	<b>181,582</b>

### Investments at 31 March 2022

- 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 £105.300m of investments as follows:

Institution	Type	Amount £'000	Term/ Days	Rate%	Start Date	End Date
CCLA Property Fund	Property	15,000		3.83%		
		<b>15,000</b>				
Cornwall Council	Fixed	5,000	33	0.55%	31-Mar-22	03-May-22
Close Brothers Ltd	Fixed	5,000	181	0.40%	25-Nov-21	25-May-22
London Borough of Haringey	Fixed	5,000	91	0.75%	28-Feb-22	30-May-22
Close Brothers Ltd	Fixed	5,000	182	0.40%	29-Dec-21	29-Jun-22
Nationwide Building Society	Fixed	5,000	181	0.15%	04-Jan-22	04-Jul-22
Goldman Sachs	Fixed	5,000	181	0.81%	01-Feb-22	01-Aug-22
<b>Total Fixed Deposits</b>		<b>30,000</b>				
Santander UK PLC	Notice	2,500	35	0.45%	01-Apr-21	
Santander UK PLC	Notice	2,500	95	0.55%	30-Apr-21	
Santander UK PLC	Notice	5,000	180	0.53%	24-Nov-21	23-May-22
<b>Total Notice Accounts</b>		<b>10,000</b>				
UK Treasury	Treasury Bills	2,000	92	0.18%	17-Jan-22	19-Apr-22
UK Treasury	Treasury Bills	2,000	92	0.18%	17-Jan-22	19-Apr-22
<b>Total Treasury Bills</b>		<b>4,000</b>				
Aberdeen MMF	MMF*	20,000	2	0.50%	30-Mar-22	01-Apr-22
Federated MMF	MMF*	10,000	1	0.50%	31-Mar-22	01-Apr-22
Invesco MMF	MMF*	6,300	1	0.48%	31-Mar-22	01-Apr-22
Federated Cash Plus MMF	MMF*	10,000	31	0.52%	01-Mar-22	01-Apr-22
<b>Total Money Market Funds (MMF)</b>		<b>46,300</b>				
<b>Total Investments</b>		<b>105,300</b>				

\* Money Market Funds (MMF)

2.7.5 The Council's investment strategy as set in March 2021 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. LIBID ceased to be used by the Bank of England at 31 December 2021, with SONIA (Sterling Overnight Index Average) replacing it. The table below shows the returns by the relevant time period measured against both LIBID and SONIA.

	Average Benchmark LIBID Return %	Average Benchmark SONIA Return %	Actual Return %
7 day	(0.074%)	0.137%	0.043%
1 month	(0.053%)	0.126%	0.199%
3 Month	(0.011%)	0.095%	0.378%
6 Month	0.095%	0.074%	0.237%

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

2.7.7 The investments held with the Churches, Charities and Local Authorities (CCLA) Property Fund generated £0.550m of income with an average return in year of 3.83%.

2.7.8 Furthermore, the Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during 2021/22.

## 2.8 The Economy and Interest Rates – Position Prevailing at 31 March 2022

### UK – Economy

2.8.1 Over the last two years, the Coronavirus outbreak has caused huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021, 0.50% at its meeting of 4 February 2022 and then to 0.75% in March 2022. Members should note that subsequently the Bank Rate was increased to 1% in May 2022, by a further 0.25% in July 2022 and then again by 0.5% to 1.75% at the MPC meeting of 4 August 2022).

2.8.2 The UK economy endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the Gross Domestic Product (GDP) numbers have been robust (9% year on year [y/y] Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the Consumer Price Inflation (CPI) measure has already risen significantly.

2.8.3 Gilt yields fell towards the end of 2021, but despite the war in Ukraine gilt yields moved up in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

2.8.4 Historically, a further rise in US Treasury yields will probably pull UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in utilities prices in April 2022 as well as rises in Council Tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with.

- 
- 2.8.5 In addition, from 1 April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

#### Average Inflation Targeting

- 2.8.6 This was the major change in 2020/21 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 now seems very dated. Inflation has increased significantly and together with supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions, all point to inflation being at elevated levels until well into 2023.

#### USA

- 2.8.7 The flurry of comments from US Federal Reserve (Fed) officials following the mid-March Federal Open Market Committee (FOMC) meeting, including from Chair Jerome Powell, had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.
- 2.8.8 The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the impact on real disposable incomes and the additional uncertainty points in the opposite direction.
- 2.9.9 The inversion of the 10 year-2 year Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate increases would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment was only 3.8% at the end of 2021/22.

#### Eurozone (EZ)

- 2.8.10 With euro-zone inflation having jumped to 7.5% in March it seemed increasingly likely that the European Central Bank (ECB) would accelerate its plans to tighten monetary policy with a potential to end net asset purchases at a point earlier than the Q3 date which the ECB targeted in March. The market is now anticipating possibly three 25bp rate increases later this year followed by more in 2023.
- 2.8.11 Policymakers have also hinted strongly that they would re-start asset purchases if required. Christine Lagarde has stated "we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation."
- 2.8.12 While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a "technical" recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone was expected to be 0.3% quarter on quarter (q/q) with the y/y figure posting a healthy

---

5.2% gain. Encouragingly, unemployment fell to only 6.8% towards the end of 2021/22.

#### China

- 2.8.13 After a concerted effort by China to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 saw the economy negatively impacted. With the recent outbreak of COVID-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

#### Japan

- 2.8.14 The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

#### World Growth

- 2.8.15 World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

#### Deglobalisation

- 2.8.16 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.
- 2.8.17 However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, 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.
- 2.8.18 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 (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

#### Central Banks' Monetary Policy.

- 2.8.19 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.
- 2.8.20 This provides Governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than has generally been 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.

## **2.9 Other Key Issues**

### **International Financial Reporting Standards (IFRS) 9 – Financial Instruments**

- 2.9.1 Following the introduction of IFRS 9 in 2020/21 and after the consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) on IFRS9, the Government has introduced a mandatory statutory override for Local Authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was effective from 1 April 2018 and applies for five years from this date. The Council has elected to utilise the mandatory override. The Council is required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency. The Council has complied with this disclosure requirement in the 2021/22 Statement of Accounts.

### **Other Treasury Management Issues**

- 2.9.2 Members have previously been advised about the introduction of IFRS 16 Leasing which would bring currently off balance sheet leased assets onto the balance sheet which should have been introduced for Local Authorities from 1 April 2021. This would have meant that the annual accounts for 2021/22 were the first set of accounts produced in accordance with this standard.
- 2.9.3 However, due to the COVID-19 pandemic and following the consultation on the emergency proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting in the UK and the 2022/23 Code Consultation in March 2022, the introduction of IFRS 16 has been delayed until 2024/25. This delay is part of the recommendations to address the crisis position within the sector, regarding the fact that the significant majority (91%) of Local Government bodies missed the statutory deadline of 30 September 2021 for publication of their audited 2020/21 accounts. Members should note that the Council was not included in the 91%, as the Council's accounts were audited within the statutory deadline.

## **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 by Cabinet and commended 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 2021/22 to the Audit Committee for detailed scrutiny on 21 June 2022 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 FLC-13-22

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: lee.walsh@oldham.gov.uk

20 **Appendices**

Appendix 1 Prudential and Treasury Management Indicators  
Appendix 2 Graphs

## Appendix 1: Prudential and Treasury Indicators

<b>TABLE 1: Prudential indicators</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>Outturn</b>	<b>Original</b>	<b>Revised</b>	<b>Outturn</b>
<b>Capital Expenditure</b>				
Non – HRA	73,227	86,002	38,709	76,989
HRA				
TOTAL	73,227	86,002	38,709	76,989
<b>Ratio of financing costs to net revenue stream</b>				
Non – HRA	12.39%	13.32%	13.32%	9.65%
<b>In year Capital Financing Requirement</b>				
Non – HRA	10,334	32,558	3,164	(22,818)
TOTAL	10,334	32,558	3,164	(22,818)
<b>Capital Financing Requirement as at 31 March</b>	491,713	504,935	494,877	468,895

<b>TABLE 2: Treasury Management Indicators</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>Outturn</b>	<b>Original Budget</b>	<b>Revised</b>	<b>Outturn</b>
<b>Authorised Limit for External Debt</b>				
Borrowing	308,000	321,500	302,500	302,500
Other long term liabilities	229,500	220,000	220,500	220,500
<b>TOTAL</b>	<b>537,500</b>	<b>541,500</b>	<b>523,000</b>	<b>523,000</b>
<b>Operational Boundary for External Debt -</b>				
Borrowing	288,000	301,500	282,500	282,500
Other long term liabilities	224,500	215,000	215,500	215,500
<b>TOTAL</b>	<b>512,500</b>	<b>516,500</b>	<b>498,000</b>	<b>498,000</b>
<b>Actual external debt</b>	397,248			381,045
<b>Upper limit for total principal sums invested for over 364 days</b>	50,000	50,000	50,000	50,000

<b>Maturity structure of fixed rate borrowing during 2021/22</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual</b>
Under 12 months	40%	0%	33%
12 months and within 24 months	40%	0%	10%
24 months and within 5 years	40%	0%	12%
5 years and within 10 years	40%	0%	9%
10 years and above	50%	0%	36%

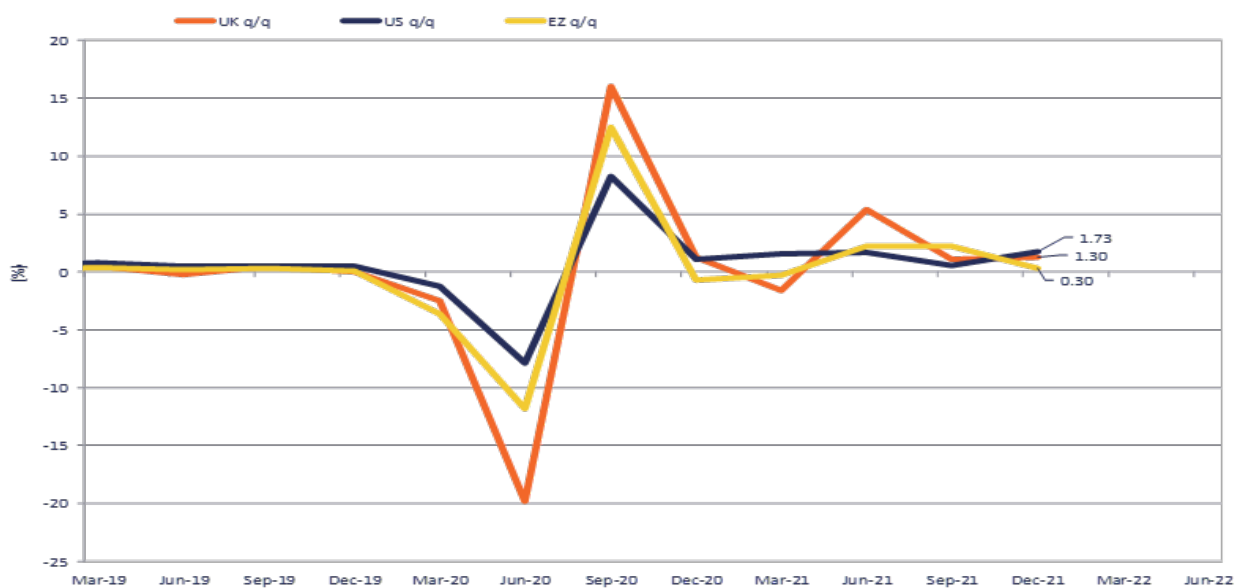
## Appendix 2: Graphs

### Market Expectations for Future Increases in Bank Rate (6<sup>th</sup> April 2022)

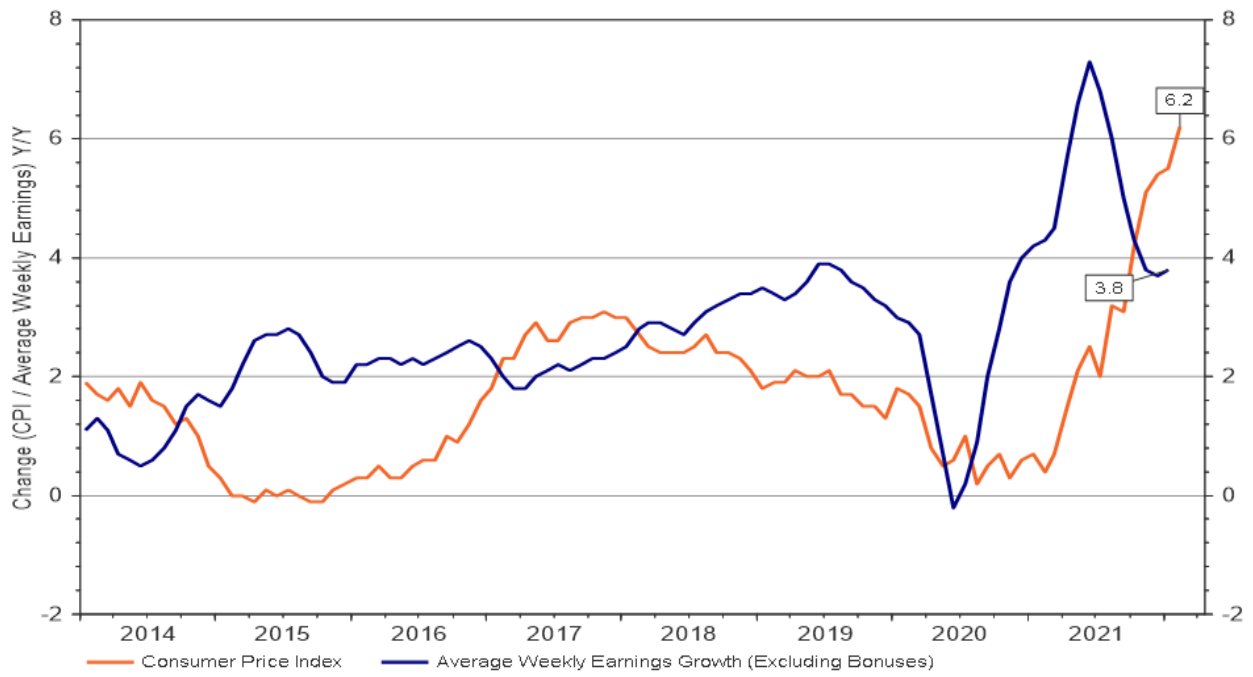


\*MD0 = Change in Bank Rate expected at MPC meeting to be held May 2022, MD1 = Jun-22, MD2 = Aug-22, MD3 = Sep-22, MD4 = Nov-22, MD5 = Dec-22, MD6 = Feb-23

### UK, US and EZ Quarterly GDP



### CPI v Average Weekly Earnings Growth



Source: Refinitiv Datastream



## Report to Cabinet

# Revenue Monitor and Capital Investment Programme 2022/23 Quarter 1 – June 2022

**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

**22 August 2022**

---

---

### Reason for Decision

The report provides Cabinet with an update on the Council's 2022/23 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 30 June 2022 (Quarter 1) together with the revised capital programme 2022/23 to 2026/27, as outlined in section two of the report at Annex 2.

