

CABINET Agenda

Date Monday 12 December 2022

Time 6.00 pm

Venue Crompton Suite, 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 Droган in advance of the meeting.
 2. CONTACT OFFICER for this Agenda is Liz Droган Tel. 0161 770 5151 or email elizabeth.drogan@oldham.gov.uk
 3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Wednesday, 7 December 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.

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

Please also note the Public attendance Protocol on the Council's Website

https://www.oldham.gov.uk/homepage/1449/attending_council_meetings

MEMBERSHIP OF THE CABINET IS AS FOLLOWS:

Councillors Akhtar, Ali, Brownridge, Chadderton, Jabbar, Moores, Mushtaq, Roberts 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 14th November 2022 (Pages 1 - 8)
- 6 Children's Services Investment Proposals (Pages 9 - 18)
- 7 Budget Forecasts for Financial Years 2023/24 and 2024/25 (Pages 19 - 54)
- 8 Revenue Monitor and Capital Investment Programme 2022/23 Quarter 2 - September 2022 (Pages 55 - 110)
- 9 Schools National Funding Formula (Pages 111 - 124)
- 10 Award of contract for the provision of School Swimming Transport services (Pages 125 - 130)

Present: Councillor Chadderton (Chair)
Councillors Akhtar, Ali, Brownridge, Jabbar, Moores, Mushtaq
and Taylor

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

2 **URGENT BUSINESS**

The Chair agreed to accept an Item of Business, Establishment of the Greater Manchester Integrated Care Partnership Board as a matter of urgency in accordance with S.100 B (4) of the Local Government Act 1972; Urgent Cabinet approval was required to enable the Council to have representation on the Integrated Care Partnership Board.

The Item was considered at Item 10 of the agenda.

3 **DECLARATIONS OF INTEREST**

Councillors Brownridge and Jabbar declared and other registerable interest in Items 8 and 12 by virtue of their Council appointment to the Northern Roots Board. They left the room for consideration of those items and did not take part in the discussion or voting thereon.

4 **PUBLIC QUESTION TIME**

Two public questions were received from Syed Maruf Ali.

1. Have all the recommendations been implemented of The Oldham Education and Skills Commission report?

Will the officers revisit the report and evaluate what progress has been made?

Based on the data I have obtained the current admissions criteria for accessing good/outstanding attainment School favours the white British community and people from affluent area especially people with Christian faith when the oversubscription criteria is applied.

Can the cabinet members please discuss this and outline how this can be addressed?

Oldham council has built Saddleworth School, Royton and Crompton School and Crompton School.

Why can't OMBC build a School for Hathershaw?

This year Hathershaw School had one of the best results in Oldham.

2. Can the cabinet members analyse the data from Blue Coat School, Crompton House and Saddleworth School. What percentage of pupils are on Pupil Premium compared with Town Centre ward School?

Oldham council has giving grants and funding for Blue Coat School and Crompton House for them to expand and have new building. Has their PAN number increased since the expansion,

so more pupils from Oldham can access their School? What percentage of pupils from out of Oldham attends Blue Coat and Crompton House? Was there an equality assessment carried out when funding was allocated?

Oldham council has built Saddleworth School and Royton and Crompton School and given grants for other School to expand. Hathershaw School has good OFSTED report and this year it has got the second best results when it comes to progressing their pupils. Why are cabinet members and officers reluctant to find grants and funding and build a brand new school for Hathershaw? If a brand new School is built they can increase PAN and serve the community.

Councillor Ali, Cabinet Member for Education and Early responded;

I would like to thank Mr Maruf for his questions and thank officers for the written responses that they have provided to him on some of the matters raised.

The recommendations of the Oldham Education & Skills Commission were implemented from 2016-2021 by the Oldham Education Partnership. From 2017-2022 the borough also received investment as an Opportunity Area. A review of this programme by DfE is due to evaluate the progress that has been made. Both OEP and OA were influential in the formation of the Oldham Learning partnership which now has school leaders working alongside Council officers to implement sector-led approaches to education improvement.

Although there has been progress in improving Oldham pupils' achievement, we recognise that there is still a way to go until we achieve the ambition of closing the attainment gap to national averages. To this end, the council is supporting the sector to develop and deliver an Education Improvement Strategy to ensure that all pupils receive a great education.

Admissions criteria for state-funded schools do not have weighting that is determined by race or affluence; however faith schools are able to set criteria that are weighted towards faith such as Christianity. All secondary academies and schools in Oldham have trusts or governing bodies that set their own admissions criteria, except Saddleworth School which is set by Oldham Council. Council criteria gives pupils from disadvantaged families priority where possible; for both pupils living in the geographical priority area (GPA) and those living outside the GPA, if the pupil qualifies for Pupil Premium, they are in a higher criterion than their non-pupil premium equivalent. DfE holds the resource for school building and with Council support there was re- building at Saddleworth and Royton and Crompton Schools. Hathershaw is part of Pinnacle MAT, who nominated the school in the DfE rebuilding programme. Council officers visited Hathershaw to view the conditions and supported the nomination of the school.

We cannot find documentation about a condition that Blue Coat School must offer 10% of year 7 places to non-Christian faith, however officers have investigated and found that 18.4% of offers for Sept 22 were for non-Christian pupils.

GCSE pupil outcomes data will be validated in January 2023 and the information will be in the public domain soon thereafter.

In relation to the proportion of pupil premium for the schools requested, we can forward the detail to the requestor. However, in broad terms Crompton House and Blue Coat receive PPG for approximately 12 to 15 per cent of their school population. For town centre secondaries this varies between approximately 40 to 44 per cent.

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

RESOLVED – That the minutes of the Cabinet meeting held on 17th October 2022 be approved.

6 **THE LOCAL IMPROVEMENT FUND 2022/23**

Consideration was given to a report of the Assistant Chief Executive which sought approval a review of the Local Improvement Fund (LIF) 2022/23 and update Cabinet on the proposals to provide £400,000 for larger capital projects in line with previous years and £100,000 revenue funding for smaller projects worth £500 to £3,500 responding to needs in local areas.

The Local improvement fund was established in 2019 with the aim of supporting districts to improve the quality of life in local areas, to improve community buildings, equipment and other facilities and engage with residents to prioritise schemes that matter to them.

It was proposed that for 2022/23 the LIF should be adapted to support the larger local capital projects and also boost funds for smaller interventions in wards to see improvements in the area quickly.

The £400,000 element of the fund would be distributed through a similar process as in previous years, through expressions of interest for projects over £10,000 and would be assessed by a cross party advisory panel, 2 Labour councillors, 1 Liberal Democrat and 1 Conservative councillor. Recommendations from the panel would be considered by the LIF Cabinet-Subcommittee for final approval.

The remaining £100,000 revenue funding will be available for buds of £500-£3,500 would be assessed at a monthly meeting of the Cabinet sub-committee.

Options/alternatives considered

Option 1 – Do nothing.

Option 2 – Review the proposed approach and agree to proceed with the LIF

RESOLVED – That the proposals for the Local Improvement Fund 2022/23 and the process for allocating the funding be approved.

7 **TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2022/23**

The Cabinet gave consideration to a report of the Director of Finance which provided details of the performance of the Treasury Management function of the Council for the first half of 2022/23 and a comparison of performance against the 2022/23 Treasury Management Strategic Prudential Indicators.

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

An economic update for the first six months of 2022/23.;

- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2022/23;
- A review of the Council's borrowing strategy for 2022/23;
- Why there has been no debt rescheduling undertaken during 2022/23; and
- A review of compliance with Treasury and Prudential Limits for 2022/23.

Option/alternatives considered

In order that the Council complies with the Chartered Institute of Public Finance Code of Practice of Treasury Management the Council has no other option but to consider and approve the contents of the report.

RESOLVED – That:

1. That Cabinet approves and commends to Council the:
2. The Treasury Management activity for the first half of the financial year 2022/23 and the projected outturn position be approved and commended to Council.
3. Amendments to both Authorised Limit and Operational Boundary for external debt as set out in the table at Section 2.4.5 of the report be approved and commended to Council.
4. Amendments to the Capital Financing Requirement (CFR) as set out in the table at section 2.4.5 of the report be approved and commended to Council.

8

NORTHERN ROOTS: VISITOR CENTRE, EXTERNAL WORKS & BIKE HUB

Councillor Brownridge and Jabbar declared an other registerable interest in this item, by virtue of their Council appointment to the Northern Roots Oldham Ltd board, left the room and took no part in the discussion and voting thereon.

Consideration was given to a report of the Executive Director, Place and Economic Growth which sought approval of the procurement approach for the next phase of the Northern Roots Visitor Centre and external works following completion of the stage 3 design.

It was reported that the proposals before Cabinet included, following successful procurement, a preconstruction services agreement would be awarded to the contactor submitting the most favourable bid, the extension of the existing appointment of JDDK Architects and sub-consultant team to complete Royal Institute of British Architects stage 4 design to provide construction and buildability advice to the eventual contactor

during the preconstruction services agreement and the preferred contractor, Bike Track Limited as the Council's preferred contractor for the specialist mountain bike and pump track.

Options/alternatives considered

Option 1 – Agree the approach and progress the Northern Roots visitor Centre external works and Bike Hub projects including the appointment of the consultant team set out in the report.

Option 2 – Do not agree the proposal in the report and reprofile the allocated funds from the Town Deal allocations.

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

9

FLEET REPLACEMENT PROGRAMME

Consideration was given to a report of the Director of Environment which sought approval to purchase new vehicles for the next three financial years (2022/23, 2023/24 and 2024/25).

A review of the Council's fleet was undertaken in May 2022 and this identified a number of amendments which were required to the agreed content of the last Cabinet approved Fleet Replacement report. The amendments detailed in the report before Members provided an accurate forecast of vehicle purchasing requirements for the remainder of 2022/23 and the next three financial years and if approved would supersede the last Fleet replacement Programme agreed in 2019.

The Fleet management service had identified the remaining spend on vehicles for 2022/23 and the total spend over the next three financial years.

The report also sought approval to design and implement appropriate procurement strategies for the sourcing of the required vehicles and sought authority for the purchases to be approved by the Director of Environment in consultation with the Commercial Procurement unit.

Options/alternatives considered

Option 1 – to approve the purchase of new vehicles for the remainder of 2022/23 and the next three financial years (2023/24, 2024/25 & 2025/26) as detailed in this report and to delegate authority to design and implement appropriate procurement strategies for the sourcing of the required vehicles to the Director of Environment in consultation with the Commercial Procurement Unit so that the FMS can purchase vehicles over the next three financial years without referring back to Cabinet. On approval, the FMS will undertake all subsequent procurement and approval processes in line with the Council's Procurement Processes

Option 2 – to delay replacing vehicles within the fleet replacement programme. Whilst this may save money in terms of delaying initial purchasing costs, the potential risk of repair and breakdown costs must be factored in. Due to the nature of work and the large majority of the council's vehicle fleet (i.e., waste collection vehicles, highway repair), any vehicle that break downs has the potential to require a hired vehicle

replacement. Hiring vehicles, to replace a current fleet vehicle, has a significant impact on service budgets as they are an additional and often unaccounted costs.

Option 3 – to look at other FRP models such as leasing and hiring. When the Council introduced its original FRP strategy in 2012/13, it was done to replace the leased and hired vehicle models which existed at the time. The current FRP strategy is based on the economical and management benefits gained from ownership of the vehicle. The FMS has worked to this strategy for the past ten years.

RESOLVED – That the Cabinet would consider the commercially sensitive information contained in the report at Item 13 before making a decision.

10

ESTABLISHMENT OF THE GREATER MANCHESTER INTEGRATED CARE PARTNERSHIP BOARD

The Chair agreed to accept an Item of Business, Establishment of the Greater Manchester Integrated Care Partnership Boards a matter of urgency in accordance with S.100 B (4) of the Local Government Act 1972; Urgent Cabinet approval was required to enable the Council to have representation on the Integrated Care Partnership Board.

Consideration was given to a report of the Deputy Chief Executive, which sought approval of the establishment of the Greater Manchester Integrated Care Partnership (GM ICP) as a joint committee and outlining the terms of reference for the GM ICP.

The ICP was one of two statutory components of an Integrated Care System, alongside the Integrated Care Board (ICB). ICPs have a statutory duty to create an integrated care strategy to address assessed needs, such as health and care needs of the population with the Integrated Care Board's area including determinants of health and wellbeing such as employment, environment and housing and to prepare an integrated care strategy.

The minimum core membership would consist of 10 representatives from the 10 districts and a member of the ICB.

Options/alternatives considered

Option 1 – For Oldham not to agree to the establishment of the Integrated Care Partnership.

Option 2 – To agree to the establishment of the Integrated Care Partnership as a Joint Committee and appoint member representation with a substitute.

RESOLVED- That;

1. Approval be given to the establishment of the Greater Manchester Integrated Care Partnership as a joint committee of the Integrated Care Board and the ten Greater Manchester local authorities.
2. The Terms of Reference of the Greater Manchester Integrated Care Partnership be noted.

3. Councillor Barbara Brownridge be appointed as a member of the Greater Manchester Integrated Care Partnership and Councillor Amanda Chadderton as the substitute member.

11 **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.

12 **NORTHERN ROOTS: VISITOR CENTRE, EXTERNAL WORKS & BIKE HUB**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 8 Northern Roots: Visitor Centre, External Works & Bike Hub.

RESOLVED – That;

1. The approach to progress the Northern Roots Visitor Centre and external works project, including the appointment of the consultant team as set out in the report be approved.
2. Authority be delegated to the Director of Economy to develop, consult, procure and arrange for the execution by the Director of Legal Services of any relevant contracts and incidental and ancillary documentation with the Northern Roots projects to be funded by the Towns Fund and Sports England.

13 **FLEET REPLACEMENT PROGRAMME**

The Cabinet gave consideration to the commercially sensitive information in relation to Item 9 – Fleet Replacement Programme.

RESOLVED – That:

1. The purchase of new vehicles as detailed within the report for the next three financial years, 2022/23, 2023/24 and 2024/25) be agreed.
2. Delegated authority be given to the Director of Environment to sign off and approve the resulting vehicle procurement process.

The meeting started at 6.00pm and finished at 6.17pm

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Report to CABINET

Children's Services Investment Proposals

Portfolio Holder:

Councillor Eddie Moores, Cabinet Member for Children and Young People

Officer Contact: Gerard Jones, Managing Director Children and Young People (DCS)

Report Author: Lewis Greenwood, Head of Executive Services

12 December 2022

Reason for Decision

In May 2022 annual Council adopted the Administrations priorities for 2022/23. One priority area for this Council is to have a relentless focus on children and young people to ensure that they enjoy a happy, healthy and safe childhood. In September 2022, the Council further declared children and young people to be its number one priority with that focus underpinning the organisation's new five-year corporate plan.

As part of this focus the Council's Children's Social Care and Early Help services have embarked upon a challenging "Getting to Good" programme which will see the Council improve the quality of its vital social work and safeguarding services and the experiences and outcomes of those in need of them.

To support both our overall priority for children and young people and the continuous improvement of our existing services the Council is proposing a significant investment into services that support and safeguard children, young people, and their families.

Executive Summary

Oldham Council is proposing a £14.7 million investment into vital children's social care and family support services in the borough. This investment will;

- Provide better support for families, at an earlier stage, to avoid the need for social care involvement, including:
 - The targeting of £3 million of external funding to provide a greater range of services, support and activities at key children's centres
 - The targeting of £2.7 million of external funding to target support for families currently struggling and needing less intensive support

- Extra work with schools, colleges and with voluntary, community and faith organisation's to improve the amount and level of support available for families in local communities
- Provide the very best care for Oldham's most vulnerable children and young people by:
 - Investing in additional capacity in the teams assessing and making-decisions on vulnerable children and young people's care and support needs
 - Increasing the teams, we have supporting fostering and special guardianship orders so that more children and young people have a home within a family setting
 - Increasing the amount of move-on accommodation available in Oldham to support those young people ready to leave care to live independently
 - Establishing a scheme to provide deposits and first month's rent and/or acting as guarantors for young people ready to move into independent accommodation and housing
 - Establishing a new council-run children's home for local children and young people with learning disabilities so fewer children need to be cared for outside of the borough
- Make Oldham one of the best places to be a social worker by:
 - Recruiting 50 more permanent social workers to ensure manageable caseloads and reduce the need for agency social workers as much as possible
 - Recruiting 17 new Social Work Support Officers to free up social workers for more time with children and families
 - Reviewing current pay and conditions for children's social work staff to ensure we are better able to attract and retain the most talented social workers
- Recognise, reward and better support Oldham's Foster Carers by;
 - Increasing allowances and skills payments by 10%
 - Recruiting five highly trained specialist foster carers to offer additional training, support and advice to foster carers across the borough – focusing on supporting those who care for some of the most vulnerable children and young people to help them remain in foster care

Recommendations

Cabinet is asked to;

- Agree the proposed investment into children's services and the invest to save strategy aligned with it
- Delegate decisions around the implementation of the invest to save strategy to the managing Director of Children's Services and the Director of Legal Services.

Children's Services Investment Proposals

1 Background

- 1.1 In September 2022, the Council declared Children and Young People to be its number one priority, with that focus underpinning the new five-year corporate plan.
- 1.2 Oldham Council is committed to delivering the very best services for our children and young people and there is collective ambition and support to drive improvements across Children's Services to ensure all our children and young people live a happy, healthy and safe childhood. Alongside this, progress is being made on the Council's 'Getting to Good' programme which will see the quality, experience and outcomes for children, young people and families improve.
- 1.3 However, Children's Services across the country are facing significant challenges, with demand for support from Children's Social Care and Early Help at its highest ever levels. This pattern of growing demand has been exacerbated by significant additional pressures on Oldham families because of both the Covid-19 pandemic and the current cost of living crisis. These pressures are causing more families to struggle and the demand on Children's Social Care and Early Help services is continuing to rise as people need more support.
- 1.4 At the same time, demand for social workers to support those families has never been higher. There is a nationwide challenge to recruit social workers with an increasing reliance on agency workers to work alongside permanent staff to meet current levels of demand. As a result of such high demand across the sector the cost of agency staff has also significantly risen in recent years, placing additional challenges on local authority budgets.
- 1.5 Alongside this our use of external care placements – either through agency foster care or commissioned residential placements has risen by almost 200% with the cost of these placements also increasing significantly. Additional legal costs, costs to provide respite care and costs to support struggling families to remain together have also had an impact on Children's Social care budgets. Together the impact of additional demand, increasing reliance on agency workers and rising costs of both staff and placements is currently creating additional cost pressures of over 25% on total children's services budget.
- 1.6 To respond to these challenges, proposals have been developed for consideration by the Cabinet to deliver significant investment across Children's Services. The proposed investment is a total of £14.7m which will enable us to respond to the challenges we face more quickly and effectively; investing in our children and young people and their families to live happy, healthy and safe lives in their homes.
- 1.7 These proposals are set out below and are broken down into the following areas:
 - Better support for families at an earlier stage
 - Providing the very best of care for our most vulnerable children
 - Supporting children and young people by making Oldham the best place to be a social worker

- Rewarding and supporting the work of Oldham's Foster Carers.

2 Investment Proposals

2.1 Better support for families, at an earlier stage, to avoid the need for future social care involvement

2.1.1 It is clear that reducing the future levels of need for children's social care will require investment in improved, earlier support for Oldham families. Through this investment Oldham aims to reduce the number of families needing council support by up to a third over the next three to six years.

2.1.2 As part of this focus on earlier intervention and better-quality support for all families the Council proposes to deliver a new model for its children's centres – offering enhanced services from some of our centres to act as 'Family Hubs' with more on-site support and facilities, advice, and support from a wider range of services and agencies, and improved family activities. This proposal will be funded through £3 million of agreed external funding.

2.1.3 In addition to the universal offer for families delivered through our children's centres and the new Family Hubs, the Council will target £1.5 million of external funding into dedicated family support services for those who are struggling the most and £1.2 million to provide earlier support to a wider range of families needing less intensive support.

2.1.4 As part of this, and in recognition of the vital role that the VCSFE sector plays in supporting Oldham families, small grants to voluntary, community and faith groups who are supporting children and young people in their local community will be available. This will see investment of £180k of external funding over a period of three years.

2.1.5 In addition, work with schools and other organisations who already support Oldham children, young people and families will be heightened to better equip them to provide early support and advice to families who need it and allow them to refer to wider support services before they reach crisis point.

2.2 Providing the very best of care for Oldham's most vulnerable children

2.2.1 Despite our continued focus on supporting families, unfortunately a significant number of children and young people will continue to need to be cared for by Oldham Council. As their parents we need to continually challenge ourselves to ensure we are providing the very best care for the borough's most vulnerable children. That means acting in their best interests by making timely decisions about their support and care needs. It also means, wherever possible, providing Oldham's children looked after with access to a family home environment through fostering and special guardianship arrangements. We also believe they should be supported and cared for within the borough where safe to do so, to allow them access to local support networks. And at the end of their time as children looked after we want Oldham's young people to have the best support to transition to live well and independently into adulthood.

2.2.2 It is vital that we make effective and timely decisions around the safety of children and young people and the care and support they need. As a result, it is proposed that the team supporting assessments and decision-making around children's

safety and wellbeing is increased to create two additional chairs for Child Protection meetings and an additional Local Authority Designated Officer (LADO) as a single point of contact for any concerns about those working with or in contact with children. Alongside this we are proposing to recruit four additional family workers to meet the increased demand for supervised contact between children and young people and their family members in controlled settings.

- 2.2.3 It is also proposed to increase the number of staff within the permanence and fostering team; enabling us to deliver quicker, long-term, and permanent homes for Oldham's children looked after through more foster care arrangements and more special guardianship orders providing more children with a family environment.
- 2.2.4 The creation of additional move-on accommodation for over 18s within the borough will better prepare young people who have been in care to transition to live independently successfully. To further support those young people as they leave care, it is proposed that the Council create a scheme to enable the organisation to act as guarantor and/ or provide the first month's rent and any deposits as they move into independent accommodation and housing.
- 2.2.5 Oldham Council wants local children to be cared for within the borough wherever possible, allowing the easiest access to support from family and friends and from local services. To enable this, we are proposing to invest in additional Oldham Council run residential care placements specifically for children and young people with learning disabilities within the borough meaning fewer children and young people being housed away from their local area. This proposal will require a mix of capital funding, to buy a building suitable for this use, and additional revenue funding to staff and maintain the home.
- 2.2.6 By creating these additional homes for our children and young people within the borough and by investing in the teams supporting achieving permanence we hope to reduce the number of children looked after housed outside of the borough by around 50 over the next six years.
- 2.3 Supporting Children and Young People by making Oldham the best place to be a social worker
- 2.3.1 The Council is absolutely committed to supporting our workforce and recognises the work that staff within Children's Services do to improve the lives of local children and young people. However, we are working in an environment where delivering safe and effective Children's Services is a key challenge for councils across the country; exacerbated by a significant national workforce crisis across Children's Social Care in particular. Councils across the country are struggling to recruit new social workers and to retain their existing staff in a very competitive employment market.
- 2.3.2 In recognition of these challenges, in October 2022, we launched our new Social Work Academy to attract, recruit and retain social workers. The academy offers those already in the profession further training and development, encouraging career progression and overall professional development. It also targets those people who would like to enter the social work field by providing social work apprenticeships and degrees, and career development opportunities.
- 2.3.3 To continue to meet the current demand for Children's Social Care and to ensure social worker caseloads are at a level to allow them to support children and families effectively we propose to recruit an additional 50 permanent children's social

workers. The proposal would increase our overall number of children's social workers by more than 25% and reduce our current use of agency social workers, and the additional costs driven by agency staff usage, significantly.

- 2.3.4 To support the work of our social work teams and to further increase the time they can spend with Oldham's children, young people, and families we are also proposing the recruitment of 17 additional Social Work Support Officers. These officers will play a vital role, taking on administrative and support duties for each social work team.
- 2.3.5 In a competitive market, alongside attracting new talent to Oldham we also need to ensure we are rewarding our existing social workers at a level commensurate with the wider employment market to retain them for as long as possible. We have reviewed our current salary levels against other local authorities and, while our salaries are competitive at most levels, we have identified a need to review the salary levels for some roles to ensure they are in line with the best-paying Greater Manchester local authorities.
- 2.3.6 In addition, and in line with the approach taken by similar local authorities, we are proposing to reward the loyal service of social workers with a one-off payment of £2,000 after two years of continuous service with Oldham Council from December 2022. The council also proposes that we pay for children's social workers annual registration fees for their professional body – Social Work England from April 2023.
- 2.3.7 These proposals will support our existing investment in our social work academy, as we continue with our commitment to recruit more newly qualified social workers, support our existing workforce, and attract ex-social workers back to practice. By investing in our workforce on a permanent basis, alongside our investment in early help we can avoid significant additional costs for agency social workers and look to reduce the overall numbers of social workers needed to support Oldham families in line with decreasing demand over the coming years.
- 2.4 Recognising and Supporting Oldham's Foster Carers
- 2.4.1 The Council acknowledges the amazing work of foster carers in Oldham and the positive impact they have on the lives of our children looked after and young people.
- 2.4.2 To protect and grow the number of foster care placements available to Oldham children and young people we need to invest in our foster carers.
- 2.4.3 To do this we want to reward our foster carers for their contribution to the lives of Oldham's most vulnerable children and young people. We are proposing to increase current in-house foster care allowances and skills payments by 10%. This change will benefit Oldham foster carers by an average of £2,000 per foster placement every year. This increase will be implemented from 1 January 2023.
- 2.4.4 In addition, we propose to recruit five new highly trained 'specialist foster carers' to support our existing foster carers with additional training, advice, and support in caring for our most vulnerable children and young people, enabling more of them to remain in foster care.

2.4.5 Alongside our investment in new residential care and move-on accommodation these proposals will allow us to reduce the use of external placements for Oldham children and young people by around 50 over the next six years.

3 Options/Alternatives

3.1 Option 1: Approve the investments contained in this report which aim to improve services for children and young people and families, support quality social work and reward foster carers.