### Executive Summary

#### Revenue Position

The current forecast outturn position for 2022/23 is a projected deficit variance of £5.833m 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 result of the lasting impact of the COVID-19 pandemic. There are currently two areas which continue to endure significant pressures attributed to the on-going impact of the pandemic; Community Health and Adult Social Care is reporting an adverse variance of £7.852m and Children's Social Care is recording £4.137m. These pressures are being offset against a corporate provision of £12.000m COVID-19 Legacy funding which was set aside during the 2022/23 budget setting process specifically to mitigate the on-going costs of the pandemic.

At Quarter 1, the £12.000m provision appears to be sufficient to finance the COVID-19 related expenditure with a residual surplus balance of £0.011m. However, this will be monitored for the remainder of the financial year with action taken to address variances and take mitigating action as detailed in the report.

---

An update on the major issues driving the projections is 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 further 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 impact 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 at months 6, 8 and 9.

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.

The position in relation to the DSG appears to be improving. An in-year surplus of £3.633m is sufficient to reverse the deficit brought forward and deliver a forecast surplus of £0.017m at the year-end. Action will be taken with the aim of mitigating cost pressures and delivering and maintaining a balanced position. To assist, Oldham has been invited by the Government to take part in the Delivering Better Value Programme which will provide dedicated support for the SEND Review reforms to 55 local authorities with historical deficit issues with the aim of putting the DSG of participating Authorities on a more financially sustainable footing

There are currently no significant issues of concern in relation to the HRA.

Whilst the Collection Fund is forecasting an in-year deficit of £3.395m there is currently an estimated surplus of £0.724m being carried forward into 2023/24. The Collection Fund has been particularly volatile largely as a result of COVID-19. The position will be closely monitored throughout the year as any deficit at the end of the financial year will have a direct budgetary impact in 2023/24.

## **Capital Position**

The report outlines the most up to date capital spending position for 2022/23 to 2026/27 for approved schemes. The revised capital programme budget for 2022/23 is £78.695m at the close of Quarter 1, a net decrease of £21.553m from the original budget of £100.248m. Actual expenditure to 30 June 2020 was £6.787m (8.62% 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 2022/23 at Quarter 1 being a £5.833m adverse variance having regard to the action being taken to manage expenditure
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 2021/2027 as at Quarter 1.



**Revenue Monitor and Capital Investment Programme 2022/23 Quarter 1 – June 2022****1 Background**

- 1.1 The Authority's 2022/23 revenue budget and capital programme was approved by Council on 2 March 2022. 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
  - b) The capital programme forecast has been based on notified revisions to the approved 2022/23 position including the final 2021/22 outturn, new grant notifications and 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 will 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 provide.
- 1.4 It should be noted that the financial reporting structure of the Council has been revised for 2022/23 and although there may be further changes, both the revenue and capital positions are presented in the revised structure that was implemented for the start of the new financial year. Details of the changes are provided in section 1.5 of Annex 1.

**2. Current position**

- 2.1 The forecast revenue outturn for 2022/23 is an adverse variance of £5.833m. Further details of the current revenue budget position and a full description of the forecast can be found in Annex 1. The pressures within Community Health and Adult Social Care and Children's Services relating to COVID-19 total £11.989m and are to be funded from the £12.000m COVID-19 Legacy funding which is held corporately. In addition to the COVID-19 related pressure is a net 'business as usual' overspend of £5.844m, within which it should be noted are areas of forecast overspending, primarily in Community Health and Adult Social Services, Children's Services and Place and Economic Growth.
- 2.2 The total Directorate variances amount to a pressure of £17.883m before the application of the £12.000m COVID-19 Legacy funding as detailed in Annex 1 at Tables 2 and 3. As advised above, this consists of a an operational overspend of £5.844m. This is comprised of Community Health and Adult Social Care reporting a

pressure of £8.851m (£7.852m COVID related) and Children's Services reporting an adverse variance of £7.980m (£4.137m COVID related). There is a further adverse business as usual variance of £2.755m within Place and Economic Growth. There are favourable variances of £0.010m within Public Health, £0.275m within Communities and £0.094m in Corporate Services. Capital, Treasury and Corporate Accounting is reporting a favourable, operational variance of £1.374m.

2.3 It should, however, be noted that at this stage in the financial year, £0.641m of approved 2022/23 budget reductions within Children's Services are classified 'Red' and forecast not to be delivered. In addition, a further £2.325m within Place and Economic Growth, whilst being forecast as 'Amber', carry a significant amount of risk with regard to achievability. In both cases the variance is included within the overall Directorate forecast.

2.4 However, taking an approach to allocating the COVID-19 Legacy funding against the COVID-19 related costs incurred and using the information in Tables 2 and 3 of Annex 1, the table below shows the net impact across all Directorate areas, essentially negating the COVID variance in Community Health and Adult Social Care and Children's Services.

	COVID 19 Costs included in forecasts £000	Allocation of COVID legacy Funding £000	Net COVID Pressure £000	Business as Usual £000	Variance Quarter 1 £000
Community Health and Adult Social Care	7,852	(7,852)	-	998	998
Children's Services	4,137	(4,137)	-	3,843	3,843
Public Health	-		-	(10)	(10)
Communities	-		-	(275)	(275)
Place and Economic Growth	-		-	2,755	2,755
Corporate Services	-		-	(94)	(94)
Capital Treasury and Technical Accounting	-		-	(1,374)	(1,374)
COVID-19 Legacy Funding- Unallocated		(11)	(11)	-	(11)
<b>Total</b>	<b>11,989</b>	<b>(12,000)</b>	<b>(11)</b>	<b>5,844</b>	<b>5,833</b>

2.5 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.

2.6 There remains in 2022/23 a high degree of estimation with regard to the lasting impact of COVID-19 and also with the emerging cost pressures in relation to utilities and fuel, the impact of cost of living pressures on pay awards and also interest rates. The forecasting of the likely impact of all these factors on the Council's budget is based on both the actual expenditure and the income position recorded to date but also relies on a series of assumptions. These assumptions are constantly being updated in the light of national and indeed international influences. 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.
- 2.8 The original approved capital programme for 2022/23 totalled £100.248m. 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 £78.695m. Actual expenditure at Quarter 1 was £6.787m (8.62% 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. Its findings and recommendations will be reported later in the financial year.

### **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 FLC-12-22

---

## 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 and 3

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 I

Officer Name: Lee Walsh

Contact No: 0161 770 6608 (lee.walsh@oldham.gov.uk)

## 21 Appendices

### **Annex 1 Revenue Budget Monitoring Report 2022/23 Quarter 1 - June 2022**

Appendix 1 Financing of the 2022/23 Revenue Budget at Quarter 1

Appendix 2 Analysis of Grants

Appendix 3 Summary of 2022/23 Budget Reductions and Deliverability

### **Annex 2 Capital Investment Programme Report 2022/23 Quarter 1 – June 2022**

Appendix A SUMMARY – Quarter 1 - Community Health & Adult Social Care

Appendix B SUMMARY – Quarter 1 - Children’s Services

Appendix C SUMMARY – Quarter 1 - Communities

Appendix D SUMMARY – Quarter 1 - Place and Economic Growth

Appendix E SUMMARY – Quarter 1 - Housing Revenue Account (HRA)

Appendix F SUMMARY – Quarter 1 – Corporate/ Information Technology

Appendix G SUMMARY – Quarter 1 - Capital, Treasury and Technical Accounting

Appendix H SUMMARY – Quarter 1 - Funds for Emerging Priorities

Appendix I SUMMARY – Quarter 1 - Proposed Variations

This page is intentionally left blank

# REVENUE BUDGET MONITORING REPORT 2022/23

## Quarter 1 June 2022

### 1 Background

- 1.1 The Authority's 2022/23 revenue budget was approved by Council on 2 March 2022 at a sum of £260.686m incorporating:
- £5.467m of budget reductions initially approved for 2022/23 at the Budget Council of 4 March 2021.
  - £6.628m of recurrent budget reductions approved within the 2022/23 Budget.
  - £24.971m use of corporate and specific reserves with an offsetting transfer to reserves of £1.710m relating to the 10% Retained Business Rates piloting arrangements.
- 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 the lasting impact of COVID-19.
- 1.3 The Government is not providing any additional funding to address the impact of COVID-19 in 2022/23. As a result, Authorities are no longer required to report the impact of COVID-19 to the Department for Levelling Up, Homes and Communities (DLUHC). Although there is no additional Government funding available, the Council, mindful of the legacy of the pandemic and its continued impact on Council services, approved a sum of £12.000m within its budget for 2022/23 to compensate for the cessation of Government funding and the continued financial impact of COVID-19.
- 1.4 As in the previous two financial years, services will analyse costs and variances between 'business as usual' and COVID-19 and the £12.000m funding will be retained centrally and applied as a corporate adjustment.
- 1.5 The financial reporting structure of the Council has been revised for 2022/23 and although there may be further changes, the revised structure has been implemented for the start of the new financial year as follows:
- Community Health and Social Care remains unchanged, as does Capital Treasury and Corporate Accounting.
  - Children's Services retains all services areas and is supplemented with the addition of Study Support, the Music Service and 0 to 19 Children's Services.
  - Public Health is now a stand-alone Portfolio
  - Youth Leisure and Communities and Heritage, Libraries and Arts combine to create the Communities Portfolio.



- The former People and Place Portfolio is effectively replaced with Place and Economic Growth encompassing Economic Development, Enterprise and Skills and Environmental Services. ICT and Customer Services transfer to the Customer, Digital and Transformation division within Corporate Services.
- A new Corporate Services Portfolio area has been created. The Portfolio comprises the following services:
  - Chief Executive, Management and Executive Office
  - Commissioning and Procurement
  - Finance
  - Legal Services
  - Communications and Research
  - Customer, Digital and Transformation
  - Strategy and Performance
  - HR and Organisational Design

1.6 It is also important to note that the budget incorporates the impact of the direct provision by the Council of those services that were provided during 2021/22 by the Unity Partnership Limited (UPL). This follows the transfer of staff from UPL to the Council with effect from 1 April 2022. This, together with the changes outlined at 1.5 means that to varying degrees comparisons with the prior year at a Portfolio level are not particularly meaningful.

## 2 Current Position

2.1 The current net revenue budget of £261.254m represents a net increase of £0.568m against the originally approved budget of £260.686m. Determinations for two grants with a total value of £1.338m originally designated as un-ringfenced have now been confirmed as ringfenced and hence are passported to Directorates and reduce the net revenue budget. In addition, a range of un-ringfenced Government grants totalling £1.906m have been received since the Budget was approved. Table 1 shows the movement in funding. A full funding analysis of the net revenue expenditure is shown at Appendix 1.

**Table 1 – Movement in Funding**

Movement in Funding	£000
<b>Ringfenced Grants formerly Treated at Unringfenced</b>	
Market Sustainability and Fair Cost of Care Fund Grant	758
Local Authority Domestic Abuse Duty Grant	580
<b>Total Revision to Unringfenced Grants – Reduction in Net Revenue Budget</b>	<b>1,338</b>
<b>Additional Unringfenced Government Grants</b>	
Revenue and Benefits Service New Burdens Grant	(78)
School Improvement Monitoring and Brokerage Grant	(44)
Verify Earnings and Pension Service Grant	(19)
Rough Sleeping Drug & Alcohol Treatment Grant	(509)
Capital Grants	(154)
Botox and Fillers Children’s Act Grant	(8)
Substance Misuse Treatment and Recovery Funding Grant	(505)
Adult Social Care Charging Reform Grant: implementation support funding	(99)
Extended Rights to Free Travel Grant	(49)
Homes for Ukraine Grant	(441)
<b>Additional Grants – Increase in the Net Revenue Budget</b>	<b>(1,906)</b>
<b>Net Movement in Funding</b>	<b>(568)</b>

2.2 The current position for 2022/23 at Quarter 1 is a projected adverse variance of £5.833m, 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 Directorate, including the additional costs anticipated as a result of the lasting impact of the pandemic.