3.2 Option 2: Do nothing. This option would remove our ability to tackle rising demand for support and care leading to spiraling costs to deliver Children's Services and a risk to the quality of services we provide.

4 Preferred Option

Option 1: Approve the investments contained in this report which aim to improve services for children and young people and families, support quality social work and reward foster carers.

5 Consultation

5.1 Engagement has taken place with those affected by the proposals which include, staff, trade unions and foster carers.

6 Financial Implications

6.1 The report is seeking approval for financial investment to fund a programme of work to support the Children's Social Care and Early Help demand management strategy for the next six years, commencing in 2023/24 and running through to 2028/29.

6.2 The scope of work and project proposals being put forward are detailed within this report. An initial revenue investment of £14.700m in 2023/24 is a mixture of additional recurrent funding of £11.800m to support the current financial position and reserves of £2.900m to 'pump prime' a number of invest to save initiatives throughout the Portfolio. These initiatives will deliver on-going saving from 2025/26. In addition, to this investment is £0.150m to support the extra legal costs resulting from the increased service demand.

6.3 The table below, which aligns to the initiatives outlined at paragraphs 2.2 to 2.4 summarises the net investment required and the anticipated returns, which have been built into the Council's budget setting process and Medium Term Financial Strategy.

Report Ref	Description	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k	2028/29 £k
	Additional Funding	11,800	11,800	11,800	11,800	11,800	11,800
	Specific Initiatives						
2.2	Providing The Best Care	583	35	(146)	(248)	(234)	(305)
2.3	A Better Place to be a Social Worker	2,941	1,331	234	(496)	(1,146)	(1,937)
2.4	Supporting Foster Carers	(624)	(1,366)	(2,274)	(2,735)	(3,097)	(3,529)
	Investment Initiatives- Reserves	2,900	0	0	0	0	0
	Return on the Investment			(2,186)	(3,479)	(4,477)	(5,772)

- 6.4 Clearly there is significant risk attached to programmes that are predicated on new ways of working to reduce demand leading to cost reductions which will need to be closely monitored from both a financial and operational perspective to ensure that the target returns are achieved.
- 6.5 The proposals at 2.1 “Better Support for Families” are wholly funded by external grant and as such are not expected to require additional Council investment to deliver the planned outcomes.
- 6.6 Included within “Providing the Best Care”, is a proposal to acquire a property to support in borough residential care. Funding for this is included within the capital programme. (Sadrul Alam, Finance Manager)

7 Legal Services Comments

- 7.1 Children’s Services is a vital statutory service and the report sets out the significant challenges being faced in terms of adequately resourcing and recruitment and retention of staff to enable the provision of such services.
- 7.2 With regard to the proposed payments such should be closely audited, monitored and reviewed to evidence and reflect the prevailing market, need which is necessary to demonstrate that any differential in pay is genuinely due to a material factor which does not itself discriminate against another group of employees. (Colin Britain, Assistant Borough Solicitor)

8. Co-operative Agenda

- 8.1 As a Co-operative Council, Oldham is committed to working together to help our children and young people to thrive wherever they live in the borough and whatever challenges they might face. The proposed investment will support this ambition, building a more sustainable workforce and improving services for children, young people and their families. (Jonathan Downs – Corporate Policy Lead)

9 Human Resources Comments

- 9.1 The report sets out the significant workforce challenges that are being faced by Children’s Services and identifies a coordinated and focused approach to actively address these issues. HR supports the proposals to invest in key areas of the workforce to support attraction and retention of Children’s Social Workers, and to actively reduce the risk of key skills gaps, uncertainty of future workforce, and instability that prolonged agency reliance brings.

Whilst the proposals are a positive measure, the council will need to monitor the impact on other staff groups and ensure changes are made in line with equal pay policies.

A detailed engagement and communications exercise will be undertaken with staff to provide the evidence base and rationale for the decisions. (Vikki Morris, Assistant Director of HR & OD)

10 Risk Assessments

- 10.1 The Council if it does not manage the demand within Children’s Social Care there is a risk it will impact on the long-term resilience of the Council as costs continue to

increase. This report with investment sets out a proposed way this future demand could be managed leading to future efficiencies which if successful will support the future financial resilience of the Council.

- 10.2 As the legal comments indicate one of the proposals does have a specific risk (Mark Stenson Assistant Director of Finance)

11 **IT Implications**

- 11.1 N/a

12 **Property Implications**

- 12.1 N/a at this stage

13 **Procurement Implications**

- 13.1 Children's Services are amongst the vital services, which are in Oldham Council, the report sets out the challenges this directorate is facing in terms of adequately resourcing and recruitment, retention of staff however Council policies and procedures should be followed when employment decisions are made to avert any unlawful claims. It is important the consultation has been taken with all the parties in the council concerned. It is also recommended that should the service foresee these roles being required in the longer term then the service structure is carried out with a view to establishing the post accordingly. (Mohammad Sharif 05/12/2022)

14 **Environmental and Health & Safety Implications**

- 14.1 None (Neil Crabtree, Head of Public Protection)

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

- 15.1 Early intervention and effective support is recognised as a key factor in preventing young people from becoming involved in anti-social behaviour and crime; and the resulting significant demand which is placed on services both internally and externally.

The additional local resources will provide consistency for young people and families and will allow for trusted relationships to be developed and joint working with services to keep young people and families safe from harm and the potential lifelong effects of resulting trauma.

(Lorraine Kenny – Head of Violence Reduction and Community Safety Services)

16 **Equality Impact Assessment Completed?**

- 16.1 **Yes** – The service has completed a Stage 1 EIA that demonstrates the proposals will have a positive impact on Children and Young People and Young People with Disabilities. It is important to continue working with service users, ensuring the voice of children and young people and their families continue to shape the proposals. (Jonathan Downs, Corporate Policy Lead)

17 **Key Decision**

- 17.1 Yes

18 **Key Decision Reference**

18.1 A rule 13 was sought and agreed by the Chair of Policy and Overview Scrutiny Committee due to the need to agree the investment.

19 **Background Papers**

19.1 N/A

20 **Appendices**

20.1 None

Report to Cabinet

Budget Forecasts for the Financial Years 2023/24 and 2024/25

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

Officer Contact: Anne Ryans, Director of Finance

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

12 December 2022

Reason for Decision

To provide Cabinet with the updated forecast budget reduction requirement for 2023/24 and 2024/25, having regard to the financial position reported at Budget Council on 2 March 2022, the changing events which have impacted on the finances of the Council in the period leading up to 17 November 2022 when the Autumn Statement was announced by the Chancellor and the subsequent Government funding indications included in the Autumn Statement.

Executive Summary

The Medium Term Financial Strategy covering the five year period 2022/23 to 2026/27 was agreed by Council on 2 March 2022. At that time, the financial outlook both globally and nationally was significantly different. Since then there have been a wide range of developments which have impacted upon the financial forecasts presented to Council in March 2022.

There has been turbulence in the economy caused by both national and international factors. On 17 October 2022, the Chancellor of the Exchequer delivered an Emergency Statement which reversed a number of the economic policy changes introduced by the previous Chancellor. This stabilised turbulence in the financial markets which had made financial planning difficult and which had resulted in a number of Local Authorities publicly declaring significant reductions in future financial resilience. The Chancellor also advised

that there would be an Autumn Statement to follow shortly afterwards. This was subsequently deferred until 17 November 2022.

The Autumn Statement has provided the Council with enough information to enable a review of its financial estimates in advance of the receipt of the Provisional Local Government Financial Settlement. As the Autumn Statement focussed on 2023/24 and 2024/25, it has enabled the financial forecasts for those years to be revised to give Members a more informed view of the financial position. This report therefore sets out the updated estimates for 2023/24 and 2024/25 and details the assumptions supporting these projections.

Prior to the Autumn Statement there was concern in the Local Government sector that there might be a Government funding reduction for 2023/24 which would have had an even greater negative impact on the finances of the Council. Whilst the Autumn Statement confirmed Government departmental budgets would be maintained at the levels announced in the Spending Review of October 2021, it deferred an element of the planned adult social care reforms, whilst maintaining the level of funding previously announced for the implementation of the reform, thus easing some of the immediate financial concerns. The Government also announced extra support for adult social care and confirmed Local Government would be compensated for the freezing of the Business Rates multiplier. Whilst the exact financial impact will not be clear until the Provisional Local Government Financial Settlement is announced, it has enabled the financial projections to be updated based on the assumptions set out in this report. These assumptions have also incorporated the current financial projections for the 2022/23 outturn as reported elsewhere on this agenda.

Even though anticipated Government funding levels have increased, given the financial pressures which have emerged such as increased energy costs, extraordinary inflationary increases and the exceptional on-going demand for Adults and Children's Social Care services, the budget reduction requirement for the Council has increased from the previously reported position of £16.711m as set out in the Medium Term Financial Strategy agreed at 2 March 2022 Budget Council to £27.975m as detailed in the table below:

	2023/24 Original	2023/24 Total Revisions	2023/24 Revised November	2024/25
	£000	£000	£000	£000
Net Gap/Budget Reduction Requirement	16,711	11,264	27,975	14,575

The report sets out how the Council is proposing to bridge the budget gap by its programme of transformational change which will include demand management, income maximisation, budget reductions and the potential use of one off sources of funding.

The Provisional Local Government Finance Settlement is not expected to be published until the week commencing 19 December 2022. This will give the Council better information to refine its estimates for the budget reduction requirement for 2023/24 and 2024/25. The updated position will be reported to Members in January 2023.

Recommendation

That:

Cabinet approves the updated financial projections of the Council as set out in this report identifying a budget reduction requirement of £27.975m for the financial year 2023/24 and £14.575m for the financial year 2024/25.

Budget Forecasts for the Financial Years 2023/24 and 2024/25**1 Background****Introduction**

- 1.1 Each year, the Council identifies what it needs to spend on Council services for the following year as part of the budget setting process. This process also involves the identification of provisional spending plans for future financial years. This ensures the Council's future spending plans are balanced against the funding forecasts for Government Grants, Council Tax and Business Rates revenues. These plans form part of the Council's Medium Term Financial Strategy (MTFS).
- 1.2 The MTFS that was approved at the 2 March 2022 Budget Council meeting covered the 5 year period 2022/23 to 2026/27. This report updates the estimates for 2023/24 and 2024/25 only, in line with the Government's current Spending Review period (the financial years 2022/23 to 2024/25) and having regard to the recent Autumn Statement 2022 as announced on 17 November 2022.
- 1.3 Members will recall that when the 2022/23 budget was agreed it included an estimate of the likely budget reduction requirement for 2023/24 and 2024/25.
- a) The estimated position for 2023/24 was a budget reduction requirement of £29.528m, offset by the 2023/24 impact of budget reductions of £4.922m approved at the 2021/22 Budget Council and £1.895m approved at the 2022/23 Budget Council meeting and an agreed use of reserves of £6.000m. In total, £16.711m of budget reductions were expected to be required.
- b) The estimated position for 2024/25 was a budget reduction requirement of £13.499m offset by the 2024/25 impact of budget reductions of £0.300m approved at the 2021/22 Budget Council and £1.150m approved at the 2022/23 Budget Council meeting and an agreed use of reserves of £3.932m. In total, £8.117m of budget reductions were expected to be required.
- 1.4 As would be expected, there have been further reviews of the estimates and assumptions underpinning the forecast budget reduction requirement for 2023/24 and 2024/25. This report sets out how the position has moved on since March 2022.
- 1.5 Whilst COVID-19 is still prevalent, it is no longer having the same influence over most Council activities, the exception being Adult Social Care and Children's Social Care where demand reflects the legacy of COVID-19. It is also important to note that all COVID-19 Government grant funding ceased at the end of 2021/22, therefore the Council has had to address such pressures from its own resources. The challenge that this has created is one of the key issues that, as explained later, is impacting on the financial year 2022/23 and consequently, the budget estimates for 2023/24.
- 1.6 However, in addition to the pressures that were anticipated when the initial estimates for 2023/24 and future years were prepared, and the challenges faced in the provision of Adults and Children's Social Care in particular, there has been significant turbulence both internationally and nationally which has significantly impacted on the Council, every other Local Authority and the country as a whole. The issues include:

-
- a) the legacy of COVID-19 which has disrupted international trade, particularly as China remains in partial lockdown which has reduced the supply of goods and materials;
 - b) the impact of Brexit which has affected trade arrangements with countries which remain within the EU;
 - c) the war between Russia and Ukraine which has impacted on energy and the general supply of goods and materials including grain;
 - d) the inflationary pressures caused by all of the above issues impacting on energy and general commodity prices. This has had a knock on effect to the general cost of living and has sparked wage inflation;
 - e) changes within Central Government, most recently resulting in significant increases in interest rates and the cost of borrowing;
 - f) the response from Central Government to the recent economic turbulence; and
 - g) the change in Prime Ministers and other Cabinet Ministers and revisions to Government policy and expenditure plans.

1.7 When the initial 2023/24 MTFS was prepared, most of the challenges highlighted at paragraph 1.6 could not have been envisaged. It is therefore not surprising that the budget reduction requirement for 2023/24 and future years has changed.