**Table 2 - Summary Forecast Revenue Outturn**

	Budget	Forecast	In Year Transfers To/ (From) Reserves	Variance Quarter 1
	£000	£000	£000	£000
Community Health and Adult Social Care	66,445	76,861	(1,565)	8,851
Children's Services	49,367	59,135	(1,788)	7,980
Public Health	19,211	21,960	(2,759)	(10)
Communities	11,895	12,096	(476)	(275)
Place and Economic Growth	54,243	58,058	(1,060)	2,755
Corporate Services	26,317	26,443	(220)	(94)
Capital Treasury and Technical Accounting	21,776	20,402	-	(1,374)
COVID-19 Legacy Funding	12,000	-	-	(12,000)
<b>NET EXPENDITURE</b>	<b>261,254</b>	<b>274,955</b>	<b>(7,868)</b>	<b>5,833</b>
<b>FINANCED BY:</b>				
Collection Fund Deficit	8,807	8,807	-	-
Use of Reserves to offset Collection Fund Deficit	(8,807)	(8,807)	-	-
General Use of Reserves	(11,879)	(11,879)	-	-
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,710	1,710	-	-
Other Financing	(251,085)	(251,085)	-	-
<b>TOTAL FINANCING</b>	<b>(261,254)</b>	<b>(261,254)</b>	<b>-</b>	<b>-</b>
<b>NET FORECAST VARIANCE</b>	<b>-</b>	<b>13,701</b>	<b>(7,868)</b>	<b>5,833</b>

2.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £7.868m is an adverse variance of £5.833m. Section 8 provides more detail of the approved and planned use of reserves at Quarter 1. However, key financing issues to note are:

- a) As advised during the 2022/23 budget setting process, there is a movement from reserves of the Section 31 Grant Funding (£8.807m) for Business Rate Relief compensation which was received in 2021/22 and is being used to support the 2022/23 budget.
- b) It should be noted that the 2022/23 budget report assumed that the technical adjustment relating to Section 31 Grant Funding would be £13.092m. This has been revised as the Business Rate Relief adjustment was finalised when preparing the 2021/22 accounts and changed from £8.888m to £8.807m. Guidance received from the Chartered Institute of Public Finance and Accountancy after the 2022/23 Revenue Budget was set advised that the technical adjustment for the COVID-19 Additional Relief Fund (CARF) of £4.204m was not required. Hence the final adjustment was £8.807m

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 the lasting impact of the COVID-19 pandemic. During the 2022/23 budget setting process, £12.000m was set aside and retained as a corporate provision to be utilised to mitigate the legacy costs of the pandemic. There are currently two areas which are enduring significant pressures attributed to the after-effects of the pandemic; Community Health and Adult Social Care reporting £7.852m and Children's Services reporting £4.137m. These pressures when offset against the £12.000m leave a balance of £0.011m in the corporate provision.

Table 3 below analyses the variance between 'business as usual' and COVID-19.

**Table 3 - Analysis of Variances**

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 1 £000
Community Health and Adult Social Care	7,852	998	8,851
Children's Services	4,137	3,843	7,980
Public Health	-	(10)	(10)
Communities	-	(275)	(275)
Place and Economic Growth	-	2,755	2,755
Corporate Services	-	(94)	(94)
Capital Treasury and Technical Accounting	-	(1,374)	(1,374)
COVID-19 Legacy Funding	(12,000)	-	(12,000)
<b>Total</b>	<b>(11)</b>	<b>5,844</b>	<b>5,833</b>

2.5 Community Health and Adult Social Care (CHASC) is reporting a net adverse variance of £8.851m, including a £1.565m use of reserves. The adverse variance comprises £7.852m of COVID-19 related expenditure, in the main due to the demand for care packages linked to hospital discharges. The residual adverse variance of £0.998m relates to 'business as usual' activities.

2.6 Children's Services is forecasting a net adverse variance of £7.980m, after a £1.788m use of reserves. The main pressure is within Children's Social Care (CSC) which is showing an overspend of £7.907m. The adverse variance within CSC attributes £4.137m to COVID-19, in the main due to an increased demand for social care placements both throughout and following the pandemic. Parallel to this, additional costs are being incurred in the use of supernumerary agency workers to reflect the lasting increase in demand for services and the impact on case numbers. The residual CSC adverse variance of £3.770m relates to operational pressures across the Division. Education, Skills and Early Years and Preventative Services are showing a combined business as usual overspend of £0.073m.

2.7 Public Health is forecasting a small operational underspend of £0.010m after a net £2.759m use of reserves primarily related to the use of the Contain Outbreak Management Fund grant which was brought forward from 2021/22.

2.8 Within Communities, the Youth, Leisure and Communities Division is showing an underspend of £0.124m after utilising £0.526m of reserves. Heritage, Libraries and Arts

---

Division is similarly reporting an underspend of £0.151m after a transfer of £0.050m to reserves. In total, the underspend for the Directorate is £0.275m.

- 2.9 Place and Economic Growth Portfolio is forecasting an overspend of £2.755m net of a £1.060m use of reserves, in the main due uncertainty in realising budget reductions. None of the adverse variances have been attributed to the lasting impact of COVID-19 and is therefore being wholly classed as an operational pressure.
- 2.10 The Corporate Services Directorate is forecast to underspend by £0.094m, all of which relates to 'Business as Usual'. There are pressure totalling £0.393m; HR and Organisational Development (£0.126m), Commissioning and Procurement (£0.110m), Customer, Digital and Transformation (£0.105m) and Legal Services (£0.052m). The pressures are offset by favourable variances totalling £0.487m within Finance (£0.373m), Chief Executive, Management and Executive Office (£0.085m) and Strategy and Performance (£0.029m).
- 2.11 Capital, Treasury and Technical Accounting is showing a favourable variance of £1.374m, all of which relates to 'business as usual'
- 2.12 A more detailed analysis of the financial performance, the major variances and contributing factors can be found by Directorate in Section 3.
- 2.13 It is important to note that 2022/23 approved budget reductions totalling £0.641m; all within Children's Services are currently forecast not to be achieved and are therefore rated 'Red - off track and will not deliver', further details are provided in section 3.2.13. The £0.641m is contributing to the adverse variance for the Portfolio.
- 2.14 In addition, there are a further eleven Budget Reductions, across a range of Divisions, with a combined value of £5.405m rated 'Amber - off track but with measures in place to recover the position' and which are reporting to have achieved £0.398m in the first quarter of the financial year. These budget reductions will need to be closely monitored to ensure they do not become unachievable. A schedule and assessment of all the 2022/23 budget reductions is attached as Appendix 3.
- 2.15 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 will continue to be monitored via a corporate process. Such service and corporate actions will continue with the aim of reducing expenditure so it is 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.
- 2.16 The effectiveness of management action will be closely monitored by Management Teams with regular progress updates being provided to the Management Board and Portfolio Holders.

### **3 Directorate Summaries**

#### **3.1 Community Health and Adult Social Care**

- 3.1.1 The Directorate 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 Directorate at Quarter 1.

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

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care - COVID 19	-	7,852	-	<b>7,852</b>
Commissioning	13,434	13,447	-	<b>13</b>
Community Business Services	2,051	2,059	(65)	<b>(57)</b>
Community Health & Social Care	25,065	24,730	-	<b>(335)</b>
Director Adult Social Care	2,375	2,375	-	-
Learning Disability	13,714	15,918	(1,500)	<b>704</b>
Mental Health	8,835	9,315	-	<b>480</b>
Safeguarding	971	1,165	-	<b>194</b>
<b>Total Forecast Net Expenditure</b>	<b>66,445</b>	<b>76,861</b>	<b>(1,565)</b>	<b>8,851</b>

### Summary

- 3.1.2 The pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £8.851m, including a £1.565m use of reserves. The predominant factor contributing to the overspend is the COVID-19 related expenditure: Adult Social Care is one of the Council's services most affected by the pandemic and the legacy impact continues to cause significant financial pressure and it is probable that the financial forecasts will be subject to further revision.
- 3.1.3 There is a £7.852m overspend forecast on costs related to COVID-19. These are legacy costs which are incurred as a result of individuals being funded via the Hospital Discharge Programme (reclaimed from the NHS) in the previous two financial years. As this funding ceased on 31 March 2022, the Council has to finance the whole cost. Budget to offset this expenditure is held and monitored corporately.
- 3.1.4 'Business as usual' variances represent the remaining £0.998m of the overspend. The main reasons for the adverse variance are detailed in the following paragraphs.

### Learning Disability

- 3.1.5 Learning Disability is showing an overspend £0.704m after the use of £1.500m of reserves to support transitions from Children's Social Care. Community care is reporting a gross pressure of £4.011m which is impacted by the increasing complexity of cases, towards which the NHS is making a contribution. Efforts are being made to ensure the costs of provision can be reduced. Income contributions from residents and the NHS have a favourable contribution to the budget of £3.307m and are helping offset the majority of cost pressures.

### Mental Health

- 3.1.6 Mental Health is forecasting an overspend of £0.480m. Several vacancies mean salary budgets will underspend by £0.076m, only partially mitigating the pressures reported in both community care of £0.461m and income from client contributions of £0.095m.

---

## Safeguarding and Commissioning

- 3.1.7 Safeguarding has a projected overspend of £0.194m all of which is attributable to increased salary costs. There are currently six full time temporary posts over-established within the MASH team due to an increase in activity and staffing shortages elsewhere in the system. The service is confident that once the Adult Referral Contact Centre is up and running from September 2022, the need for additional staff will diminish.
- 3.1.8 There is a small overspend of £0.013m being reported in the Commissioning Service.
- 3.1.9 Offsetting the adverse variances above are combined underspends totalling £0.392m which are being forecast in Community Health and Social Care (£0.335m) and Community Business Services (£0.057m) mainly due to income recovery from client contributions and vacant posts.

## Achievement of Budget Reductions

- 3.1.10 The directorate has approved Budget Reductions of £3.974m in 2022/23 of which £2.082m are rated 'Green – on track and will be delivered'. The remaining £1.892m have been rated 'Amber - off track but measures in place to recover the position', of which £0.073m have currently been delivered bringing the total of achieved budget reductions at quarter 1 to £2.155m. The service is confident that the remaining balance of £2.009m will be delivered by the end of the financial year, for this reason a pressure has not been forecast in the current monitoring position.

## 3.2 Children's Services

- 3.2.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 5 – Children's Services**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	38,302	46,905	(696)	7,907
Education, Skills & Early Years	7,603	8,648	(944)	101
Preventative Services	3,501	3,621	(148)	(28)
Schools	(39)	(39)	-	0
<b>Total Forecast Net Expenditure</b>	<b>49,367</b>	<b>59,135</b>	<b>(1,788)</b>	<b>7,980</b>

### Summary

- 3.2.2 The Directorate has a projected overspend of £7.980m. The overspend includes costs of £4.137m (all within Children's Social Care) due to the lasting impact of COVID-19 and incorporates the use of reserves totalling £1.788m. The principal underlying reasons are detailed below.

### Children's Social Care

- 3.2.3 This Division is projecting a £7.907m overspend at Quarter 1 and incorporates the use of reserves totalling £0.696m.

- 
- 3.2.4 Throughout 2020/21 and 2021/22 it was necessary to employ additional temporary social work staff to cover the increase in demand and increased caseloads as a result of the pandemic. The current cohort of additional workers is expected to cost £1.182m if retained for the whole of the financial year. A further £2.698m is relating to COVID-19 legacy placement costs for children who came into care during the pandemic. An overspend in disbursement/legal costs is anticipated at £0.257m due to the upturn in demand for specialist legal services as a by-product of the pandemic. This brings the total anticipated spend due to the lasting impact of COVID-19 to £4.137m. Budget for COVID-19 related expenditure is held corporately and will be notionally allocated to services at the year end.
- 3.2.5 There is a further operational, business as usual forecast deficit of £3.770m, again in the main relating to social care placements including high-cost external residential packages (£3.104m), with further variances in relation to Adoption (£0.140m), Children with Disabilities Short Breaks (£0.215m), No Recourse to Public Funds/ Assistance to Families (£0.165m) and a net overspend of £0.112m on social care establishment staffing costs. A number of small miscellaneous variances account for the remaining (net) pressure of £0.034m
- 3.2.6 Social workers in Children's Social Care play a critical role in supporting and protecting children, young people and families within the community. However, the challenge of recruiting and retaining social workers within Children's Services is something that is being experienced not only in Oldham but nationally, creating a reliance on employing temporary social work staff to deal with demand. This is then compounded by rapidly increasing hourly rates for the agency staff being engaged. Management action is being taken to help with combatting the problem by extending the dedicated social work academy to invest not only in supporting extra newly qualified social workers in an Assessed and Supported Year in Employment (ASYE) but also to invest in a number of new trainee social workers. The trainee social workers are being offered university placements alongside on-the-job experience with dedicated support from practice co-ordinators. A 'grow your own' approach has proven successful in many Local Authorities across the country with successful recruitment and retention as a result.
- 3.2.7 During the COVID-19 pandemic and ultimately following, Children's Social Care in Oldham has experienced an increased volume in demand which has led to a high number of young people becoming Children in Need or Children Looked After. This combined with the high cost of external residential and foster care placements has put even greater pressure on the Directorates budget in 2022/23. Whilst demand cannot be wholly controlled, Senior Management is dedicated to addressing these issues and a number of management actions are being implemented to address such problems. Whilst continuing to monitor the approval of placements through the Additional Resource Panel, an invest to save proposal has been put forward to commission an external research agency to work with managers and social care staff to address demand management to tackle both operational and financial pressures. Other management initiatives and actions to deal with on-going budgetary and operational pressures whilst continuously promoting the welfare of children in Oldham include;
- Rivendell House – a 4 bedrooled Children's Residential Care home owned and operated by the Authority. It was re-opened in July 2021 to support 4 young people in-house rather than commissioning high-cost external residential provision, there are currently 3 young people in-situ.



- 
- Hub and Spoke Foster Care model – to invest in a number of specialised foster carers to provide support to a network of internal foster carers with an intention to prevent placement breakdown, support the assessment process following reception into care, enable more children to stay in Oldham foster care placements and to support children to move into Oldham fostering placements from external residential provision. This will strengthen Oldham’s internal foster carers network and reduce the requirement to place young people in more expensive external foster care or residential placements.
  - Edge of Care – the creation of a ‘rapid response’ Edge of Care team to target children and families where the child is at risk of being taken into care. There is substantial evidence that these types of interventions are having a positive impact on outcomes for children and young people which are relevant to the development of Oldham’s approach.
  - Closer Commissioning Ltd – an independent review which will consider the future development and utilisation of children’s residential care within the borough.
  - Gang Response and Early Collaborative intervention Project (GRiP) – this project is in its second year and provides a partnership approach between the Complex Safeguarding Team and Positive Steps to respond to an escalation of concerns around contextual risk, social groups and gang related activity, notably placing our most vulnerable young people in positions of risk.