1.8 The Council's budget estimates have been subject to constant review throughout 2022/23. The estimates set out in this report are based on a series of assumptions together with forecasts of Central Government funding for 2023/24 and 2024/25, mostly recently updated for the information included in the Autumn Statement as outlined later in the report. However, it is not until the receipt of the Provisional Local Government Finance Settlement (PLGFS) and associated funding announcements (expected during the week beginning 19 December 2022) that Government grant funding estimates can be firmed up.

2 The Local Government Financial Landscape in 2022/23

2.1 Leading into 2022/23, many Councils were already experiencing financial difficulties as a result of the COVID-19 pandemic. Several Councils had sought support from Central Government and had been granted a capitalisation direction (permission to use capital resources to support revenue expenditure). There had also been instances of Councils issuing a notice under Section 114 of the Local Government Act 1988 (a Section 114 Notice), effectively declaring that they were not financially sustainable, although this was as a result of poor financial practice rather than the effects of COVID-19 or inflationary pressures. In overall terms, however, this suggested that Local Government was beginning to show signs of financial stress.

2.2 The funding received by Councils in the Final Local Government Finance Settlement for 2022/23 was based on the Spending Review 2021 (SR21), issued in October 2021. SR21, which included indicative high level Government funding allocations for the three year period 2022/23 to 2024/25, was prepared when the economic position was much more stable, and had included additional funding reflective of the ending of austerity and support for the levelling up agenda. As outlined above, the macro-economic environment has changed significantly since the Council set its 2022/23 budget. Financial pressures related to the COVID-19 pandemic have not subsided as might have initially been envisaged whilst inflationary pressures have significantly increased. The funding for Oldham Council, as well as other Councils has not proved sufficient to prevent overspending in 2022/23.

2.3 The Council's month 3 financial monitoring report, approved at Cabinet on 22 August 2022 highlighted an expected overspend of £5.833m, primarily due to pressures experienced by Adult and Social Care service provision but also due to the impact of general price inflation and energy costs. The month 6 financial monitoring position is presented at section 3 and in more detail in a report elsewhere on the agenda. This highlights that the financial position remains challenging. The overspending is forecast to have reduced to £4.452m by the end

of the financial year, but this has required management action to control expenditure levels. Many other Councils have also reported in year financial pressures with similar in year causes. Whilst there have been calls for additional funding to be made available to Councils because of the unforeseen costs, the Government has not provided any new general grants for 2022/23.

- 2.4 A number of Councils have updated their Medium Term Financial Strategies over recent months. This has highlighted that whilst Local Government is facing both increases in costs and demand for services, working within the constraints of the indicative funding allocations set out in SR21, there would be a significant gap between funding that could be expected from Central Government for 2023/24 (and future years) and that required.
- 2.5 In October this year the Local Government Association (LGA) highlighted a potential budget gap across all Councils of £3.4bn in 2023/24 rising to £4.5bn in 2025/26, stating that many Councils will “have no choice but to implement significant cuts to services including to those for the most vulnerable in our societies”.
- 2.6 The Association of London Councils reported the results of a survey of the 2023/24 financial projections of its members and estimated a potential shortfall of £700m for the financial year 2023/24.
- 2.7 The County Council Network also undertook a survey of its members which identified that before the Autumn Statement, only 22% of its members were confident of avoiding insolvency. After the survey was publicised, two County Councils (Kent and Hampshire) announced they had significant budget deficits and they were only a few months away from issuing a Section 114 Notice. In a joint letter to the Prime Minister both Leaders stated “drastic cuts” to services would not alleviate soaring inflation and pressures in both Adults and Children’s Social Care.
- 2.8 With this in mind, the Government’s Autumn Statement was therefore awaited with a mixture of expectation and trepidation, especially given the turbulence caused by Government economic policies and Ministerial statements advising that Central Government funding would have to be reduced. A return to a period of austerity was predicted.

Autumn Statement

- 2.9 On 17 November 2022, the Chancellor of the Exchequer, the Rt. Hon. Jeremy Hunt MP delivered his Autumn Statement. The aim of the Autumn Statement (AS22) was to reduce the size of the gap between what the Government raises and spends – the so-called fiscal black hole, through a £55bn consolidation of fiscal policies split 50/50 between spending cuts and increased taxation. The Chancellor had previously delivered an Emergency Statement on 17 October 2022, which reversed most of the policies announced in the Government’s ‘Mini-Budget’ on 23 September 2022. This Emergency Statement was designed to calm financial turmoil prior to the AS22.
- 2.10 The AS22 was delivered against the backdrop of a significant cost of living crisis with inflation increasing by 11.1% in October and the Chancellor confirming that the UK is in a recession. Simultaneously, the Bank of England warned that it is likely to be the longest recession since records began.
- 2.11 In the period leading up to AS22, there had been considerable uncertainty around future public sector funding levels. The high inflationary pressures and increasing energy costs had created a cost of living crisis which has had an extensive impact, but especially on the poorest and most vulnerable in society. The Local Government Association (LGA) and other public sector groups lobbied Government about their concerns that services could not be maintained if funding for Local Government was cut.
- 2.12 The AS22 included numerous policy proposals covering public spending and taxation. It was much more positive than had been predicted. Some aspects have direct implications for the Council and Oldham residents however, this report presents those which are considered to have a direct impact on the finances of Oldham Council. It is important to note that the information contained in the Autumn Statement can only be considered indicative. As previously advised, it is not until the PLGFS is received that Government grant funding allocations will be notified.
- 2.13 In AS22, the Chancellor confirmed that:
- Government Departmental Expenditure Limits (DEL) for 2023/24 and 2024/25 would remain as previously announced within the Spending Review 2021 (however, with the level of inflation very high and rising, this actually translates to a cut in real terms). This, however, means that overall funding for the sector would not be reduced further for the next two years and this has alleviated immediate concerns.
 - Departmental resource spending will grow at 1% a year in real terms beyond the Spending Review period (2025/26 to 2027/28), which implies significant medium term spending restrictions. Departmental capital spending will continue at the same level in cash terms.
 - To keep spending focused on the Government’s priorities and help manage pressures from higher inflation, Government Departments will continue to identify efficiency savings in day-to-day budgets with the Government launching an Efficiency and Savings Review. This will include reprioritising spending away from lower-value and low-priority programmes and reviewing the effectiveness of public bodies. Savings will be reinvested in public services, with the Government presenting a report on progress in the spring.

2.14 The Chancellor made the following main announcements with regard to public sector spending and finances.

a) Adult Social Care - Additional £1 billion funding

The Government has allocated new funding of £1bn for 2023/24, increasing to £1.680bn in 2024/25 to enable patients to be released from hospital into social care in a timely manner. As shown in the table below:

- Sums of £400m in 2023/24, increasing to £680 million in 2024/25 will be allocated to Local Authorities through a ringfenced Adult Social Care grant which will also help to support hospital discharges.
- Better Care Fund (BCF) Grant of £600m in 2023/24 rising by £400m to £1bn in 2024/25 will be allocated directly to the National Health Service (NHS). The BCF is allocated to each NHS locality area and must be used collaboratively with Local Authorities.

Additional Funding for Adult Social Care - National Position	Allocation 2023/24 £m	Increased Allocation 2024/25 £m	Total Allocation 2024/25 £m
Ringfenced to Adult Social Care - direct to Councils	400	280	680
Better Care Fund - to NHS	600	400	1,000
Total New Funding - Nationally	1,000	680	1,680

2.15 The table below highlights that new funding not previously anticipated of £3.448m in 2023/24 increasing to £5.821m in 2024/25 could be available to support the Council's financial position. This is based on assumptions of:

- the method of allocating grant directly to Oldham Council using the current funding formula for the Social Care Support Grant
- the way in which the Better Care Fund (initially allocated to the National Health Service and then to the Oldham Integrated Care Board (ICB)) will be available for the Council to support Adult Social Care expenditure in collaboration with the ICB.

Additional Funding for Adult Social Care - Oldham Position	Allocation 2023/24 £m	Increased Allocation 2024/25 £m	Total Allocation 2024/25 £m
Total New Funding - Oldham	3.448	2.373	5.821

b) Adult Social Care – Deferring the Introduction of Social Care Reforms

Significant reforms to Adult Social Care services were expected to be introduced from April 2023. AS22 announced the deferring of the introduction of the social care cap for at least two years to October 2025. Intentions regarding the introduction of the Fair Cost of Care initiative are less clear, although current indications are that Councils should work towards the introduction of the Fair Cost of Care for Adult Social Care. AS22 confirmed that funding for the implementation of the reforms will be maintained within the Local Government funding envelope at a value of £1.3bn in 2023/24 and £1.9bn in 2024/25 to enable Local Authorities to address current Adult Social Care pressures. This recycled funding is expected to be allocated at the PLGFS through the Social Care Support Grant.

Based on an assumed allocation methodology, this is estimated to provide funding to Oldham of £6.721m in 2023/24 and a total of £9.823m by 2024/25. Having regard to funding for reform that had already been assumed, the net impact is an increase in grant funding of £1.421m for 2023/24 and a further £3.102m for 2024/25. It is expected that this will be allocated by an increase in the Social Care Support Grant. Unless there is a change to funding arrangements, this grant is intended to support Social Care pressures, which covers both Adults and Children's Social Care. Therefore, as advised later in the report, it has been assumed will not be directly applied to Adult Social Care but set against wider Social Care pressures.

c) Council Tax

Through AS22, the Government is giving Local Authorities in England additional flexibility in setting Council Tax by raising the threshold for the requirement to hold a referendum to agree an increase in Council Tax from 3% to 5%. From April 2023, Councils will have the ability to increase Council Tax for general purposes by 3%, up from the current 2%. In addition, Local Authorities with social care responsibilities will be able to increase the Adult Social Care Precept by up to 2% per year (an increase of 1%). Therefore, the Council could increase Council Tax by a maximum of 4.99% before a referendum is required.

d) Business Rates

Following confirmation that the Business Rates Revaluation will go ahead from 1 April 2023, the net impact for the Council is expected to be neutral. However, from 1 April 2023, Business Rates bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next 5 years will support businesses as they transition to their new bills. Local Authorities will be fully compensated for the loss of income as a result of these Business Rates measures and will receive new burdens funding for administration and IT costs.

As part of the overall £13.6 billion support, the Business Rates multiplier will be frozen in the financial year 2023/24 at 49.9p and 51.2p preventing an increase to 52.9p and 54.2p. The compensation (Grant in Lieu of Business Rates) that the Council is expected to receive as its Business Rates income will not be increased is currently estimated at £4.000m. Due to the uncertainty of Government intentions and the volatility around Business Rates income, this grant/income had not previously been factored into budget estimates for 2023/24.

Retail, Hospitality and Leisure Business Rates Relief is being extended and increased from 50% to 75% up to £110,000 per business in 2023/24. This will reduce the amount of Business Rates the Council is required to collect and increase the value of the Grant in Lieu of Business Rates. The net effect is therefore neutral and the effect will be built into the individual funding elements once known.

e) Continuation of 100% Business Rates Retention Pilot Scheme

The Autumn Statement made no reference to either the continuation or ceasing of 100% Business Rates Retention Pilot Schemes in Greater Manchester. The assumption is that this will be confirmed alongside the PLGFS.

f) Impact of the Abolition of the Health and Social Care Levy

Government departmental budgets will be reduced as they are no longer required to finance the Health and Social Care Levy. The likely impact is a reduction in funding for Local Government of £200m of which the Council's share is anticipated at £1.086m.

g) Support for Energy Costs

AS22 advised that there will be no continuation beyond 1 April 2023 of the Energy Price Guarantee for Public Sector bodies such as Councils and Schools.

h) Pay Awards

There were no specific details included within the Statement with regard to Public Sector pay. The Government is seeking recommendations from Pay Review Bodies, where applicable, for pay awards for 2023/24.

i) Household Support Fund Grant

There will be a twelve month extension of the Household Support Fund grant in 2023/24 at a national value of £1 billion. Working on the assumption that the Council's allocation is the same as in 2022/23, the Council would receive ringfenced grant of £4.838m.

2.16 In overall terms, the Autumn Statement has provided additional funding for Councils and to some degree, provided some stability and certainty about funding intentions. This has enabled the Council to update its financial forecasts for 2023/24 and 2024/25. However, as previously advised, it is not until the detailed information is presented in the PLGFS, that funding allocations are confirmed and financial planning can be finalised.

3 Current Budget Monitoring Position

3.1 The financial position in 2022/23 is an important indicator of the factors that will influence setting the budget for 2023/24 and hence provides key information about estimates that need to be revised.

3.2 The table below sets out the financial monitoring position for month 6 compared to month 3. The detailed financial monitoring report is elsewhere on the agenda. As can be seen, the forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer from reserves totalling £10.331m is an adverse operational variance of £6.172m an increase from £5.833m at the end of month 3.

In view of the projected adverse variance, measures have been initiated to address the overspending, namely:

- management actions across all service areas to review and challenge planned expenditure and to maximise income;
- processes to monitor the recruitment of staff to vacant posts and significant items of expenditure; and
- ensuring non-essential expenditure is minimised.

3.3 It is anticipated that the combined effect of these measures will reduce the year-end adverse outturn by £1.720m to produce a forecast deficit of £4.452m. The Council has recently been notified of additional in year funding to support the hospital discharge process. This additional grant funding may also support the financial position.