3.2.8 Whilst the impact of all of these management actions are not currently financially quantifiable, it is expected that they will result in delivering either a significant saving or cost reduction. Progress will be monitored throughout this financial year and into the future.

#### Education, Skills and Early Years

3.2.9 The area is reporting a £0.101m overspend at Quarter 1 and incorporates the use of reserves totalling £0.944m.

3.2.10 The Music Service is currently reporting a pressure of £0.094m which relates to an estimated trading income shortfall in the Services Service Level Agreements, partially offset by underspends in Staffing.

3.2.11 A potential pressure exists in relation to the 0-19 Children’s Services which for 2022/23 are now being delivered under a Section 75 Partnership Agreement with the Northern Care Alliance NHS Foundation Trust; circa £0.700m was identified based on the transfer information. This is expected to be mitigated by staff and vacancy management in the current financial year, with work underway to reconfigure the services within the financial envelope.

#### Preventative Services

3.2.12 The area is reporting a small £0.028m underspend at month 3 and incorporates the use of reserves totalling £0.148m

---

## Achievement of Budget Reductions

3.2.13 Budget reductions for the Directorate in 2022/23 total £1.432m of which £0.641m are rated 'Green – on track and will be delivered'. One Budget Reduction in relation to Income Generation- Educational Psychologists / QEST (£0.150m) is currently rated 'Amber – off track but measures in place to recover the position' and will need to be monitored closely as the year progresses. There are currently three Budget reductions which are being rated as 'Red – off track and will not deliver.' This will have an adverse impact of £0.641m, as follows:

- Special Educational Needs and Disability (SEND) Education provision £0.114m
- External Placement Cost Avoidance £0.500m
- Oldham Music Service – Fees & Charges £0.027m

### 3.3 Public Health

3.3.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 6 – Public Health**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Public Health (Client and Delivery)	19,211	21,960	(2,759)	(10)
<b>Total Forecast Net Expenditure</b>	<b>19,211</b>	<b>21,960</b>	<b>(2,759)</b>	<b>(10)</b>

#### Summary

3.3.2 The Directorate has a projected underspend, all designated as Business as Usual of £0.010m and incorporates the use of reserves of £2.759m. The principal underlying reasons are detailed below.

3.3.3 Public Health (Client and Delivery) is showing an underspend of £0.010m which is due to a small reduction in non-pay expenditure and additional income received. Use of reserves is in the main the continued use of the Continued Outbreak Management Fund received in 2021/22 (£3.081m). It is important to note that it is possible that the Government may seek reimbursement of the grant. The situation is currently unclear and is being monitored closely, with further details provided at section 4.2.

#### Achievement of Budget Reductions

3.3.4 Budget reductions for the Directorate in 2022/23 total £0.511m and are all rated 'Green – on track and will be delivered'

### 3.4 Communities

3.4.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 7 - Communities**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Youth, Leisure & Communities	6,798	7,200	(526)	(124)
Heritage, Libraries and Arts	5,097	4,896	50	(151)
<b>Total Forecast Net Expenditure</b>	<b>11,895</b>	<b>12,096</b>	<b>(476)</b>	<b>(275)</b>

### Summary

3.4.2 The Directorate has a projected, business as usual underspend of £0.275m and incorporates a net use of reserves totalling £0.476m. The principal underlying reasons are detailed below.

#### Youth, Leisure and Communities

3.4.3 The Division is reporting an underspend of £0.124m at Quarter 1. There is a pressure of £0.095m within Outdoor Education which is due to a reduction in income which is offset by vacancies in the District Partnerships team.

#### Heritage, Libraries and Arts

3.4.4 The Division is reporting an underspend of £0.151m at Quarter 1. There are vacancies in the Libraries Service, increased income for Oldham Theatre Workshop and underspends within non pay budgets.

#### Achievement of Budget Reductions

3.4.5 Budget reductions for the Directorate in 2022/23 total £0.074m and are all rated 'Green – on track and will be delivered'

### 3.5 Place and Economic Growth

3.5.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 8 – Place and Economic Growth**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development, Enterprise and Skills	1,672	5,653	(1,109)	2,872
Environmental Services	52,571	52,405	49	(117)
<b>Total Forecast Net Expenditure</b>	<b>54,243</b>	<b>58,058</b>	<b>(1,060)</b>	<b>2,755</b>

### Summary

3.5.2 The Directorate has a projected overspend of £2.755m all of which is attributed to business as usual and incorporates a net use of reserves totalling £1.060m. The principal underlying reasons are detailed below.

---

## Economic Development, Enterprise and Skills

3.5.3 The area is forecasting an overspend of £2.872m after a £1.109m use of reserves. The main reasons for the adverse variance are detailed below:

- There is an estimated pressure against the Corporate Landlord / Investment Estate totalling £2.457m. This is a pressure of £2.620m due to the budget reduction, Creating a Better Place - Projects and Assets which is currently rated 'Amber' further details are provided at section 3.5.5 and 3.5.6 below. Offsetting this, there are staffing underspends across the services totalling £0.163m.
- Further significant pressures linked to the impact of increases in global energy prices have been offset by the application of £1.700m funding previously uncommitted and held centrally specifically for this purpose.
- Facilities Management is projecting an overspend of £0.162m. The Catering Service is forecasting an underachievement of income against the sale of meals of £0.805m which is partially being offset by underspends against catering staffing costs of £0.587m and an overachievement of income within the Cleaning Service of £0.056m.
- There is a pressure relating to the Town Centre of £0.191m due to the underachievement of income within the Market Service (£0.217m) which is being partially offset by vacant posts within the service (£0.026m).
- The Planning Service is showing a £0.062m overspend due to expected costs in relation to the Local Plan and Places for Everyone.

## Environmental Services

3.5.4 The area is forecasting an underspend of £0.117m after a £0.049m transfer to reserves. The main reasons are detailed below:

- The Fleet Service is anticipating an overspend of £0.170m due to inflationary increases on fuel.
- Environmental Management is forecast to underspend by £0.132m due to vacant posts within the service and additional income within Cemeteries and Crematoria.
- Street Lighting is showing a forecast underspend of £0.094m relating to vacant posts and anticipated reductions on the PFI contract.
- Strategic Highways is showing an underspend of £0.061m due to capital rechargeable income (£0.114m) which is being offset by increases in fleet recharges (£0.043m) and a small overspend in staffing costs (£0.010m)

## Achievement of Budget Reductions

3.5.5 Budget reductions for the Directorate in 2022/23 total £3.612m of which £0.892m are rated 'Green – on track and will be delivered'. There are two budget reductions rated 'Amber' with a combined value of £2.720m which relate to:

- Creating a better Place – Projects and Assets (£2.620m)
- Creating a Better Place – Income Generation (0.100m).

3.5.6 The options above are rated as Amber and would therefore not ordinarily be forecast as an adverse variance. There is however a high degree of uncertainty in relation to deliverability, particularly in the current economic climate, a pressure is therefore being recorded, the position will be monitored throughout the year to maximise deliverability.

### 3.6 Corporate Services

3.6.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 9 – Corporate Services**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive, Management and Executive Office	4,763	4,678	-	(85)
Commissioning and Procurement	671	781	-	110
Finance	6,589	6,216	-	(373)
Legal Services	3,496	3,768	(220)	52
Communications and Research	985	985	-	0
Customer, Digital and Transformation	6,303	6,408	-	105
Strategy and Performance	864	835	-	(29)
HR & Organisational Development	2,646	2,772	-	126
<b>Total Forecast Net Expenditure</b>	<b>26,317</b>	<b>26,443</b>	<b>(220)</b>	<b>(94)</b>

#### Summary

3.6.2 The Directorate has a projected underspend of £0.094m and incorporates the use of reserves totalling £0.220m. The principal underlying reasons are detailed below.

#### Chief Executive, Management and Executive Office

3.6.3 The Partnership Support (Borough and GM) service area is reporting an underspend of £0.085m which relates to reduced costs and favourable income recovery.

#### Commissioning and Procurement

3.6.4 The Division is reporting an overspend of £0.110m at Quarter 1. The service is continuing to experience difficulties in recruiting to permanent posts, this is resulting in a pressure of £0.307m due to the necessity of having to retain interims, this is being offset by vacant posts of £0.257m. The service is also reporting a pressure of £0.060m against the Early Payment scheme.

#### Finance

3.6.5 The Division is reporting an underspend of £0.373m at Quarter 1. There are vacancies across the Finance Division and underspends on non-pay budgets which are offsetting a pressure in Revenues and Benefits relating to agency staff engaged to support increased service demand.

---

## Legal Services

3.6.6 There are vacancies across the Legal Division which is offsetting in part a pressure in relation to income from schools buy back in the Legal Team and produces a net forecast overspend of £0.052m.

## Customer, Digital and Transformation

3.6.7 The Division is reporting a pressure of £0.105m at Quarter 1. There are vacant posts across the Division (£0.834m) which is offset in part by agency costs in Customer Services and ICT (£0.363m). An underspend of £0.128m in Customer Services has arisen due to eligible staff costs being transferred and offset against the Contain Outbreak Management Fund COVID-19 grant in 2022/23. There is a reported pressure of £0.058m in the Schools ICT service which relates to upfront telephony system costs. ICT is reporting a pressure of £0.646m against the capital fees income target. It is anticipated that this pressure could reduce during the course of the financial year and progress will be monitored and reported in the following months.

## Strategy and Performance

3.6.8 The Division is reporting an underspend of £0.029m due to vacant posts.

## HR and Organisational Development

3.6.9 The Division is reporting a pressure of £0.126m. An income pressure in the HR Advisory Service is partly being offset by vacant posts.

## Achievement of Budget reductions

3.6.10 Budget reductions for the Directorate in 2022/23 total £1.382m of which seven totalling £0.999m are rated 'Green – on track and will be delivered' and have been fully achieved at quarter 1. A further two are being rated 'Amber – off track but measures in place to recover the position' with a combined value of £0.383m which relate to:

- Internal Efficiency Initiatives (Unity Partnership); £0.363m with £0.030m reported as achieved at Quarter 1.
- Information and Communications Technology (ICT) of £0.020m.

3.6.11 These will be monitored throughout the year to maximise deliverability.

## 3.7 Capital, Treasury and Technical Accounting

3.7.1 The following table shows the forecast position for the Directorate at Quarter 1.

**Table 10 – Capital, Treasury and Technical Accounting**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	21,776	20,402	-	(1,374)
COVID-19 Budget	12,000	-	-	(12,000)
<b>Total Forecast Net Expenditure</b>	<b>33,776</b>	<b>20,402</b>	-	<b>(13,374)</b>

---

## Summary

### Capital, Treasury and Technical Accounting

- 3.7.2 The Directorate holds the budgets associated with the Council's Treasury Management activities including interest payable on borrowing and interest receivable on investments and is reporting a wholly business as usual underspend of £13.374m at Quarter 1.
- 3.7.3 As mentioned above in paragraph 2.4 of the report, COVID-19 Legacy funding is being held centrally within this division. This contributes £12.000m towards the £13.374m underspend. The corresponding expenditure that this provision is funding is currently being reported within CHASC (£7.852m) and Children's Services (£4.137m) leaving an overall favourable corporate balance of £0.011m in relation to the COVID funding.
- 3.7.4 The favourable residual Portfolio variance of £1.374m is due to projected non-pay variances including past pension costs and banking charges. This is offset by an adverse variance with regard to the Annual Leave Purchase Scheme and loss of income through non buy back of the Schools / Academies Cash Collection service.
- 3.7.5 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 may have an impact, but this will not be known until the interim benefits claim is produced and agreed at the end of August 2022

### Achievement of Budget Reductions

- 3.7.6 The single Budget reduction of £0.750m for the Directorate for 2022/23 is rated 'Green – on track and will be delivered' and has been fully achieved at Quarter 1.

## **4 Other Grants and Contributions Received by the Council**

- 4.1 Members will recall that in 2021/22 the Government provided a range of both ringfenced and un-ringfenced grants to support the response to COVID-19. There have been no new notifications in the first quarter of 2022/23, however there are residual sums in relation to the funding received in 2020/21 and 2021/22 with the Council bringing forward into 2022/23 unspent balances totalling £3.138m in relation to seven ring-fenced COVID grants. The application of these grants will therefore be treated as a drawdown from reserves.
- 4.2 The single largest sum (£3.081m) is in relation to the Contain Outbreak Management Fund (COMF). Central Government raised some concerns in June about the availability of the balance of the COMF grant in 2022/23. Having previously been assured that any grant that was not spent in 2021/22 could be carried forward into 2022/23, the Government has indicated that it considers that there should be little need to continue to spend resources on the COVID response. Councils have been advised that they will have to evidence how any actual expenditure and future commitments funded by the COMF grant comply with the prevailing guidance. In view of this, there is some risk about the availability of the COMF to support existing commitments which include staffing contracts, albeit that the risk is considered to be fairly low.
- 4.3 The Council has received a number of specific Grants from the Government or other sources which have been ringfenced to Directorates to be utilised on certain defined activities. At Quarter 1, Directorates are forecasting a total of £60.384m of ringfenced grants to be used for specific purposes which have been either new notifications for



2022/23 or grants received in prior years where terms and conditions allow for usage in the current and potentially future years. The table below shows the total grants forecast by Directorates up to Quarter 1.