Revenue Budget Monitoring Position – Month 6

	Budget	Forecast	In Year Net Use of Reserves	Variance Quarter 2	Variance Quarter 1
	£000	£000	£000	£000	£000
Community Health and Adult Social Care	67,232	76,970	(1,695)	8,043	8,851
Children's Services	50,879	64,362	(2,186)	11,297	7,980
Public Health	24,299	27,009	(3,049)	(339)	(10)
Communities	6,534	6,911	(676)	(299)	(275)
Place and Economic Growth	54,810	59,112	(1,585)	2,717	2,755
Corporate Services	26,264	27,065	(1,140)	(339)	(94)
Capital, Treasury and Technical Accounting	23,120	20,212		(2,908)	(1,374)
COVID-19 Legacy Funding	12,000			(12,000)	(12,000)
NET OPERATIONAL EXPENDITURE	265,138	281,641	(10,331)	6,172	5,833
Management Actions/ Spending Restrictions		(1,720)		(1,720)	
NET EXPENDITURE	265,138	279,921	(10,331)	4,452	5,833
FINANCED BY:					
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	(254,969)	(254,969)			
TOTAL FINANCING	(265,138)	(265,138)			
NET FORECAST VARIANCE	-	14,783	(10,331)	4,452	5,833

3.4 The major areas of variance are:

- a) Community Health and Adult Social Care (CHASC) is reporting a net adverse variance of £8.043m, after a £1.695m use of reserves. The adverse variance comprises £7.028m of COVID-19 related expenditure, in the main due to the demand for care packages linked to hospital discharges. The residual adverse variance of £1.015m relates to 'business as usual' activities.
- b) Children's Services is forecasting a net adverse variance of £11.297m, after a £2.186m use of reserves. The main pressure is within Children's Social Care (CSC) which is showing an overspend of £11.252m. Within this, £3.961m relates to activity arising from the COVID-19 pandemic, in the main due to an increased demand for social care placements. Linked to this increased activity is the additional costs that are being incurred by 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 £7.291m relates to operational pressures across the Division, again driven by placement and staffing pressures.
- c) Place and Economic Growth Portfolio is forecasting an overspend of £2.717m net of a £1.585m use of reserves, in the main due to uncertainty in realising budget reductions, which are now anticipated to be achieved in later years. 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.
- d) Capital and Treasury and Technical Accounting is showing a favourable variance of £2.908m mainly due to reduced capital financing charges and increased treasury management income.
- e) It is important to note that the 2022/23 budget was prepared with £12.000m of resources to offset the anticipated legacy of COVID-19. This is held corporately as, prior to the start of the financial year, it was uncertain exactly where the COVID-19 pressures would fall. Whilst this is shown as an underspend, as advised above, it is offsetting a COVID-19 pressure that has fallen wholly within Adults and Children's Social Care services.

3.5 As can be seen later in the report, the increased expenditure on Adult Social Care and Children's Social Care has a major influence on the budget reduction requirement for 2023/24 and future years.

4 Revisions to Estimates

Assumptions Used in Revising the Estimates

4.1 As advised previously, there are significant external issues which are impacting on the Council. Until the announcement of AS22 which provided an indication of Government funding intentions for 2023/24 and 2024/25, it has proved challenging to undertake financial planning with any degree of certainty. However, as many issues are still subject to change, a series of assumptions has been made about the financial pressures that the Council will face in 2023/24 and 2024/25. These are detailed below and the forecast pressures have been based on the following assumptions where appropriate:

- a) Pay inflation – the pay increases that have been assumed are 4% in 2023/24 and 3% thereafter, an increase from the previously assumed 2%.
- b) Contractual inflation – this has been calculated having regard to current contracts values and inflationary indices.
- c) Energy Price Inflation – a revised forecast has been based on the latest information from the Crown Commercial Service resulting in an increase in budgetary requirement of £2.500m in 2023/24 to a total of £3.750m. It is assumed that 2023/24 will be the peak year with no further increases required thereafter (this is of course subject to change).
- d) The 2022/23 financial position – the month 6 budget monitoring forecasts have been used to predict the likely service pressures for 2023/24 and future years with an increased budget requirement for both Adults and Children’s Social Care.
- e) Budget Reductions - All previously approved budget reductions other than those identified in this report will be delivered in full during 2022/23 and future years.
- f) Government Funding – it is assumed that other than the changes announced in AS22, the majority of Government Grants will continue at 2022/23 levels and that there are no major changes to the allocation methodology. This will not be confirmed until the PLGFS is received.
- g) Business Rates Retention - it is now assumed that the pilot scheme for Business Rates Retention is continued for a further two years as there is limited time for any consultation on changes to be agreed. The presentation of Government grant income has therefore been revised to remove estimates of separate grant allocations for Revenue Support Grant and Public Health Grant. For a similar reason it is assumed that there are no major reforms to Business Rates which impact on the income that can be generated.
- h) The Business Rates revaluation initiative will be applicable from 1 April 2023 and at present this is expected to have a neutral impact.

5 Detailed Budget Estimates

Revisions to the Budget

- 5.1 The following sections set out the revisions to the budget which have produced the updated budget gap for 2023/24 based on the assumptions set out above (where appropriate) and informed by the most recent information.
- 5.2 These adjustments have been split into the categories as shown in the table below. In overall terms it shows that there have been revisions to the original estimates of £11.264m leaving a balance to be addressed of £27.975m in 2023/24 and £14.575m in 2024/25.

	Para Ref	2023/24 Original £000	2023/24 Total Revisions £000	2023/24 Revised November £000	2024/25 £000
2022/23 Net Revenue Budget		250,517		250,517	265,733
Total Adjustments to the Base Budget	5.4	11,584	460	12,044	8,600
Total Expenditure Adjustments	5.6	18,119	28,987	47,106	12,560
Total Development Fund Expenditure	5.12	2,000	(2,000)	0	3,000
Total Impact of Levies, the Statutory Charge and Contributions	5.13	922	(1,726)	(804)	5,821
Total Expenditure		283,142	25,721	308,863	295,714
Total Government Grant Funding	5.15	(123,958)	19,025	(104,933)	(110,190)
Total Locally Generated Income	5.23	(131,848)	(23,802)	(155,650)	(158,717)
Total Collection Fund (Excluding the Impact of Business Rates Reliefs)	5.29	2,192	(7,342)	(5,150)	0
Total Funding		(253,614)	(12,119)	(265,733)	(268,907)
Budget Reduction Requirement		29,528	13,602	43,130	26,807
2021/22 Approved Budget Reductions	5.31	(4,922)	0	(4,922)	(300)
2022/23 Approved Budget Reductions	5.31	(1,895)	0	(1,895)	(1,150)
Revisions / Reprofilling of Approved Budget Reductions	5.32	0	3,162	3,162	(4,250)
Total Flexible Use of Capital Receipts	5.33	0	(2,600)	(2,600)	(2,600)
Total Use of Reserves	5.34	(6,000)	(2,900)	(8,900)	(3,932)
Net Gap/Budget Reduction Requirement		16,711	11,264	27,975	14,575

- 5.3 An explanation of the figures within each of the individual rows of the table above are detailed in the paragraphs below as per the reference column.

Adjustments to the Base Budget

- 5.4 The budget for 2022/23 contained a number of adjustments including some which were one-off. The base budget must therefore be amended to address these one-off items to establish the start position for 2023/24 and 2024/25. The base budget adjustments are shown in the table below and explained as follows:

	2023/24 Original £000	2023/24 Total Revisions £000	2023/24 Revised November £000	2024/25 £000
Adjustment for one off grant funded expenditure in 2022/23 - Domestic Abuse Duty	(580)		(580)	
Continuation funding for corporate initiatives		460	460	
Flexible use of Capital Receipts 2022/23	2,500		2,500	
Flexible use of Capital Receipts 2023/24				2,600
Reversal of Use of Reserves	11,374		11,374	6,000
Reversal of Transfer to Reserves	(1,710)		(1,710)	
Total Adjustments to the Base Budget	11,584	460	12,044	8,600

a) **Adjustment for one-off grant funded expenditure for the Domestic Abuse Duty - £0.580m**

The Domestic Abuse Act 2021 placed new duties on Local Authorities to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it. When the 2022/23 budget was set it included an unringfenced grant for of £0.580m to compensate the Council for this new duty. It was anticipated that this would be a one-off grant and would therefore require an adjustment to the base budget for 2023/24. During the early part of 2022/23, the Council received a grant notification advising that this grant should be treated as a ringfenced grant. Although funding is now expected to continue in 2023/24, it will be in the form of a ringfenced grant and the revision to the base budget is still required.

b) **Continuation funding for Corporate Initiatives in 2022/23 - £0.460m**

An apprenticeship scheme was developed and introduced in 2022/23 which requires on-going base budget support. The budget has therefore been adjusted to accommodate this committed expenditure.

c) **Flexible use of Capital Receipts 2022/23 and 2023/24 - £2.500m in 2023/24 and £2.600m in 2024/25**

In preparing the 2022/23 budget, the Council took the opportunity to utilise the flexible use of capital receipts to offset £2.500m of the revenue cost of transformational projects that would deliver future on-going revenue savings for the Council. As this was a one-off adjustment, the opening budget position has therefore been revised by £2.500m for 2023/24. As it is intended to utilise capital receipts flexibilities again in 2024/25 (see 5.34), this time by £2.600m then this also requires a reversal of £2.600m into 2024/25.

d) **Reversal of Use of Reserves - £11.374m in 2023/24 and £6.000m in 2024/25**

The Council used £20.686m of reserves in 2022/23 to support the budget of which £11.374m supported recurrent expenditure. As the expenditure will continue without any corresponding funding source, the base budget has therefore to be adjusted for £11.374m prior to any consideration of reserves use in 2023/24. It has already been agreed that the budget for 2023/24 will be supported by £6.000m of reserves, therefore this is also reversed out into 2024/25. The proposed use of £2.900m of reserves to invest in Children's Services is to fund one off expenditure and as such does not need reversing in 2024/25 (see paragraph 5.6(f) for detail).

e) **Reversal of Transfer to Reserves – (£1.710m)**

In preparing the 2022/23 budget it was assumed that the Business Rates Retention pilot would deliver one off benefits in terms of additional Business Rates of £3.421m. Half of this gain (£1.711m) was used to support the Council's 2022/23 budget and half had to be shared with the Greater Manchester Combined Authority (GMCA). Therefore, a transfer to reserves of £1.710m was budgeted in order to facilitate the payment to GMCA. As this was a one-off transaction, the base budget for 2023/24 must be adjusted by £1.710m.

5.5 The overall impact of adjustments to the base budget for all the issues outlined above is to increase the value of adjustments from £11.584m to £12.044m for 2023/24.

Revised Expenditure Estimates

5.6 A range of budget adjustments and pressures have been identified during the preparation of the revised 2023/24 budget forecasts. These now total £47.106m and are presented in the table and explained (see paragraph reference) in the narrative below.

Expenditure Revisions	Para Ref	2023/24 Original	2023/24 Total Revisions	2023/24 Revised November	2024/25
		£000	£000	£000	£000
Pay Inflation	a	1,530	9,945	11,475	4,660
Contractual Inflation	b	2,280	(567)	1,713	857
Service Inflation	c	0	7,350	7,350	1,000
Energy Price Inflation	d	1,250	2,500	3,750	0
Unachieved / Reprofiled 2022/23 Budget Reductions	e	0	2,845	2,845	0
Children's Social Care - Demand Pressures - including COVID-19 Legacy	f	1,000	10,300	11,300	0
Children's Social Care - One Off Investment	f	0	2,900	2,900	0
Children's Social Care Pressures impact on Legal Services	g	0	150	150	0
Improved Better Care Fund Grant - Passport to Services	h	224	(224)	0	0
Adult Social Care - Demand Pressures/ Demographics	i	8,427	8,751	17,178	2,865
Adult Social Care – New Ringfenced Grants	j	0	(3,448)	(3,448)	(2,373)
Reversal of the Health and Social Care Levy net impact on Pay Budgets	k	0	(383)	(383)	0
Home to School Transport - Additional Costs	l	250	750	1,000	250
Dedicated Schools Grant - Inherited Liabilities	m	296	(168)	128	0
Investment Fund	n	4,600	(3,746)	854	3,919
Employer Pension Contribution Rate Reduction	o	0	(1,500)	(1,500)	0
Cessation of Pension Prepayment Flexibility	p	900	(150)	750	75
Market Relocation	q	0	542	542	0
Elections Cost Pressures	r	0	100	100	0
External Audit Scale Fees	s	0	150	150	0
Cost of Living Support	t	0	1,790	1,790	938
Information Technology - Research and Development Fund	u	0	100	100	0
Increased Expenditure Funded by the passporting of Public Health Grant	v	354	0	354	361
COVID-19 Legacy Costs	w	(3,000)	(9,000)	(12,000)	0
Revised Parish Precept Expenditure (offset by Parish Precept income)	x	8	0	8	8
Total Expenditure Adjustments		18,119	28,987	47,106	12,560

a) **Pay Inflation - £11.475m in 2023/24**

The MTFs approved at Council on 2 March 2022 included provision across all years for a pay award at a value of 2%. The 2022/23 pay award has recently been agreed for most Local Government employees and its impact on the Council has been calculated at an overall increase of 6.5% to the pay bill rather than 2%. It is now estimated that the 2023/24 pay award will be a further 4% increase. Reflecting these significant percentage increases, the budget for 2023/24 requires uplifting from the initial estimate of only £1.530m to £11.475m. The impact of a further 3% pay increase for 2024/25 results in a further pressure of £4.660m.