**Table 11 – Ringfenced Grants to Directorates**

Directorate	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
Community Health and Adult Social Care	-	(15,496)	(15,496)
Children's Services	(72)	(15,162)	(15,234)
Public Health	(363)	(699)	(1,062)
Communities	(657)	(1,803)	(2,461)
Place and Economic Growth	(60)	(4,471)	(4,531)
Corporate Services	-	(2,802)	(2,802)
<b>Total Ringfenced Grants include within the Net Revenue Budget</b>	<b>(1,152)</b>	<b>(40,433)</b>	<b>(41,585)</b>
Housing Revenue Account	0	(18,799)	(18,799)
<b>Total</b>	<b>(1,152)</b>	<b>(59,232)</b>	<b>(60,384)</b>

- 4.4 As highlighted in the table, grants received in previous years and carried forward into 2022/23 total £1.152m with new allocations for 2022/23 totalling £59.232m; £60.384m in total (£41.585m within the net Revenue Budget and £18.799m within the Housing Revenue Account). Dependant on the terms and conditions of the individual grant, some of the above income could be carried forward into 2023/24 to be utilised in future financial years.
- 4.5 Of the £40.433m of new General Fund allocations, £14.288m relates to the Better Care Fund Grant which is awarded by NHS England and distributed by Integrated Care Boards. This is included within the Community Health and Adult Social Care net revenue budget. A further £13.263m relates to PFI Credits received to support unitary charge payments across the Councils four Revenue Fund PFI schemes. A further two PFI schemes, with grant totalling £18.799m sit within the Housing Revenue Account.
- 4.6 A total of 44 additional Government Grants are included in the forecasts for 2022/23 totalling £45.444m. Of this sum, £26.646m are within the Revenue Budget and £18.799m relating to the Housing Revenue Account PFI Credits. A further 5 grants being awarded through other sources and classed as 'other grants' totalling £14.939m. Twenty three of these grants have an individual value which is greater than £0.150m and total £58.601m. A full list of these grants can be found at Appendix 2.
- 4.7 The remaining £1.783m relates to 26 grants with individual values less than £0.150m.

## 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 and Early Years Finance (England) Regulations 2022. 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 The DSG is made up of the following 4 blocks of funding as follows;

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

5.3 For a number of years there has been considerable financial pressure on the DSG, particularly in the High Needs Block. This 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, which must agree the allocation of the DSG, has historically agreed transfers between the Schools and High Needs Blocks. Due to the increased funding received in 2022/23 there was no requirement for a transfer in this financial year.

5.4 Without the support from the Schools Block, the High Needs Block is currently forecasting an in year surplus of £3.633m. This reduces the cumulative deficit forecast to £11.636m as of 31 March 2023. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net forecast High Needs Block surplus of £0.017m (as illustrated in the table below).

**Table 12 – DSG High Needs Block**

DSG High Needs Block Key Issues	£000
Original High Needs Budget Allocation including adjustment for imports/exports	52,013
Estimated Expenditure	(48,380)
<b>Projected in Year Surplus</b>	<b>3,633</b>
Deficit Brought Forward 01/04/2022	(15,269)
<b>Cumulative Net Deficit</b>	<b>(11,636)</b>
Offset by;	
- Virement from Schools Block- 2016/17 to 2021/22	8,296
- Savings in Schools and Early Years Block and Central Schools Services Block- 2015/16 to 2021/22	3,357
<b>Projected High Needs Block Surplus 31/03/2023</b>	<b>17</b>

---

## 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. 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 including the transfer of DSG funding between the Schools and the High Needs Funding Blocks that has been undertaken in prior years.
- 5.6 Oldham has been supported by the Education and Skills Funding Agency (ESFA) in its monitoring and management of the DSG. An updated Recovery Plan was submitted to the Department on 18 October 2021 and a follow up meeting to discuss this took place on 9 November 2021. In more recent developments Oldham has been invited by the Government to take part in the Delivering Better Value Programme which will provide dedicated support for the reform to high needs systems to 55 local authorities with deficit issues, the aim being to put more Local Authorities on a more sustainable footing so that they are better placed to respond to the forthcoming SEND Review reforms. Oldham has been selected as one of the local authorities to be invited to take part in the programme, as it had a significant percentage DSG deficit in 2020-21 and has attended on-line introduction and planning events on 4 July and 3 August with further conversations expected to be held in the coming months
- 5.7 The Schools Forum is regularly updated on the status of the Recovery Plan and 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. The last meeting of the Schools Forum on 15 June 2022 received an update in relation to the DSG including the Recovery Plan, which had again been updated 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 2024/25.
- 5.8 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 an in-year surplus in 2022/23 of £2.790m, which is sufficient to reverse the deficit brought forward of £2.773m and enable there to be a forecast surplus of £0.017m to be carried forward into 2023/24. Predominantly as a result of additional funding announced in December 2021, the cumulative surplus increases significantly to £4.769 at the end of 2023/24 and to £9.338m at the end of 2024/25. However, it is important to note that the overall surplus position is expected to reduce as revised expenditure estimates are confirmed.

**Table 13 - Overall DSG Position**

	2022/23 £000	2023/24 £000	2024/25 £000
Opening Balance – (Deficit)/Surplus	(2,773)	17	4,769
Estimated Additional (Pressures)/ Savings	(2,960)	(4,496)	(6,015)
2022/23 High Needs Block Increase	4,852	4,852	4,852
Additional High Needs Funding per the announcement	1,756	1,756	1,756
Reverse Indicative Transfer	(1,124)	0	0
Estimated additional funding increase High Needs Pupils	0	157	157
Estimated change additional funding Special Free School	854	976	976
Estimated Additional High Needs Funding 5%	0	2,203	2,203
Estimated Additional High Needs Funding 3%	0	0	1,336
Estimated cost increases Special Schools re inflation etc.	(394)	(405)	(405)
Estimated cost Post 16 re inflation and additional teaching hours.	(194)	(291)	(291)
In Year surplus	2,790	4,752	4,569
<b>Current Net Forecast Surplus</b>	<b>17</b>	<b>4,769</b>	<b>9,338</b>
Previously Reported Net Forecast Surplus (March 22)	129	5,305	n/a

- 5.9 Work will continue throughout 2022/23 and beyond to ensure that the forecast surplus position is actually achieved and maintained. Clearly the position has improved; the current estimates show that there could be a significant surplus at the end of 2023/24, which is a change to the trends of the last few years and is largely due to the additional funding expected from Central Government, although this is likely to reduce in value as more detailed expenditure estimates are prepared. Given the size of the projected surplus, the position will be monitored to ensure that there is an effective use of resources and that the surplus is managed so that it does not become excessive.

## 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 2021/22 at £21.719m was £0.572m lower than the final estimate of £22.291m.
- 6.2 The original HRA forecast for 2022/23 was for a planned in-year decrease in balances of £1.808m, mainly to support housing related expenditure in the Capital Programme. The current forecast is for an increased in year deficit of £1.998m, a net adverse movement of £0.190m attributable to increased utility costs. The projected year end HRA balance is therefore £19.721m; a £0.762m adverse movement.

**Table 14 - Housing Revenue Account Forecast Position**

HRA Income & Expenditure Account	Original Budget £000	Actual 2021/22 & Latest 2022/23 Forecast £000	Variance to Budget £000
HRA Balances Brought forward from 2021/22	(22,291)	(21,719)	572
Deficit on HRA Services	1,808	1,998	190
<b>HRA Balances Carried Forward</b>	<b>(20,483)</b>	<b>(19,721)</b>	<b>762</b>

## 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 between the Council and the Greater Manchester Combined Authority precepting services.

**Table 15 - Collection Fund Forecast Position**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	2,958	6,175	9,133
Contribution to deficit cfwd from 2021/22	(2,874)	(10,378)	(13,252)
<b>Prior Year Balance Brought Forward</b>	<b>84</b>	<b>(4,203)</b>	<b>(4,119)</b>
Deficit for the Year	766	2,629	3,395
<b>Net (Surplus)/Deficit Carried Forward</b>	<b>850</b>	<b>(1,574)</b>	<b>(724)</b>

**Table 16 - Collection Fund – 2022/23 Share of Balances; Forecast Position**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	718	(1,558)	(840)
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	91	-	91
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	41	(16)	25
<b>Total (Surplus)/Deficit</b>	<b>850</b>	<b>(1,574)</b>	<b>(724)</b>

7.2 Council Tax and Business Rates remain a significant source of funding for Council services. However, these areas can be volatile, the 2022/23 financial year is presumed to be no different with the lingering impact of COVID-19 and as such the financial position of the Collection Fund is under constant review. With regards to the Business Rates surplus brought forward from 2021/22 this was due to the delayed rollout of the £4.204m of COVID-19 Additional Relief Fund (CARF) allocations. The Business Rates reliefs available under the CARF scheme were originally assumed to be fully allocated within 2021/22, thus increasing the estimated deficit as the level of Business Rates to be collected would be reduced. This was expected to be compensated for by Un-ringfenced

---

Section 31 grant of £4.204m included within the 2022/23 Revenue Budget. The £4.204m grant will now be applied in 2022/23.

- 7.3 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2022/23. Any financial benefits arising from membership within the pilot scheme will continue to be monitored and upon realisation, any beneficial financial resource will be used to support the Council's budget.
- 7.4 As highlighted in Tables 15 and 16 above, current year end Collection Fund projections are showing an overall surplus of £0.724m, with the Council's proportion of this surplus being £0.840m. This is a particularly volatile area to forecast with many unknowns, therefore, this area will be closely monitored over the forthcoming months. Any anticipated financial impact in 2023/24 and future years will be considered within the context of the Medium Term Financial Strategy.

## **8 Use of Reserves**

- 8.1 Members will recall that at the Council budget meeting of 2 March 2022, it was agreed that a proposed use of Earmarked Reserves of £24.971m be used to support the 2022/23 budget including £0.405m to support the delivery of budget reductions for 2023/24 with an offsetting transfer to reserves of £1.710m for Retained Business Rates. Of the Earmarked Reserves to be used, £11.879m were to be met from the specific balancing budget reserve. A further £13.092m of reserves were to be used in 2022/23 as a result of Business Rates compensation funding received in 2021/22 and held in reserve to support the Collection Fund Deficit in 2022/23. Since the Budget Council meeting and as part of the closure of accounts the completion of the Business Rates Year End Return (NNDR3) and using guidance issued by CIPFA, it was determined that the Business Rate compensation related Collection Fund Deficit for 2022/23 would be revised downwards by £4.285m to £8.807m; a revision of £0.081m for Grant in Lieu of Business Rates and £4.204k in relation to the Covid-19 Additional Relief Fund (CARF) scheme. This resulted in the initial, total call on reserves to support the revenue budget in 2022/23 of £18.976m.
- 8.2 In addition to the above transfer to reserves the Quarter 1 position incorporates additional Directorate requests to use reserves with a total (net) value of £7.868m, therefore the budget as a whole relies upon the application of £26.844m of reserves, the resultant impact is for an estimated combined closing value of £83.114m, comprising £77.173m of Earmarked Reserves and £5.941m of Revenue Grant Reserves, as illustrated in the table below.

**Table 17 – Reserves Summary**

	<b>Earmarked Reserves £000</b>	<b>Revenue Grant Reserves £000</b>	<b>Total Reserves £000</b>
<b>Opening Balance as at 1 April 2022</b>	<b>(99,227)</b>	<b>(10,731)</b>	<b>(109,958)</b>
Reserves applied to balance the Budget	11,879	-	11,879
Use of Reserves to offset Collection Fund Deficit	13,092	-	13,092
Reduction in Reserve to offset Collection Fund Deficit	(4,285)	-	(4,285)
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	(1,710)	-	(1,710)
<b>In Year Balance</b>	<b>(80,251)</b>	<b>(10,731)</b>	<b>(90,982)</b>
<b>Directorate Transfers from Reserve</b>			
Community Health and Adult Social Care	1,565	-	1,565
Children's Services	135	1,653	1,788
Public Health	-	3,137	3,137
Communities	526	-	526
Place and Economic Growth	1,109	-	1,109
Corporate Services	220	-	220
Capital Treasury and Technical Accounting	-	-	-
<b>Total Directorate Transfers from Reserve</b>	<b>3,555</b>	<b>4,790</b>	<b>8,345</b>
<b>Directorate Transfers to Reserves</b>			
Community Health and Adult Social Care	-	-	-
Children's Services	-	-	-
Public Health	(377)	-	(377)
Communities	(50)	-	(50)
Place and Economic Growth	(49)	-	(49)
Corporate Services	-	-	-
Capital Treasury and Technical Accounting	-	-	-
<b>Total Directorate Transfers to Reserve</b>	<b>(477)</b>	<b>-</b>	<b>(477)</b>
<b>Total Directorate Use of Reserves</b>	<b>3,078</b>	<b>4,790</b>	<b>7,868</b>
<b>Closing Balance as at Quarter 1</b>	<b>(77,173)</b>	<b>(5,941)</b>	<b>(83,114)</b>



---

8.3 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.

8.4 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 2023/24 and future years budget setting processes and Medium-Term Financial Strategy. Members will therefore recall that reserves of £6.000m to support the 2023/24 budget process and a further £3.932m in 2024/25 have already been committed.

## **9 Flexible Use of Capital Receipts**

9.1 Members will recall that at the Council meeting of 2 March 2022, it was approved that up to £2.500m 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. In April 2022, guidance on the flexible use of capital receipts was updated by the Department for Levelling Up, Housing and Communities which extends the flexibility that has been in place since 2016. This allows the freedom to continue up to 2024/25 to help authorities plan for the long-term.

9.2 A number of schemes in support of the transformation programme which meet the qualifying expenditure requirements as detailed within the statutory guidance issued by the MHCLG have been identified and are itemised within the approved 2022/23 Capital Programme. The contribution to the Flexible Use of Capital Receipts is the first call on any receipts generated by the Council and processes are in place to monitor progress throughout the year as advised in Annex 2 to this report which sets out the Capital Programme position.