b) **Contractual Inflation - £1.713m in 2023/24**

Contractual inflation at a value of £2.280m had been assumed. Although inflationary pressures have generally increased, a review of contractual terms has resulted in a decrease to the required provision of £0.567m for 2023/24, resulting in a reduced pressure of £1.713m. It is expected that the 2024/25 budget will require adjustment of a further £0.857m.

c) **Service Inflation - £7.350m in 2023/24**

General inflation has for the past few years been absorbed by services through more efficient ways of working. However, the inflation rate in 2022/23 has increased significantly and as such, a calculation has indicated that a 5% increase across all general services budgets (excluding any areas presented separately, such as pay and energy inflation) requires additional budgetary provision of £7.350m. The 2024/25 budget assumes a limited increase of £1.000m.

d) **Energy Price Inflation - £3.750m**

Due to the rapid increase in energy costs over recent months it is anticipated, based on the latest information, that energy prices will continue to increase in 2022/23 and 2023/24. It was originally anticipated that £1.250m would need to be added to the Council's energy budget. Continuing price rises in 2022/23 have resulted in a £2.500m increase in this estimate, to a value of £3.750m. It is expected that although energy costs will remain high in 2023/24, the increase applied to 2023/24 will be adequate for 2024/25. It is clear that energy price inflation is an extremely volatile area. Therefore, to be prudent, a specific reserve of £2.500m will be set up to cover any additional costs due to volatility. The position will be kept under continual review.

e) **Unachieved / Reprofiled 2022/23 Budget Reductions - £2.845m**

When the 2022/23 budget was set, it was assumed that all budget reductions with an impact in 2023/24 would be delivered in full. Budget monitoring for the financial year 2022/23 has identified that previously agreed budget reductions totalling £2.845m cannot be achieved or offset by compensating recurring savings in the service and therefore impact on the 2023/24 budget. These are:

- PPL-BR1-439 Internal Efficiency Initiatives - Unity Partnership (£0.313m)
- PPL-BR1-512 Information and Communications Technology (£0.020m)
- PPL-BR1-401 Creating a Better Place – Projects & Assets (£2.012m) – although the value of this budget reduction will not be achieved as intended, it will be reprofiled to 2024/25
- CHS-BR1-443 External Placements Cost Avoidance (£0.500m)

f) **Children’s Social Care Demand Pressures - £11.300m and One-Off Investment of £2.900m**

As outlined at 3.4(b) above, budget monitoring in 2022/23 has identified an on-going a forecast overspend of around £11.300m for Children’s Social Care. Acknowledging the pressures in this service, elsewhere on the agenda is a report setting out how the Council intends to rebase the Children’s Social Care budget and invest in resources which will remove this budget pressure from 2023/24 and provide further funding on an invest to save basis. It should be noted that there is a £0.500m investment to address the budget reduction CHS-BR1-443 External Placements Cost Avoidance which has not been delivered.

The initial estimate was that there would be a budgetary requirement of only £1.000m to fund pressures in 2023/24 with an assumed £4.500m of COVID-19 legacy resources available within the budget to provide further support to offset some of the pressures. This £4.500m has now been consolidated into the Children’s Social Care mainstream budget together with a further £5.800m to reflect current expenditure trends and £0.500m to deal with the budget reduction shortfall.

A further £2.900m of additional investment will be added to the budget in 2023/24 only to pump prime transformational activity. This will be funded by Children’s Services reserves. This is expected to deliver efficiencies and savings thus reducing the cost of Children’s Services in future years.

In total, investment of £14.700m is being allocated to Children’s Social Care in 2023/24.

g) **Children’s Social Care Pressures – Impact on Legal Services - £0.150m**

Children’s Social Care, as detailed above, has seen increased demand both during and after the COVID-19 pandemic. This demand has impacted on other services, particularly Legal Services with a sharp rise in case numbers. Managing this demand has resulted in increasing costs which will need further budgetary provision of £0.150m for Legal Services.

h) **Improved Better Care Fund (IBCF) Grant – Passport to Services - £0.000m**

As it is now anticipated that Government grants will continue at 2022/23 values, the expenditure associated with the passporting of an inflationary adjustment to the Improved Better Care Fund Grant (£0.224m) has been removed (see 5.18).

i) **Adult Social Care – Demand Pressures/ Demographics - £17.178m in 2023/24**

It had initially been estimated that in 2023/24, Adult Social Care pressures of £8.427m would require inclusion in the 2023/24 budget, including an initial estimate of the impact of Adult Social Care reform which was expected to be fully funded by Government grant as well as supporting the Council’s commitment to the Living Wage Foundation National Living Wage rate of pay for social care workers and increased demand pressures. As with Children’s Social Care there was an assumed £4.500m of COVID-19 legacy resources available within the budget to provide further support and offset some of the pressures. This £4.500m has now been consolidated into the Adult Social Care mainstream budget.

The table at paragraph 3.3 above advises of an additional budgetary pressure of £8.043m (of which £4.500m is financed from the reallocated COVID-19 pressures resources). This encompasses the:

-
- current increased service demand as outlined in the month 6 financial monitoring report
 - financing the Council's continued commitment to the Living Wage Foundation National Living Wage rate of pay for social care workers and funding increases for care providers
 - demographic pressures arising from an increasingly elderly population

The table shows that in total, budgetary provision for Adult Social Care has increased by £17.178m, although there is offsetting ringfenced Government grant funding to provide direct support. A further increase in expenditure of £2.865m is anticipated for 2024/25.

j) Adult Social Care – New Ringfenced Grants

As advised above at 2.15, the Autumn Statement advised of increased resources estimated at £3.448m in 2023/24 and a further £2.373m in 2024/25. As this is ringfenced funding it has the impact of directly offsetting expenditure and is therefore presented as an adjustment to expenditure estimates.

k) Reversal of the Health and Social Care Levy net impact on Pay Budgets – (£0.383m)

On 23 September 2022, the Government announced that the Health and Social Care Levy which increased National Insurance contribution rates by 1.25% would be cancelled. This measure will reduce the main and additional rates of Class 1, Class 1A, Class 1B and Class 4 National Insurance Contributions from 6 November 2022, in effect removing the temporary 1.25% increase introduced by the Health and Social Care Levy Act 2021. The net impact to mainstream service pay budgets for 2023/24, after taking into account offsetting pay award increases will be £0.383m which can now be removed from the budget.

l) Home to School Transport – Additional Costs - £1.000m in 2023/24

The Home to School Transport Service has been subject to a contract retendering exercise for the 2022/23 academic year. Demand has risen significantly since the last tendering exercise in September 2019 as well as contributing factors around inflation, fuel prices and the clean air policy. Acknowledging the full year impact of the retendering exercise for 2023/24, a pressure of £1.000m, has been included in estimates for 2023/24. The tendering exercise did highlight a potential cost of £1.228m, however, it is considered that the best approach would be to provide funding of £1.000m and hold a specific risk reserve of £0.228m to mitigate any 'worst case scenario' additional route pressures. A further pressure of £0.250m is anticipated for 2024/25.

m) Dedicated Schools Grant (DSG) - Inherited Liabilities - £0.128m

As in previous years there is a requirement for the Council to fund historic costs e.g., on-going pension liabilities, which it is assumed could no longer be funded by the DSG. However, as advised in the report about the National Funding Formula for Schools for 2023/24 elsewhere on the agenda, this potential pressure has reduced to £0.128m. A submission to the Department of Education has been made for grant funding to support this cost. The outcome of this submission will not be known until the funding allocations for schools for 2023/24 have been received (likely to align with

the PLGFS). If the bid for funding is successful, then this potential budgetary pressure will be removed.

n) **Investment Fund - £0.854m in 2023/24**

The original 2023/24 budget estimates assumed that there would be an increase of £4.600m in the budget due to increased borrowing costs to fund the planned expenditure in the capital programme. Following a review and based on the outturn for 2021/22 and reprofiling of the capital programme in 2022/23, the estimated costs have reduced by £3.746m to a value of £0.854m in 2023/24. The £3.746m of costs will be reprofiled over future financial years.

An additional pressure of £3.919m is anticipated for 2024/25.

o) **Employer Pension Contribution Rate Reduction – (£1.500m) in 2023/24**

Information received from the Greater Manchester Pension Fund on 14 October 2022 based on the latest actuarial valuation has advised of a reduction in employer pension contribution rates for 2023/24. This reduction is expected to produce a benefit to the Council at a value of £1.500m.

p) **Cessation of Pension Prepayment Flexibility - £0.750m in 2023/24**

For the period 2020/21 to 2022/23, the Council made an up-front payment of its employer pension contributions to the Greater Manchester Pension Fund to generate a revenue budget reduction of £0.900m in each of the three years. Whilst the option to make such a prepayment will be available in 2023/24, the treasury management position of the Council and prevailing interest rates make this a much less beneficial option. The full impact of the £0.900m contribution reduction is offset in part by the Council's ability to generate additional interest on the funds it will not be prepaying thus reducing the financial pressures to £0.750m. The treasury management benefit is expected to reduce by £0.075m in 2024/25, thus increasing the budget requirement.

q) **Market Relocation - £0.542m in 2023/24**

A report presented to Cabinet on 21 September 2022 identified revenue costs associated with relocating the Tommyfield Market to the Town Square Shopping Centre at a value of £0.542m. The budget requires adjustment to reflect this cost and will support the traders in relocating to the new premises and support their sustainability during current challenging times.

r) **Elections Cost Pressures - £0.100m in 2023/24**

The Elections Service has experienced an increase in costs. In recent years this has been dealt with by in year underspends in other areas. There are, however, additional costs anticipated in 2023/24 in regard to premises hire for polling stations and increased postage costs. To ensure adequate budgetary provision, £0.100m is required to be added to the budget.

s) **External Audit Scale Fees - £0.150m in 2023/24**

Following the recent release by Public Sector Audit Appointments (PSAA) of the outcome of their external audit fee procurement exercise, Councils have been advised to expect a major reset in fees to address many of the challenges in the

delivery of an appropriate external audit function. It is expected that fees will increase in the order of 150% resulting in a pressure of £0.150m.

t) **Cost of Living Support - £1.790m in 2023/24**

On 21 September 2022, Cabinet approved Oldham's response to the on-going cost of living crisis. The Council approved investment in services, support and funding to help reduce the impact of the cost of living crisis for Oldhamers but also to widen the safety net for those residents most vulnerable to financial crisis. The Council has committed £3.000m to this initiative in total of which £1.790m will be incurred in 2023/24 and the budget has been adjusted accordingly.

u) **Information Technology – Research and Development Fund - £0.100m in 2023/24**

There is a requirement to enable some feasibility and research work to commence for potential information technology schemes and projects which will allow transformational change to take place and cost savings to be realised. It is anticipated that this will be offset by £0.100m of the assumed £2.600m flexible use of capital receipts.

v) **Increased Expenditure Funded by the passporting of Public Health Grant - £0.354m in 2023/24**

Council policy is to locally ringfence and thereby passport the Public Health Grant (PHG) to Public Health services regardless of whether it is received individually or as part of the Business Rates Top Up grant in the 100% Business Rates Retention Pilot Scheme. This revision to the recurrent expenditure budget is required to reflect an anticipated inflationary uplift to the PHG for 2023/24.

w) **COVID-19 Legacy Costs – (£12.000m) in 2023/24**

In 2022/23, £12.000m was added to the budget to fund any legacy costs in relation to the COVID-19 pandemic, particularly in relation to Children's and Adults Social Care services. It was expected these costs would reduce on a gradual basis with £3.000m being released from the budget each year to 2025/26. It was therefore assumed that £9.000m would be available to support the budget in 2023/24. Given the on-going nature of the COVID-19 related pressures, the concept of COVID-19 legacy has now superseded and budgetary provision consolidated into the mainstream budgets of Children's and Adult Social Care in the sum of £4.500m each. The anticipated reduction in future years has been removed involving a total budget adjustment of £12.000m in 2023/24.

x) **Revised Parish Precept Expenditure (offset by Parish Precept income) - £0.008m**

There has been an increase to the level of Parish Precepts expenditure as a result of the change to the Tax Base (there will be further changes once the increases set by the respective Parish Councils is known at budget setting time). This change has no detrimental impact to the Council as it will be fully funded by increased Parish Precept income.