## **10 Conclusion**

10.1 The current projected position, after adjustment for reserves and the application of the full £12.000m of the Council funded provision for COVID legacy pressures is showing an overspend of £5.833m. The legacy funding is forecast to be fully utilised with only £0.011m forecast to be available. There is no expectation that there will be any further Government support whilst there is still a lasting cost to the Council. The business as usual pressure of £5.844m is obviously of concern, particularly so early in the financial year, driven in part by the uncertainty in relation to achieving budget reductions which has potential to impact on the 2023/24 budget setting process.

10.2 There remains in 2022/23 a high degree of estimation with regard to the lasting impact of COVID-19 and also with the emerging cost pressures in relation to utilities and fuel, the impact of cost of living pressures on pay awards and also interest rates. The forecasting of the likely impact of all these factors 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 (£99.227m) and Revenue Grants Reserves (£10.731m), as advised in this report, net earmarked reserves of £22.054m and net Revenue Grant reserves of £4.790m are forecast to be called into support the 2022/23 budget. It is also important to note that there is the potential £9.942m use of reserves to balance the 2023/24 and 2024/25 budgets, it is therefore important to minimise the use of reserves in year to maintain financial resilience.

FINANCING OF THE 2022/23 BUDGET	Original Budget	Additions to Quarter 1	Revised Budget
	£'000	£'000	£'000
<b>Net Expenditure Budget</b>	<b>(260,686)</b>		<b>(260,686)</b>
<b>Financed by:</b>			
Business Rates Top-up Grant	(42,923)		(42,923)
Grant in Lieu of Business Rates	(19,471)		(19,471)
Social Care Support Grant	(12,132)		(12,132)
Improved Better Care Fund Grant	(11,188)		(11,188)
2022/23 Services Grant	(4,467)		(4,467)
Independent Living Fund (ILF) Grant	(2,580)		(2,580)
Housing Benefit Administration Grant	(824)		(824)
Council Tax Administration Grant	(371)		(371)
Market Sustainability and Fair Cost of Care Fund	(758)	758	0
Local Authority Domestic Abuse Duty Grant	(580)	580	0
Lower Tier Services Support Grant	(437)		(437)
New Homes Bonus Grant	(562)		(562)
Revenue and Benefits Service New Burdens Grant	(13)	(78)	(91)
School Improvement Monitoring and Brokerage Grant	0	(44)	(44)
Verify Earnings and Pension Service Grant	0	(19)	(19)
Rough Sleeping Drug & Alcohol Treatment Grant	0	(509)	(509)
Capital Grants	0	(154)	(154)
Botox and Fillers Children's Act Grant	0	(8)	(8)
Substance Misuse Treatment and Recovery Funding Grant	0	(505)	(505)
Adult Social Care charging reform: implementation support funding	0	(99)	(99)
Extended Rights to Free Travel Grant	0	(49)	(49)
Homes for Ukraine Grant	0	(441)	(441)
<b>Total Government Grant Funding</b>	<b>(96,306)</b>	<b>(568)</b>	<b>(96,874)</b>
Council Tax Income - General (Including parish precepts)	(90,697)		(90,697)
Council Tax Income - Adult Social Care Precept	(12,549)		(12,549)
Collection Fund - Council Tax Deficit 2020/21	2,192		2,192
Collection Fund - Council Tax Surplus 2021/22	(1,307)		(1,307)
Collection Fund Deficit	13,092	(4,285)	8,807
Retained Business Rates	(51,850)		(51,850)
<b>Total Locally Generated Income</b>	<b>(141,119)</b>	<b>(4,285)</b>	<b>(145,404)</b>
<b>Total Grant and Income</b>	<b>(237,425)</b>	<b>(4,853)</b>	<b>(242,278)</b>
Use of General Earmarked Reserves	(10,074)		(10,074)
Use of Specific Earmarked Reserves	(1,805)		(1,805)
Use of Earmarked Reserves - Collection Fund	(13,092)	4,285	(8,807)
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,710		1,710
<b>Total Use of Reserves</b>	<b>(23,261)</b>	<b>4,285</b>	<b>(18,976)</b>
<b>Total Financing</b>	<b>(260,686)</b>	<b>(568)</b>	<b>(261,254)</b>

**Appendix 2- Analysis of Grants**

Grant Name	Grant Type	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
<b>Community Health and Adult Social Care</b>				
Market Sustainability and Fair Cost of Care Fund	Govt.	0	(758)	(758)
Changing Futures in GM	Govt.	0	(322)	(322)
Better Care Fund	Other	0	(14,288)	(14,288)
Balance: Grants less than £0.150m	Govt. (x2)	0	(128)	(128)
<b>Sub Total</b>		<b>0</b>	<b>(15,496)</b>	<b>(15,496)</b>
<b>Children's Services</b>				
PFI Credits (2 contracts)	Govt.	0	(8,988)	(8,988)
Staying Put Grant	Govt.	0	(201)	(201)
Skills Funding Agency Adult Education	Govt.	0	(2,846)	(2,846)
Holiday Activities and Food Grant	Govt.	0	(1,166)	(1,166)
Youth Justice Board	Govt.	0	(496)	(496)
Support to victims of Domestic Abuse within Safe Accommodation	Govt.	0	(580)	(580)
Unaccompanied Asylum Seeking Children and Care Leavers	Govt.	0	(300)	(300)
Kickstart	Other	0	(193)	(193)
Balance: Government Grants less than £0.150m	Govt. (x6)	(72)	(391)	(463)
<b>Sub-Total</b>		<b>(72)</b>	<b>(15,162)</b>	<b>(15,234)</b>
<b>Public Health</b>				
Additional Drug Treatment Crime and Harm Reduction	Govt.	(297)	(505)	(802)
Balance: Grants less than £0.150m	Govt. (x3)	(66)	(194)	(260)
<b>Sub -Total</b>		<b>(363)</b>	<b>(699)</b>	<b>(1,062)</b>
<b>Communities</b>				
PFI Credits	Govt.	0	(1,803)	(1,803)
GM Safer Streets funding	Govt.	(278)	0	(278)
Community Safety	Other	(206)	0	(206)
Balance: Grants less than £0.150m	Govt. (x3) Other (x1)	(173)	0	(173)
<b>Sub-Total</b>		<b>(657)</b>	<b>(1,803)</b>	<b>(2,461)</b>
<b>Place and Economic Growth</b>				
PFI Credits	Govt.	0	(2,471)	(2,471)
Homelessness Prevention Grant	Govt.	0	(553)	(553)
A Bed Every Night (ABEN)	Govt.	0	(277)	(277)
Community Accommodation Services - Tier 3 Grant	Govt.	0	(294)	(294)
Sustainable Transport Fund	Govt.	0	(455)	(455)
Balance: Other Government Grants less than £0.150m	Govt. (x7)	(60)	(421)	(481)
<b>Sub-Total</b>		<b>(60)</b>	<b>(4,471)</b>	<b>(4,531)</b>
<b>Corporate Services</b>				
Housing Support Fund	Govt.	0	(2,420)	(2,420)
Other Government Grants	Govt.	0	(158)	(158)
ERDF	Other	0	(224)	(224)
<b>Sub-Total</b>		<b>0</b>	<b>(2,802)</b>	<b>(2,802)</b>
<b>Total Ringfenced Grants include within the Net Revenue Budget</b>		<b>(1,152)</b>	<b>(40,433)</b>	<b>(41,585)</b>
<b>Housing Revenue Account</b>				
PFI Credits (2 contracts)	Govt.	0	(18,799)	(18,799)
<b>Total</b>		<b>(1,152)</b>	<b>(59,232)</b>	<b>(60,384)</b>

**Summary of 2022/23 Approved Budget Reductions and deliverability**

**Appendix 3**

Community Health and Adult Social Care					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
CSA-BR1-423	Maximising independence through alternative models of care	Amber	(1,000)	(1,000)	0
CSA-BR1-424	CHASC Workforce Reduction	Green	(50)	(50)	0
CSA-BR1-429	KeyRing	Green	(20)	(20)	0
CSA-BR1-430	Achieving Better Outcomes: Supported Living & Learning Disabilities	Amber	(500)	(500)	0
ASC-BR1-548	Smarter Ways of Working	Amber	(100)	(100)	0
ASC-BR1-549	Income Maximisation for Adult Social Care	Green	(1,380)	(1,380)	0
ASC-BR1-550	CHASC 'Other' - General Operational	Green	(174)	(174)	0
ASC-BR1-551	Core Management Fee Reduction - MioCare Group	Green	(115)	(115)	0
ASC-BR1-553	Increasing Community Enablement Throughput	Amber	(292)	(292)	0
ASC-BR1-554	Learning Disability Consultant Psychiatrist	Green	(73)	(73)	0
ASC-BR1-555	Supported Living Voids Budget	Green	(45)	(45)	0
ASC-BR1-556	Housing Related Support (Short Term Supported Housing)	Green	(225)	(225)	0
			<b>(3,974)</b>	<b>(3,974)</b>	<b>0</b>

Children's Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction	Deliverable	Shortfall
			£000	£000	£000
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	Red	(114)	0.0	114
CHS-BR1-443	External Placements Cost Avoidance	Red	(500)	0.0	500
CHS-BR1-445	Early Help Re-modelling	Green	(200)	(200)	0
PPL-BR1-504	Visit Oldham, Training Budget and Oldham Enterprise Trust	Green	(38)	(38)	0
CHS-BR1-532	Income Generation- Educational Psychologists/ QEST	Amber	(150)	(150)	0
CHS-BR1-534	Virtual School Team Manager- Pupil Premium Plus	Green	(58)	(58)	0
CHS-BR1-535	Governor Services- Reduce Expenditure	Green	(15)	(15)	0
CHS-BR1-536	Oldham Learning reduced de-delegated funding	Green	(85)	(85)	0
CHS-BR1-537	General (non-staffing) Expenditure	Green	(10)	(10)	0
CHS-BR1-538	Early Years Staffing Reduction	Green	(21)	(21)	0
REF-BR1-527	Oldham Music Service - Fees & Charges	Red	(27)	0.0	27
CHS-BR1-539	Delete post-Designated Missing from Home	Green	(16)	(16)	0
CHS-BR1-540	Reduce FTE of Children with Disabilities (CWD) Team	Green	(26)	(26)	0
CHS-BR1-541	Delete Post- Corporate Parenting Manager	Green	(54)	(54)	0
CHS-BR1-542	Delete 2 Social Workers from the Adoption Service	Green	(83)	(83)	0
CHS-BR1-545	Do not renew MOMO	Green	(10)	(10)	0
CHS-BR1-547	Savings on Targeted Youth Lot 3	Green	(25)	(25)	0
			(1,432)	(791)	641

Public Health					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
REF-BR1-521	Smoking in Pregnancy Midwife	Green	(50)	(50)	0
REF-BR1-522	Medicines Management	Green	(10)	(10)	0
REF-BR1-523	NHS Health Checks EMIS Contract	Green	(32)	(32)	0
REF-BR1-524	Sexual Health - Various	Green	(245)	(245)	0
REF-BR1-525	Public Health Staffing	Green	(112)	(112)	0
REF-BR1-526	Get Oldham Growing	Green	(62)	(62)	0
			(511)	(511)	0

Communities					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
REF-BR1-519	Electric Cars	Green	(18)	(18)	0
REF-BR1-520	Reduction of FTE in Community Safety Services	Green	(45)	(45)	0
REF-BR1-528	Oldham Theatre Workshop - Fees & Charges	Green	(11)	(11)	0
			(74)	(74)	0



## Place and Economic Growth

Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-401	Creating a Better Place - Projects & Assets	Amber	(2,620)	(295)	2,325
PPL-BR1-403	Digital Mail	Green	(100)	(100)	0
PPL-BR1-501	Creating a Better Place - Income Generation	Amber	(100)	(100)	0
PPL-BR1-502	Additional Income Generation from new Flexi Parking Permit	Green	(75)	(75)	0
PPL-BR1-506	Cemetery and Cremations	Green	(118)	(118)	0
PPL-BR1-507	Highways and Highways Unity	Green	(245)	(245)	0
PPL-BR1-508	Increase External Customer Base - Trade Waste	Green	(32)	(32)	0
PPL-BR1-509	Increase Trade Fees and Charges - Trade Waste	Green	(74)	(74)	0
PPL-BR1-510	Public Protection Restructures - Environmental Health & First Response	Green	(37)	(37)	0
PPL-BR1-511	Public Protection Restructures - Building Control	Green	(23)	(23)	0
PPL-BR1-503	Planning Income Fees	Green	(50)	(50)	0
PPL-BR1-504	Visit Oldham, Training Budget and Oldham Enterprise Trust	Green	(18)	(18)	0
PPL-BR1-505	Corporate Landlord and Facilities Management	Green	(120)	(120)	0
			(3,612)	(1,287)	2,325

Corporate Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	Amber	(363)	(363)	0
CEX-BR1-513	Review of Executive Support Service	Green	(45)	(45)	0
CEX-BR1-514	Chief Executive Management	Green	(186)	(186)	0
CEX-BR1-515	Elections	Green	(15)	(15)	0
CEX-BR1-516	Finance Service	Green	(180)	(180)	0
CEX-BR1-516	Finance Service	Green	(199)	(199)	0
PPL-BR1-512	Information and Communications Technology (ICT)	Amber	(20)	(20)	0
REF-BR1-529	Human Resources & Organisational Development	Green	(250)	(250)	0
REF-BR1-530	Transformation & Reform - Vacant Posts Deletion	Green	(124)	(124)	0
			(1,382)	(1,382)	0

Capital, Treasury and Technical Accounting					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
CEX-BR1-518	Treasury Management	Green	(750)	(750)	0
			(750)	(750)	0

This page is intentionally left blank

## CAPITAL INVESTMENT PROGRAMME 2022/23

### Quarter 1 - June 2022

#### 1 Background

- 1.1 The original capital programme for 2022/23 reflected the priorities outlined in the capital strategy as approved at Cabinet on 14 February 2022 and confirmed at the Council meeting on 2 March 2022.
- 1.2 The position as at 30 June 2022 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 Table 1 below shows the capital programme for 2022/23 to 2026/27 and reflects the priorities outlined in the capital strategy as approved at Cabinet on 14 February 2022 and confirmed at the Council meeting on the 2 March 2022.

**Table 1 – 2022/23 to 2026/27 Capital Strategy**

Directorate Budget	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Community Health & Adult Social Care	2,547	2,543	2,543	1,900	400	<b>9,933</b>
Children's Services	5,425	8,816	3,000	4,000	-	<b>21,241</b>
Communities and Reform	908	250	-	-	-	<b>1,158</b>
Housing Revenue Account	3,383	8,227	8,014	1,250	-	<b>20,874</b>
People and Place	81,465	65,038	49,722	39,800	36,400	<b>272,425</b>
Corporate Services	4,000	69	138	138	10,120	<b>14,465</b>
Funding for Emerging Priorities	2,520	2,050	836	1,722	163	<b>7,291</b>
<b>Grand Total</b>	<b>100,248</b>	<b>86,993</b>	<b>64,253</b>	<b>48,810</b>	<b>47,083</b>	<b>347,387</b>

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

Funding	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Grant & Other Contributions	(45,503)	(25,838)	(10,381)	(4,587)	(2,500)	<b>(88,809)</b>
Prudential Borrowing	(46,990)	(50,703)	(44,124)	(42,073)	(43,583)	<b>(227,473)</b>
Revenue	(3,283)	(8,127)	(7,914)	(1,150)	-	<b>(20,474)</b>
Capital Receipts	(4,472)	(2,325)	(1,835)	(1,000)	(1,000)	<b>(10,632)</b>
<b>Grand Total</b>	<b>(100,248)</b>	<b>(86,993)</b>	<b>(64,253)</b>	<b>(48,810)</b>	<b>(47,083)</b>	<b>(347,387)</b>

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

- 2.2 Following a change to the management reporting arrangements in the Council (as outlined in section 1.5 of Annex 1), the revised 2022/23 to 2026/27 Capital Strategy is shown in table 2 below.

**Table 2 – Restated Capital Strategy to Reflect New Management Reporting Arrangements**

Directorate Budget	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Community Health and Adult Social Care	908	250	-	-	-	<b>1,158</b>
Children's Services	5,425	8,816	3,000	4,000	-	<b>21,241</b>
Communities	2,547	2,543	2,543	1,900	400	<b>9,933</b>
Place and Economic Growth	75,875	61,438	46,622	37,050	33,650	<b>254,635</b>
Housing Revenue Account	3,383	8,227	8,014	1,250	-	<b>20,874</b>
Corporate/Information Technology	5,590	3,600	3,100	2,750	2,750	<b>17,790</b>
Capital, Treasury & Technical Accounting	4,000	69	138	138	10,120	<b>14,465</b>
Funding for Emerging Priorities	2,520	2,050	836	1,722	163	<b>7,291</b>
<b>Total Expenditure</b>	<b>100,248</b>	<b>86,993</b>	<b>64,253</b>	<b>48,810</b>	<b>47,083</b>	<b>347,387</b>

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

Funding	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Grant & Other Contributions	(45,503)	(25,838)	(10,381)	(4,587)	(2,500)	(88,809)
Prudential Borrowing	(46,990)	(50,703)	(44,124)	(42,073)	(43,583)	(227,473)
Revenue	(3,283)	(8,127)	(7,914)	(1,150)	-	(20,474)
Capital Receipts	(4,472)	(2,325)	(1,835)	(1,000)	(1,000)	(10,632)
<b>Grand Total</b>	<b>(100,248)</b>	<b>(86,993)</b>	<b>(64,253)</b>	<b>(48,810)</b>	<b>(47,083)</b>	<b>(347,387)</b>

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

- 2.3 Following the 2021/22 Month 9 report which was approved at Cabinet on 21 March 2022, the 2022/23 Capital Programme was revised to reflect anticipated reprofiling. Forecast expenditure for 2022/23 was increased to £113.065m. Taking into account the 2021/22 outturn adjustment of £5.461m and months 10 to 12 approved movements of £3.505m, this produced a revised budget of £111.109m, as presented in table 3. Following a detailed review of the capital programme in June 2022, it is suggested that a further £32.414m of planned expenditure is reprofiled into future financial years. Further detail of the proposed movements is contained in Appendix F. Assuming all the movements are approved it would leave a revised budget of £78.695m.

**Table 3 – 2022/23 Capital Programme**

Directorate	2022/23 as at M09 2021/22 (restated) £000	2021/22 Outturn Adjustment £000	Other Approved Budget changes £000	Revised Budget 2022/23 £000	Proposed Virement/ Rephase £000	Revised Budget (M03) £000	Forecast £000	Variance £000
Community Health and Adult Social Care	2,547	(494)	5	2,058	-	2,058	2,058	-
Children's Services	8,024	162	94	8,280	(1,561)	6,719	6,719	
Communities	928	(180)	1	749	1	750	750	
Place and Economic growth	84,585	(2,467)	1,687	83,805	(26,252)	57,553	57,553	-
Housing Revenue Account	3,965	(692)		3,273	10	3,283	3,283	-
Corporate/ Information Technology	6,337	(1,790)	1,588	6,135	(1,767)	4,368	4,368	
Capital, Treasury & Technical Accounting	4,159	-	(30)	4,129	(165)	3,964	3,964	-
Funding for Emerging Priorities	2,520	-	160	2,680	(2,680)	-	-	-
<b>Overall Total</b>	<b>113,065</b>	<b>(5,461)</b>	<b>3,505</b>	<b>111,109</b>	<b>(32,414)</b>	<b>78,695</b>	<b>78,695</b>	<b>-</b>

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

2.4 Given that this is the position as at Quarter 1 and in view of the current challenges being faced including recovery from COVID-19 and the economic position, there must remain 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 the 2022/23 Capital Programme (Table 3) on a service by service area basis is shown at Appendices A to H and the detailed breakdown of proposed virement/rephasing, both expenditure and financing, is shown in Appendix I.

2.5 Actual expenditure to 30 June 2022 was £6.787m (8.62% of the proposed forecast outturn). This spending profile is lower than in previous years. The position will be kept under review and budgets will be managed in accordance with forecasts.

### Re-profiling of the Capital Programme

2.6 The revised capital programme for 2022/23 to 2026/27, taking into account all the above amendments in arriving at the revised forecast position, is shown in Table 4 together with the projected financing profile.

**Table 4 – 2022/23 to 2026/27 Capital Programme**

Directorate Budget	Revised Budget 2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Community Health and Adult Social Care	2,058	2,343	2,343	2,300	400	<b>9,444</b>
Children's Services	6,719	7,493	3,410	5,691	942	<b>24,254</b>
Communities	750	250	-	-	-	<b>1,000</b>
Place and Economic Growth	57,553	60,573	74,258	41,550	28,666	<b>262,601</b>
Housing Revenue Account	3,283	8,127	7,914	1,150	-	<b>20,474</b>
Corporate/ Information Technology	4,368	5,080	3,910	2,200	1,850	<b>17,408</b>
Capital Treasury & Technical Accounting	3,964	138	138	234	10,120	<b>14,594</b>
Funding for Emerging Priorities	-	2,680	2,050	836	1,885	<b>7,451</b>
<b>Grand Total</b>	<b>78,695</b>	<b>86,684</b>	<b>94,023</b>	<b>53,961</b>	<b>43,862</b>	<b>357,225</b>

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

Funding	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Grant & Other Contributions	(45,212)	(30,947)	(13,952)	(4,587)	(2,500)	<b>(97,198)</b>
Prudential Borrowing	(27,406)	(44,788)	(70,055)	(47,324)	(40,362)	<b>(229,935)</b>
Revenue	(3,237)	(8,027)	(7,814)	(1,050)	-	<b>(20,128)</b>
Capital Receipts	(2,840)	(2,922)	(2,202)	(1,000)	(1,000)	<b>(9,964)</b>
<b>Grand Total</b>	<b>(78,695)</b>	<b>(86,684)</b>	<b>(94,023)</b>	<b>(53,961)</b>	<b>(43,862)</b>	<b>(357,225)</b>

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

- 2.7 Following the approval of the Capital Strategy in March 2022, a number of year end adjustment and new approvals have taken place. This leaves the revised 2022-2027 capital programme at £357.225m, an increase of £9.838m, which is broken down in the table below.

**Table 5 – Capital Programme Movement**

Expenditure movement	£000s
Acceleration to 2021/22 from 2022/23	(5,461)
Rephased from 2021/22 into future years	14,475
New Grant funded schemes	1,464
New General Fund revenue schemes	61
Reduction in Housing Revenue Account projects	(404)
Reduction in grant due to revised offer letter	(297)
<b>Total Expenditure Increase</b>	<b>9,838</b>

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

Funding movement	£000s
Grant & Other Contributions	(8,389)
Prudential Borrowing	(2,462)
Increased General Fund revenue contributions	(61)
Reduced HRA funding	404
Capital Receipts reduction	670
<b>Total Funding Increase</b>	<b>(9,838)</b>

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

- 2.8 The revised Provision for Emerging Priorities for 2022/23 to 2026/27, taking into account all the above amendments is shown in the table below:

**Table 6 - Provision for Emerging Priorities**

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Provision for Emerging Priorities	-	2,680	2,050	836	1,885	7,451

**Capital Receipts**

- 2.9 The capital programme requires the availability of £2.840m of capital receipts in 2022/23 for financing purposes. This includes £2.500m to support transformational activity in the General Fund using the flexibility allowed by Government (section 9 in Annex 1). The current usable capital receipts forecast in year is £5.625m, a projected surplus of £2.785m. The total net usable capital receipts currently received in year is £1.364m, the first call being the £2.500m outlined above.
- 2.10 The capital receipts position as at 30 June 2022 is as follows:

**Table 7 – Capital Receipts 2022/23**

	£000	£000
Capital Receipts Financing Requirement		2,840
Usable Capital Receipt b/fwd.	-	
Actual received to date	(1,364)	
<b>Further Required in 2022/23</b>		<b>1,476</b>

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

- 2.11 Given the significant value 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.
- 2.12 The Capital Strategy and Capital Programme 2022/27 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 2022 is illustrated in the table below:

**Table 8 – Capital Receipts 2022/23 to 2026/27**

Capital Receipts	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Capital Receipts Carried Forward	-	(2,785)	(1,188)	1,014	2,014
Estimated Capital Receipts	(4,261)	(1,325)	-	-	-
Received in year	(1,364)				
<b>Total Receipts</b>	<b>(5,625)</b>	<b>(4,110)</b>	<b>(1,188)</b>	<b>1,014</b>	<b>2,014</b>
Capital Receipts Financing Requirement	2,840	2,922	2,202	1,000	1,000
<b>Over/(Under) programming</b>	<b>(2,785)</b>	<b>(1,188)</b>	<b>1,014</b>	<b>2,014</b>	<b>3,014</b>

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



- 2.13 The most recent projection, as per the table above shows a reducing balance of surplus receipts and indicates a potential shortfall in the last three years of the programme. However, it is prudent to retain the current programme and review this during the course of the current year.

### **Annual Review of the Capital Programme**

- 2.14 In accordance with previous practice, there will once again be a review of the capital programme over the summer months (the Summer 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.

## **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) is being 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 rephrasing 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 - Community Health and Adult Social Care  
Appendix B - SUMMARY – Quarter 1 - Children’s Services  
Appendix C - SUMMARY – Quarter 1 - Communities  
Appendix D - SUMMARY – Quarter 1 - Place and Economic Growth  
Appendix E - SUMMARY – Quarter 1 - Housing Revenue Account (HRA)  
Appendix F - SUMMARY – Quarter 1 – Corporate/ Information Technology (IT)  
Appendix G - SUMMARY – Quarter 1 - Capital Treasury and Technical  
Accounting  
Appendix H - SUMMARY – Quarter 1 - Funding for Emerging Priorities  
Appendix I - SUMMARY – Quarter 1 - Proposed Variations

APPENDIX A

**SUMMARY – Quarter 1 - Community Health and Adult Social Care**

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Adult Services	2,547	(494)	5	2,058		2,058	2,058	-
<b>Community Health and Adult Social Care Total</b>	<b>2,547</b>	<b>(494)</b>	<b>5</b>	<b>2,058</b>		<b>2,058</b>	<b>2,058</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

APPENDIX B

**SUMMARY – Quarter 1 – Children’s Service**

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Schools - General Provision	2,359	(37)	(853)	1,469	(905)	564	564	-
Schools - Primary	1,552	98	559	2,209	(646)	1,563	1,563	-
Schools - Secondary	4,185	278	132	4,595	(6)	4,589	4,589	-
Schools - Special	(72)	(177)	255	6	(3)	3	3	-
Schools New Build	-	-	-	-		-	-	-
<b>Children’s Service Total</b>	<b>8,024</b>	<b>162</b>	<b>94</b>	<b>8,280</b>	<b>(1,561)</b>	<b>6,719</b>	<b>6,719</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 1 – Communities**

<b>Service area</b>	<b>Original Budget £000</b>	<b>2021/22 Rephasing/ Acceleration £000</b>	<b>Approved Changes /Virements £000</b>	<b>Revised Budget 2022/23 £000</b>	<b>Proposed Virement £000</b>	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Year End Variance £000</b>
Local Investment Fund	928	(180)	1	749	1	750	750	-
<b>Communities Total</b>	<b>928</b>	<b>(180)</b>	<b>1</b>	<b>749</b>	<b>1</b>	<b>750</b>	<b>750</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