Summary of Expenditure Pressures

- 5.7 It is evident that the main pressures identified are in relation to:
- Pay and service inflation
 - Unachieved / Reprofiled budget reductions
 - Children's Social Care
 - Adult Social Care
- 5.8 The unachieved budget reductions are identified earlier in the report. It should be noted that with the exception of PPL-BR1-512 Information and Communications Technology (£0.020m) which was approved as part of the 2022/23 budget setting process, the remaining items were approved in 2021/22. The majority of 2022/23 approved budget reductions have delivered as planned or alternative savings have been identified by services.
- 5.9 With regard to Children's Social Care and Adult Social Care, significant resources are being invested in these services on top of pay and service inflation to address the budgetary issues identified in the budget monitoring reports.
- 5.10 Children's Social Care will have access to a further £14.700m investment in 2023/24 as follows:
- £11.800m to address on-going pressures as outlined in budget monitoring reports and an unachieved budget reduction
 - £2.900m for investment that is expected to deliver savings in future years as a result of transformational change
- 5.11 Based on the figures included in this report, Adult Social Care will have access to additional net resources of £13.730m in 2023/24 and a further £0.492m in 2024/25. The pressures in future financial years will be reliant on the Government's approach to Adult Social Care reform.

Development Fund - £0.000m

- 5.12 The 2023/24 forecasts initially included a budget of £2.000m to facilitate the funding of corporate priority developments that emerged during the budget process in line with political priorities. In effect, this budget has been applied to offset the range of pressures outlined at section 5.6. For 2024/25, this has been replenished to £3.000m.

Impact of Levies, the Statutory Charge and Contributions (£0.804m)

- 5.13 The GMCA charges the Council for Waste Disposal and Transport Services in the form of levies and a statutory charge. It also charges for some other regionally provided services. In addition, the Environment Agency also charges a levy for services. The Council has no discretion over the payment of levies and statutory charges. It was assumed the combined increase in charges would be £0.922m in 2023/24. The current forecast is that the costs in 2023/24 will reduce by £1.726m on a one off basis before increasing in 2024/25. Part of the 2024/25 increase (£1.432m) is planned to be funded from reserves. Final levy figures will not be confirmed until all the levying bodies have finalised their budgets, early in 2023.

Funding Adjustments

5.14 The table below sets out originally anticipated funding available to support the 2023/24 budget and subsequent revisions. A key change since the initial estimates were prepared is that it is now assumed that the Business Rates Retention pilot scheme in Greater Manchester will continue for two more years. Whilst the Autumn Statement was effectively silent on the issue, at this stage it is considered that the Government will not amend relevant regulations in order to revise the arrangements for 2023/24, given the available Parliamentary timeline. As Government is aiming to present some financial certainty for two years, the continuation into 2024/25 is considered a reasonable assumption. The detail of the funding adjustments is set out in the paragraphs below including the large movements in Government grant funding and locally generated income. This is due to the change in assumption about the continuation of the Business Rates Retention 100% pilot scheme which has the impact of switching resources between funding streams.

Government Grant Funding – Unringfenced Grants

5.15 The MTFs approved at Council on 2 March 2022 included forecasts of Government unringfenced grant funding for 2023/24 and 2024/25. The forecasts, approved in March 2022 assumed that most core Government grants would continue at 2022/23 levels with a small amount of inflation on those grants that had received an inflationary uplift in previous years including Revenue Support Grant (see paragraph 5.18) and Public Health Grant (for which an uplift of £0.354m remains in the estimates). Subsequently information contained in AS22 has been used to revise some of the estimates, especially around Adult Social Care reform.

5.16 As set out in the following table, grant funding of £104.933m is anticipated, a reduction of £19.025m however this is mostly mitigated by an increase in Locally Generated Income under the 100% Business Rates Retention Pilot Scheme.

	2023/24 Original	2023/24 Total Revisions	2023/24 Revised November	2024/25
	£000	£000	£000	£000
Business Rates Top Up	(36,500)	(6,777)	(43,277)	(43,638)
Grant in Lieu of Business Rates	(13,368)	(6,103)	(19,471)	(19,471)
Additional Grant in Lieu of Business Rates - Multiplier Compensation	0	(4,000)	(4,000)	(6,000)
Revenue Support Grant	(17,945)	17,945	0	0
Public Health Grant	(18,053)	18,053	0	0
Improved Better Care Fund Grant	(11,412)	224	(11,188)	(11,188)
Social Care Support Grant	(12,132)	0	(12,132)	(12,132)
Recycled Social Care Support Grant	(5,300)	(1,421)	(6,721)	(9,823)
Lower Tier Services Support Grant	(437)	0	(437)	(437)
Independent Living Fund Grant	(2,580)	0	(2,580)	(2,580)
Housing Benefit Administration Grant	(824)	0	(824)	(618)
Council Tax Administration Grant	(378)	18	(360)	(360)
New Homes Bonus Grant	(562)	0	(562)	(562)
Services Grant	(4,467)	1,086	(3,381)	(3,381)
Total Government Grant Funding	(123,958)	19,025	(104,933)	(110,190)

5.17 As advised previously, it has now been assumed that piloting of Business Rates Retention will be maintained thus revising the presentation of grant income, removing separate allocations of Revenue Support Grant and Public Health Grant and reallocating these into Business Rates Top Up, Grant in Lieu of Business Rates and Retained Business Rates. The impact of this realignment remains neutral however it does switch some funding from Government Grant to Locally Generated Income as outlined in the next section of this report. The overall impact of the presentational change is shown in the table below, with the adjustment of £0.352m being explained at 5.18.

	2023/24 Original £000	2023/24 Revision to estimates £000	2023/24 Presentational Revisions £000	2023/24 Revised £000
Government Grant				
Business Rates Top Up Grant	(36,500)		(6,777)	(43,277)
Grant in Lieu of Business Rates	(13,368)		(6,103)	(19,471)
Revenue Support Grant	(17,945)	352	17,593	0
Public Health Grant	(18,053)		18,053	0
Locally Generated Income				
Retained Business Rates	(25,663)		(22,766)	(48,429)
Total	(111,529)	352	0	(111,177)

5.18 As well as the presentational changes, five amendments to grant forecasts have been made:

- It was previously estimated that the Revenue Support Grant (RSG) element of Business Rates Top Up funding would receive an inflationary uplift of £0.352m. This assumption has now been removed as shown in the table above, leaving the overall anticipated grant allocation at the 2022/23 level.
- Grant in Lieu of Business Rates is expected to increase by £4.000m as a result of the Government's decision not to increase the Business Rates multiplier as announced in the Autumn Statement. As Business Rates is a complex area, it had previously been assumed that there may be offsetting adjustments resulting in no overall change to grant/Business Rates income.
- An anticipated increase of £0.224m to the Improved Better Care Fund (IBCF) grant is no longer anticipated. As IBCF is passported in full to Adult Social Care, expenditure has been adjusted downwards by a corresponding amount.
- Grant assumed for Adult Social Care reform has been amended in line with the Autumn Statement announcements increasing from £5.300m to £6.721m and by a further £3.102m in 2024/25. However, it is expected that this grant will be amalgamated with the Social Care Support grant at the PLGFS which will enable the grant to fund general increased pressures in Adults and Children's Social Care.
- The Council Tax Administration Grant has been revised by £0.018m in line with final 2022/23 allocations (the notification was received after the 2022/23 budget had been set).
- The Autumn Statement advised that the Government would adjust the grant Councils received as a result of withdrawal of the requirement to pay the employers contribution to the Health and Social Care levy. The Services Grant has therefore been adjusted by £1.086m.

New Homes Bonus Grant

- 5.19 Within the Autumn Statement and information provided by the Department of Levelling Up, Housing and Communities, there has been no confirmation as to whether the New Homes Bonus Grant will continue as operated for the financial year 2022/23 or if only a final year legacy payment will be received. Should the New Homes Bonus (NHB) grant not continue in its present form then it is likely that the grant will be reallocated. This reallocation is likely to have a more beneficial impact than any uplift in NHB grant arising from new housing constructed in the Borough.

Ringfenced Government Grants

- 5.20 In addition to unringfenced Government Grants and the new Adult Social Care ringfenced grants, the Council already receives a number of other ringfenced grants and the budget assumptions included in this report are based on these grants being allocated to fulfil their intended purpose.
- 5.21 Ringfenced grant allocations are in the main announced alongside or shortly after the PLGFS. Such grants include the Dedicated Schools Grant, Housing Benefit Subsidy Grant, Supporting Families Programme (formerly Troubled Families), Discretionary Housing Payments, Adult Education Budget and Homelessness Prevention Grant.
- 5.22 It is important to note that any spending above the ringfenced grant level can impact on the Council's financial position. It is essential that services funded by ringfenced resources are managed with the same level of challenge and scrutiny as those funded by general resources.

Locally Generated Income

Retained Business Rates

- 5.23 As advised above, the MTFS now assumes that the 100% Business Rates Retention Pilot Scheme will continue into 2023/24. It is assumed that overall resources available to the Council will remain at 2022/23 levels but no gains from the continuation of the pilot scheme have been assumed for either the Council and / or the GMCA as yet.
- 5.24 The current estimated overall Retained Business Rates income for 2023/24 is £48.429m, and is in effect unchanged from that assumed for 2022/23 as there is such potential volatility in this area. The increase shown in the table at 5.28 at a value of £22.766m is wholly attributable to the reallocation of funding as detailed at paragraph 5.17. As with other funding sources, this will be continually reviewed particularly in light of the 2023 Business Rates revaluation as and when new information / forecasts become available and the implications are clearer.

Council Tax

- 5.25 The Council Tax policy for 2023/24 and future years approved at 2022/23 Budget Council was to increase Council Tax by 1.99% for general purposes. There was uncertainty as to whether the Government would permit an Adult Social Care Precept (ASCP) hence this was not included at that time (subsequently there was confirmation that a 1% increase could be made). As advised previously, the Autumn Statement has provided further flexibilities and would permit a further 1% increase for Council Tax for general purposes and also for the Adult Social Care precept. This report has been prepared to align to the original policy of a 1.99% increase for general purposes but final decisions on any increase in Council Tax will not be taken until the Budget Council meeting on 1 March 2023.
- 5.26 The impact of a 1.99% increase is shown in the table below taking Council Tax at Band D from £1,791.68 to £1,827.33 at Band D. An increase of 1% in Council Tax would generate additional resources of £1.048m.

Oldham Council Band D Council Tax 2022/23 £	Proposed Oldham Council Band D Council Tax 2023/24 £	Change £	Change %
1,791.68	1,827.33	35.65	1.99

- 5.27 When the original estimates were prepared for 2023/24, it was assumed that the Council Tax Tax Base would increase from 57,450 to 57,934 (an increase of 484 Band D equivalents). During 2022/23, this position has been continually reviewed and performance in the first half of the year has been better than originally expected. The Council Tax Tax Base has been increased to a figure of 58,500 Band D equivalents. This increase produces additional resources for the Council at a value of £1.036m (split across Council Tax for general purposes and the ASCP), increasing Council Tax income from £106.185m (including Parish Precepts) to £107.221m.

5.28 Assuming the Council Tax increase continue at 1.99% with a Tax Base increase of 500 produces Council Tax of £110.288m for 2024/25 as illustrated in the table below.

	2023/24 Original £000	2023/24 Total Revisions £000	2023/24 Revised November £000	2024/25 £000
Retained Business Rates	(25,663)	(22,766)	(48,429)	(48,429)
Council Tax Income - General Purposes	(93,210)	(911)	(94,121)	(97,071)
Adult Social Care Precept	(12,653)	(125)	(12,778)	(12,887)
Parish Precepts	(322)	0	(322)	(330)
Total Locally Generated Income	(131,848)	(23,802)	(155,650)	(158,717)

5.29 It is important to note that the information in this report relates to Council Tax charged by the Council for the services it delivers. The overall headline increase in Council Tax is also influenced by decisions about the Council Tax charged for the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services). The intentions in relation to these precepts will be confirmed in early 2023.

Collection Fund

5.30 The Collection Fund is a statutory fund held separately from the General Fund of the Council. Due to the impact of COVID-19 and the reduction in both Council Tax and Business Rates collection, the Government, in 2020/21, passed legislation that required Councils to spread any deficit of the Collection Fund in that year over the next three years. This was applied to both Council Tax and Business Rates and was incorporated into the regulatory process of estimating the collection fund deficits in January 2021. This meant that 2020/21 Collection Fund deficits would still be recovered but over a longer time period. After applying this approach, a deficit of £2.370m was to be recovered from the Collection Fund, with the Council element totalling £2.192m in each year of recovery (the Council deficit is made up of a deficit of £0.927m for Council Tax and £1.265m for Business Rates). Due to the better than expected level of both Council Tax and Business Rates income collection (as outlined below), there is now no need to recover the Collection Fund Deficit in 2023/24.

5.31 As Collection Fund balances are healthier than had been anticipated, as advised in the month 6 financial monitoring report elsewhere on the agenda, it has been assessed that most of the surpluses in both Council Tax and Business Rates can be drawn down to support the 2023/24 budget setting process as shown in the table below. This gives a net one off benefit of £5.150m for the Council. It should be noted that the overall surplus is higher but the major preceptors are entitled to a share and it would not be prudent to rely on the full surplus as there can be some volatility in the Collection Fund towards the year-end.

Collection Fund Summary – Council Allocations

	Council Tax £000	Business Rates £000	Total £000
2020/21 General Collection Fund Deficit anticipated within the original estimates	927	1,265	2,192
2022/23 General Collection Fund Surplus to be drawn down	(1,947)	(5,395)	(7,342)
Collection Fund Impact 2023/24	(1,020)	(4,130)	(5,150)

Approved Budget Reductions

5.32 The Revenue Budget Reports for both 2021/22 and 2022/23 included approved Budget Reductions that had future years impacts, running up to the 2025/26 financial year. A review of these reductions has taken place.