## SUMMARY – Quarter 1 – Place and Economic Growth

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Asset Mgt - Asset Management	8,515	(321)	(89)	8,105	232	8,337	8,337	-
Asset Mgt - Education Premises	4,343	(107)	2,025	6,261	(232)	6,029	6,029	-
Boroughwide Developments	14,124	(1,961)	120	12,283	(3,264)	9,019	9,019	-
Development	13	-	(1)	12	-	12	12	-
Boroughwide Projects	77	3	-	80	-	80	80	-
Cemeteries and Crematorium	38	(38)	9	9	-	9	9	-
Countryside	185	(30)	-	155	-	155	155	-
Parks	33	5	1	39	(1)	38	38	-
Playing Fields & Facilities	2	-	-	2	-	2	2	-
Parks & Playing Fields	13	-	-	13	-	13	13	-
Private Housing - HMRF	142	152	(165)	129	-	129	129	-
Private Housing - Non-HMRF	-	63	-	63	-	63	63	-
Public Realm	75	-	-	75	-	75	75	-
Strategic Acquisitions	1,000	(2)	2	1,000	(1,000)	-	-	-
Town Centre Developments	31,667	(1,426)	(197)	30,044	(15,550)	14,494	14,494	-
Accident Reduction	1,055	265	18	1,338	361	1,699	1,699	-
Bridges & Structures	4,493	213	-	4,706	658	5,364	5,364	-
Fleet Management	1,273	134	36	1,443	-	1,443	1,443	-
Highway Major Works/Drainage schemes	13,701	341	(119)	13,923	(8,256)	5,667	5,667	-
Minor Works	631	108	23	762	(37)	725	725	-
Miscellaneous	3,205	128	25	3,358	842	4,200	4,200	-
Street Lighting	-	5	-	5	(5)	-	-	-
<b>Place and Economic Growth Total</b>	<b>84,585</b>	<b>(2,467)</b>	<b>1,687</b>	<b>83,805</b>	<b>(26,252)</b>	<b>57,553</b>	<b>57,553</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 1 - Housing Revenue Account (HRA)**

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Housing Revenue Account	3,965	(692)	-	3,273	10	3,283	3,283	-
<b>HRA Total</b>	<b>3,965</b>	<b>(692)</b>	<b>-</b>	<b>3,273</b>	<b>10</b>	<b>3,283</b>	<b>3,283</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 1 – Corporate/Information Technology**

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Information Technology	6,337	(1,790)	1,588	6,135	(1,767)	4,368	4,368	-
<b>Information Technology Total</b>	<b>6,337</b>	<b>(1,790)</b>	<b>1,588</b>	<b>6,135</b>	<b>(1,767)</b>	<b>4,368</b>	<b>4,368</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 1 – Capital Treasury and Technical Accounting**

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget M03 £000	Forecast £000	Year End Variance £000
Cross Cutting /Corporate	4,159	-	(30)	4,129	(165)	3,964	3,964	-
<b>Capital Treasury and Technical Accounting Total</b>	<b>4,159</b>	<b>-</b>	<b>(30)</b>	<b>4,129</b>	<b>(165)</b>	<b>3,964</b>	<b>3,964</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

**SUMMARY – Quarter 1 - Funding for Emerging Priorities**

Service area	Original Budget £000	2021/22 Rephasing/ Acceleration £000	Approved Changes /Virements £000	Revised Budget 2022/23 £000	Proposed Virement £000	Revised Budget £000	Forecast £000	Year End Variance £000
Funding for Emerging Priorities	2,520	-	160	2,680	(2,680)	-	-	-
<b>Funding for Emerging Priorities Total</b>	<b>2,520</b>	<b>-</b>	<b>160</b>	<b>2,680</b>	<b>(2,680)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**Major Variances Commentary**

No additional variances to report

**APPENDIX I**  
**SUMMARY – Quarter 1 - Proposed Variations – Rephase/Acceleration/Realignment**

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Grand Total £000
<b>Community Health and Adult Social Care</b>						
Social Care - General Provision	-	(200)	(200)	400	-	-
<b>Community Health and Adult Social Care Total</b>	-	(200)	(200)	400	-	-
<b>Children's Service</b>						
Education Basic Need General Provision	(76)	(2,691)	410	2,691	-	334
SEND - Special Provision Capital Fund (SPCF) General Provision	(736)	736	-	-	-	-
Schools Feasibility Funding	(93)	93	-	-	-	-
Transfers to Academies	(111)	111	-	-	-	-
Mayfield Academy Expansion	(334)	-	-	-	-	(334)
Devolved Formula Capital Schools projects - DFC (34 projects)	(211)	211	-	-	-	-
Saddleworth School New Build (WH Shaw Site)			58	(1,000)	942	-
<b>Children's Service Total</b>	(1561)	(1540)	468	1691	942	-
<b>Communities</b>						
LIF - Local Investment Fund	1	-	-	-	-	1
<b>Communities Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Place and Economic Growth</b>						
Corporate Property - Major Repair Works (Priority 1)	232	-	-	-	-	232
Essential Condition Works - General Provision	18	-	-	-	-	18
Mills Hill Primary School - Electrical upgrade	100	-	-	-	-	100
Mills Hill Primary Electrical Rewire	(350)	-	-	-	-	(350)
Regen Projects (7)	(3,265)	(4,752)	6,000	2,000	16	(1)
Self Delivery - Housing on Council Land	-	-	2,500	2,500	(5,000)	-
Strategic Acquisitions- General Provision	(1,000)	1,000	-	-	-	-
Town Centre Redevelopment	(15,550)	-	15,550	-	-	-



	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Grand Total £000
Transport (63 individual projects)	(6,437)	2,941	3,496	-	-	-
<b>Place and Economic Growth Total</b>	<b>(26,252)</b>	<b>(811)</b>	<b>27,546</b>	<b>4,500</b>	<b>(4,984)</b>	<b>(1)</b>
<b>Housing Revenue Account</b>						
PFI2 Extra Care Housing Scheme	(5)	-	-	-	-	(5)
HRA Capital Strategy	15	(100)	(100)	(100)	-	(285)
<b>Housing Revenue Account Total</b>	<b>10</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>-</b>	<b>(291)</b>
<b>Corporate/Information Technology</b>						
IT (14 individual Projects)	(1,767)	1,992	1,225	(550)	(900)	-
<b>Corporate/Information Technology TOTAL</b>	<b>(1,767)</b>	<b>1,992</b>	<b>1,225</b>	<b>(550)</b>	<b>(900)</b>	<b>-</b>
<b>Capital Treasury and Technical Accounting</b>						
Provision for CPOs	(165)	69		96		-
<b>Capital Treasury and Technical Accounting TOTAL</b>	<b>(165)</b>	<b>69</b>		<b>96</b>		<b>-</b>
<b>Funding for Emerging Priorities</b>						
Funding for Emerging Priorities	(2,680)	630	1,214	(886)	1,722	-
<b>Funding for Emerging Priorities TOTAL</b>	<b>(2,680)</b>	<b>630</b>	<b>1,214</b>	<b>(886)</b>	<b>1,722</b>	<b>-</b>
<b>Grand Total</b>	<b>(32,414)</b>	<b>40</b>	<b>30,153</b>	<b>5,151</b>	<b>(3,221)</b>	<b>(291)</b>



**Report to CABINET**

## **Approval to Award the Contract for the Delivery of the Early Payment Scheme**

**Portfolio Holder: Cllr A Jabbar, Deputy Leader/Cabinet Member for Finance & Low Carbon**

**Officer Contact: Sayyed Osman, Deputy Chief Executive**

**Report Author: Emily Molden, Senior Category Manager**

**22<sup>nd</sup> August 2022**

---

---

### **Reason for Decision**

To award a call off contract to Oxygen Finance Ltd to deliver the Early Payment Scheme.

### **Executive Summary**

Oldham Council have been offering an Early Payment Scheme since 2012 allowing invoices to be paid early in exchange of a percentage rebate of the total invoice, generating over £2m in income. This report seeks approval to continue with the scheme and award a 5-year contract to Oxygen Finance Ltd.

### **Recommendations**

To engage Oxygen Finance Ltd in a 5 year, call off contract under the NEPO Early Payment Services framework. This will ensure the ongoing success of the Early Payment Scheme in Oldham assisting the Council in relieving financial pressures they currently face.

## Approval to Award the Contract for the Delivery of the Early Payment Scheme

### 1 Background

1.1 Oldham Council have offered an early payment scheme to suppliers since 2012. The scheme allows for invoices to be paid earlier (on average day 10) than the standard 30 days payment terms in exchange for a percentage rebate of the total invoice.

1.2 The rebate is applied dynamically meaning it is proportionate to the actual number of days by which the payment is accelerated. For example:

*Supplier A has offered a 1.25% rebate which would be deducted from the invoice if paid on day 10. However, if the invoice were to be paid on day 8 a rebate of 1.38% would be deducted and if paid on day 22 only 0.5% would be deducted.*

1.3 Suppliers are given the opportunity to join the scheme during tender processes and is evaluated in the price section. Bidders are to submit their gross price and discount offered which is used to calculate the net price; this is the price that is used to evaluate.

1.4 The Council is now consistently paying suppliers promptly with the weighted average of 12 days however has been as low as 8 during the year.

1.5 The scheme currently has 375 signed suppliers and earnings over the financial year 2021/2022 were £211,603 averaging out a £17,633 per month.

### 2 Current Position

2.1 The current contract with Oxygen Finance is up for renewal and expires on 19<sup>th</sup> May 2022, therefore a desktop exercise was carried out to identify potential solutions.

2.2 Proactis (supplier of the Council's e-procurement portal 'The Chest') have introduced 'bePayd'. This is a new solution with a limited number of public sector organisations on board so were unable to give any indication on the potential gain share ratio we could expect without engaging in further dialogue.

Taulia were also identified having provided service to Surrey & East Sussex Council, however again no indication on the potential gain share ratio we could expect could be given without further engagement. In order to test the solutions and open tender process would be required.

### 3 Options/Alternatives

3.1 Option 1: (Recommended) To engage Oxygen Finance Ltd in a 5 year call off contract under the NEPO Early Payment Services framework. This will ensure the ongoing success of the Early Payment Scheme in Oldham assisting the Council in relieving financial pressures they currently face.

3.2 Option 2: (Not Recommended) To undertake an open tender process further exploring the other options within the market. This would cost officer time in undertaking the tender

---

process which may result in a less competitive gain share ratio and losing out on the competitive offer from Oxygen Finance Ltd.

3.2 Option 3: (Not Recommended) To do nothing thus ceasing the Early Payment Scheme and loss of income.

#### 4 **Preferred Option**

4.1 Option 1: (Recommended) To engage Oxygen Finance Ltd in a 5 year call off contract under the NEPO Early Payment Services framework. This will ensure the ongoing success of the Early Payment Scheme in Oldham assisting the Council in relieving financial pressures they currently face.

#### 5 **Consultation**

5.1 None

#### 6 **Financial Implications**

6.1 The preferred option outlined in 4.1 is to engage Oxygen Finance Limited in a 5 year call off contract.

6.2 The Early Payment Scheme generated income of £212k in 2021/22 and the gain share paid to Oxygen Finance was £61k therefore the net income to the Council was £151k. This compared with the 2021/22 budget represented a pressure in the Procurement budget of £34k which was mitigated by income from other sources.

6.3 The net income target included in the 2022/23 base budget is £168k after paying Oxygen's gain share. It is difficult to quantify the income 'run rate' due to the variables around supplier engagement but based on the income generated in the last quarter of 2021/22 there was an increase of circa 35%. If the 'run rate' continues at the same level it is estimated the income target will be met. In addition, there is the opportunity to onboard construction and other care categories which would provide an additional funding contribution to the Council.

(Nicola Harrop – Finance Manager)

#### 7 **Legal Services Comments**

7.1 The proposal to make a direct award to and enter into a Call-Off Contract with Oxygen Finance Limited, utilising the NEPO 0521 framework, complies with the Contract Procedure Rules. Additional Oldham Council peculiar terms (i.e. minimum wage requirements and Covid provisions) are to be added to the terms and conditions of the Call-Off Contract (Mark Hope)

#### 8. **Co-operative Agenda**

8.1 The goals of the Scheme are aligned with the Council's Co-operative vision and Corporate Objectives in the following key areas:

- Open for business. The scheme helps the Council to pay suppliers quicker, which helps with cash flow, increases efficiency through e-invoicing and helps optimise our supply base. This in turn supports our social value objective of promoting jobs, growth and productivity.

- 
- Delivering High Performance. The key focus of the scheme is in establishing best practice in P2P and supplier relationships and using this to drive increased efficiency in supplier payments.
  - Responsible with resources. The early payment rebates generated through the scheme form an income stream for the Council that contributes to our savings targets.

## 9 **Human Resources Comments**

9.1 None

## 10 **Risk Assessments**

10.1 The net financial benefit to the Council from the arrangement with Oxygen Finance via past contracts has been assisted by low interest rates nationally. As interest rates increase (based upon the last few months experience) the net financial benefit reduces as the Council has the potential to generate improved returns on investments. Based on current interest rates and those projected for the future there is a clear financial net benefit from this proposal. Should interest rates increase much higher than current future projections then this net benefit is substantially reduced. (Mark Stenson)

## 11 **IT Implications**

11.1 None

## 12 **Property Implications**

12.1 None

## 13 **Procurement Implications**

13.1 The Commercial Procurement Team supports the recommendation outlined in the report as it demonstrates value for money and use of the framework is compliant with rule 4.1 of the Council's Contract Procedure Rules (Emma Wall)

## 14 **Environmental and Health & Safety Implications**

14.1 None

## 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 No

## 18 **Key Decision**

18.1 Yes

---

19      **Key Decision Reference**

19.1    FLC-04-22

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: The Chest – DN609039

Name of File: Delivery of the Early Payment Scheme

Records held in Commercial Procurement Unit, 'The Chest' [www.the-chest.org.uk](http://www.the-chest.org.uk)

Officer Name: Emily Molden

Contact No: 07515 187 975

21      **Appendices**

21.1    None

This page is intentionally left blank

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

Document is Restricted



This page is intentionally left blank