- a) Further consideration has been given to the budget reduction CHS-BR1-544 Disestablishing the Autism Youth Club (£0.012m) approved as part of the 2022/23 budget process. As a result, this budget reduction with an impact in 2023/24 has been withdrawn.
- b) There has been a reprofiling of some of the 2023/24 anticipated benefits related to the Creating a Better Place (CaBP) programme. This is on top of the 2022/23 reprofiling detailed at paragraph 5.6(e). This increases the forecast net gap / budget reduction requirement for 2023/24 although the total budget reduction across the MTFs period remains at a similar level to that which was originally approved.

5.33 The impact of the above and the consequent revision to already approved budget reductions across each relevant year are shown in the table below:

	2023/24 Revised £000	2024/25 £000	2025/26 £000	2026/27 £000
2021/22 Approved Budget Reductions	(4,922)	(300)	(303)	0
2022/23 Approved Budget Reductions	(1,895)	(1,150)	0	0
2022/23 Withdrawal of CHS-BR1-544	12	0	0	0
Reprofiling of CaBP	3,150	(4,250)	(747)	(100)
TOTAL	(3,655)	(5,700)	(1,050)	(100)

Flexible Use of Capital Receipts

5.34 After the MTFs had been prepared in March 2022, the Government announced that the ability to use capital receipts to support the cost of transformational activities the 'Flexible Use of Capital Receipts' will continue in 2023/24 and also 2024/25. The revised budget projections now include £2.600m of capital receipts to support transformational activity in 2023/24 and 2024/25.

Approved Use of Reserves

5.35 As part of the 2022/23 budget strategy, to allow time for transformation change to take place, the Council approved the use of £6.000m general reserves to support the 2023/24 budget and a further £2.500m for 2024/25. As advised above, a further £2.900m is proposed to be used to support investment in Children's Social Care in 2023/24 and in 2024/25 a further £1.432m to support the increase in levies.

6 Availability of Reserves

- 6.1 As detailed elsewhere on the agenda, the Month 6 revenue budget monitoring report advises that the forecast year-end Earmarked Reserves position for 2022/23 is £75.411m (£99.227m at 1 April 2022). Furthermore, it is anticipated that the closing balance for Revenue Grant Reserves in 2022/23 will be £5.240m (£10.731m at 1 April 2022). Therefore, the total amount of reserves held by the Council at the end of the financial year is estimated to be £80.651m.
- 6.2 A number of the reserves held by the Council are committed to finance expenditure planned for future financial years meaning they are not available for alternative uses. This includes a further £8.500m to support the revenue budget over 2023/24 (£6.000m) and 2024/25 (£2.500m) plus a further £2.900m to support investment in Children's Social Care in 2023/24 and £1.432m to support increases in levies in 2024/25. Other reserves that are committed although the profiling is as yet to be determined are the:
- Integrated Working Reserve, to enable joint working with NHS partners to support health and social care integration.
 - Regeneration Reserve, to facilitate up-front expenditure linked to capital projects including the Creating a Better Place Strategy.
 - Transformation Reserve, to facilitate the continuation of existing and implementation of new transformational activity that will support improvements in service delivery as well as create efficiencies and budget reductions.
- 6.3 Whilst the Council has previously agreed to utilise some reserves to support the 2023/24 and 2024/25 revenue budgets, with estimated reserves of £80.651m available at the start of 2023/24, Members can be assured that Oldham Council currently remains financially resilient.

7 Overall Budget Reduction Requirement

7.1 Considering all of the adjustments set out above, the total probable budget reduction requirement for 2023/24 is currently estimated at £27.975m as shown in the table below.

7.2 The table also shows the forecast budget reduction requirements for 2024/25. Whilst the budget gap for 2024/25 appears to have reduced to £14.575m, this is only the case if all of the £27.975m is addressed on a recurrent basis.

	2023/24 Original £000	2023/24 Total Revisions £000	2023/24 Revised November £000	2024/25 £000
2022/23 Net Revenue Budget	250,517		250,517	265,733
Total Adjustments to the Base Budget	11,584	460	12,044	8,600
Total Expenditure Adjustments	18,119	28,987	47,106	12,560
Total Development Fund Expenditure	2,000	(2,000)	0	3,000
Total Impact of Levies, the Statutory Charge and Contributions	922	(1,726)	(804)	5,821
Total Expenditure	283,142	25,721	308,863	295,714
Total Government Grant Funding	(123,958)	19,025	(104,933)	(110,190)
Total Locally Generated Income	(131,848)	(23,802)	(155,650)	(158,717)
Total Collection Fund (Excluding the Impact of Business Rates Reliefs)	2,192	(7,342)	(5,150)	0
Total Funding	(253,614)	(12,119)	(265,733)	(268,907)
Budget Reduction Requirement	29,528	13,602	43,130	26,807
2021/22 Approved Budget Reductions	(4,922)	0	(4,922)	(300)
2022/23 Approved Budget Reductions	(1,895)	0	(1,895)	(1,150)
Revisions / Reprofile of Approved Budget Reductions		3,162	3,162	(4,250)
Total Flexible Use of Capital Receipts	0	(2,600)	(2,600)	(2,600)
Total Use of Reserves	(6,000)	(2,900)	(8,900)	(3,932)
Net Gap/Budget Reduction Requirement	16,711	11,264	27,975	14,575

8 Addressing the Budget Reduction Requirement

8.1 The specific proposals to address the budget reduction requirement for 2023/24 and support the achievement of a balanced budget for 2024/25 are currently being prepared and will be presented for consideration at the Policy Overview and Scrutiny Committee at its meeting on 26 January 2023. The key themes to address the budget gap build upon the on-going programme of transformational change which has been in place for several years. These themes include:

a) Demand Management/Transformational Change

Managing demand is an essential element of controlling and reducing costs. If there are ways in which issues experienced by residents can be addressed at an earlier stage, before more expensive interventions are required from the Council, then there is a better outcome all round. A challenging and potentially stressful situation has been avoided and a less expensive means to resolve issues has been found. Reviews of key Council service provision, but particularly Adult Social Care and Children's Social Care will therefore be linked to the managing of demand and therefore taking cost out of the system. As advised earlier in the report, specific investment in Children's Social Care is being made to enable such transformational activity.

The Council will also be working with key partners, including further developing the approach to integrating health and social care and using funding available for the Council and the Oldham ICB to work together collaboratively around a change and efficiency programme.

The Council will be continuing its existing transformation programme which is linked to demand management and includes areas such as:

- **Digitisation**

Improving and strengthening the digital access to services will enable residents to access services more easily whilst helping to drive efficiency and savings through effective demand management. The digital infrastructure will underpin a modern and forward looking Borough reflecting the expectations of transacting with the Council. Investment funding for digital and technology initiatives is included in the Capital Programme.

- **The Creating a Better Place Programme**

The Creating a Better Place Programme is supporting the rationalisation and transformation of the Council's corporate estate, realising efficiency savings by asset disposals and supporting investment by the generation of capital receipts.

b) Income Maximisation

The Council has an approved income strategy and is pursuing the key objectives to maximise the income it generates. The Council aims to maximise income by:

- Reviewing fees and charges on an annual basis to support the budget process – proposals will be presented in January 2023
- Using corporate initiatives such as "Creating a Better Place" to improve the resilience of both Council Tax and Business Rates income supporting housebuilding and encouraging business set up within the Borough
- Utilising current partnerships and working with new partners to generate new housing and commercial buildings on key regeneration sites, again to support Council Tax and Business Rates income

-
- Through traded services by further exploring the opportunities for generating income from external clients to support the income base of the Council and offset the cost of service provision
 - Ensuring that outstanding debt is minimised
 - Using the External Funding Group to maximise grant income and bid for appropriate external resources for both revenue and capital priority projects to reduce the contribution for specific Council funding and where appropriate reduced borrowing/ financing charges

In addition, the Council will consider its Council Tax policy as the Autumn Statement has provided some additional flexibility and therefore options to consider.

c) Service Reductions

As would be expected, all Departments across the Council are in the process of reviewing all budget areas to identify potential savings / efficiencies and the impact any reduction would have on the delivery of services. These will be presented for consideration in January 2023.

d) Reserves and Balances

In the light of the risks and uncertainties highlighted in the present financial projections, it is important to maintain a healthy and robust level of reserves and balances. In line with good budget management practices within the Authority, there may be an opportunity to replenish reserves to improve financial resilience. This will be considered during the final accounts processes for respective financial years.

The continued reliance on the use of reserves to balance the budget is not without risk but with a planned approach, the availability of reserves to support the investment in transformation and other corporate initiatives is an important element of the financial strategy. The use of reserves to support transformational activity will be considered alongside the proposed programme of change/budget reductions.

8.2 As advised above, work is taking place on proposals to balance the budget for 2023/24 specifically and to ensure that the foundations are in place to address the anticipated budget reduction requirement for 2024/25. Such proposals, together with the full suite of reports that support the budget setting process will be presented for scrutiny at the Policy Overview and Scrutiny meeting on 26 January 2023. After having considered the comments of the Scrutiny Committee, the budget reduction proposals and reports will be considered by Cabinet on 13 February 2023 and then Council on 1 March 2023.

8.3 It is recognised that the budget decisions can have far reaching implications for individuals, families and groups and it is therefore important that their opinions are heard and considered before final decisions are taken. Therefore, aligned to this formal reporting process will be a programme of consultation with staff and Trades Union representatives, Oldham residents and the business community.

8.4 Budget setting for 2023/24 is proving to be every bit as challenging as in previous years, if not more so due to the unprecedented external issues as outlined at the introduction to the report. However, once the PLGFS has been received, there will be greater clarity on Government funding levels. Budget estimates will continue to be reviewed. The reports from January onwards will therefore encompass final information to facilitate formal decisions to be made on the budget for 2023/24.

9 2025/26 and Future Years

9.1 The report does not provide any updated projections for the financial year 2025/26 or future years. Whilst AS22 gave an indication of the overall level of Government funding for Local Government, there is such uncertainty that at this stage predicting the future impact is not considered appropriate for this report. The main uncertainties at this stage are:

- a) There will need to be a general election in late 2024 or early 2025 which may change Government priorities.
- b) Whether the Government has enough tolerance within its current contingencies to deal with an unforeseen financial shock.
- c) The predictions upon which Government projections are based will need revision as the actual pressures on the public finances such as energy support become clearer.
- d) The current three year spending review period for Government ends at 31 March 2024 and will need to be refreshed.

9.2 The updated budget report presented to Members in January 2023, will be informed by the PLGFS and further indications of Government intentions and will include a projection of the financial position for the Council up to 2027/28.

10 Options/Alternatives

10.1 There are two options as follows:

- Option 1 – The Cabinet can approve the updated financial projections as set out in this report for 2023/24 and 2024/25 as at 12 December 2022.
- Option 2 – The Cabinet can propose an alternative updated financial projection and revise the forecasts for 2023/24 and 2024/25.

11 Preferred Option

11.1 The preferred option is Option 1.

12 Consultation and Communications

12.1 Prior to a budget being agreed for 2023/24, public consultation on our proposed measures to close the budget gap will take place, so that members of the public can give their views on our proposals and also put forward their own ideas on how savings could potentially be made.

12.2 Details of this consultation, including how to take part, will be publicised on our communications channels online, on social media and in the press. Feedback from members of the public will help us shape our final Budget proposals for the coming financial year.

Jeni Harvey (Head of Communications and Research)

13 Financial Implications

13.1 Financial Implications are dealt with in full within the detail of the report.

14 Legal Services Comments

14.1 As budget proposals are developed, any specific Legal implications associated with the proposals will be included in detail within the individual budget reduction proformas.

15 Co-operative Agenda

- 15.1 As a Co-operative Council, Oldham is committed to reforming public services and encouraging innovation, leading to better outcomes and delivery. The revenue budget projections have been prepared so that they support the Council's co-operative agenda with resources being directed so that the aims, objectives and co-operative ethos of the Council are delivered.

Jonathan Downs (Corporate Policy Lead)

16 Human Resources Comments

- 16.1 The report provides a comprehensive summary of the position relating to finances, including identifying the difficult and volatile external factors within which current budget setting exists. As staffing makes up a significant element of budget costs, it will be key to understand the specific impacts on staffing and workforce as detail emerges over the coming weeks. Whilst the economic picture outlines a lengthy recession, the labour market still remains volatile with vacancies outstripping supply, and attracting and retaining staff at all levels remains a significant issue for many of our services. Reform of the workforce to meet organisational priorities is key to successful delivery for residents and any budget reduction proposals with workforce implications will be appropriately consulted on and opportunities to consider redeployment will be fully maximised.

Vikki Morris (Assistant Director of Human Resources and Organisational Development)

17 Risk Assessments

- 17.1 There are a wide range of issues which could impact on the assumptions and projections. These include the funding allocated by Government in the PLGFS, Council Tax policy, Council Tax and Business Rate collection, the decisions relating to levies and precepts, inflationary pressures, interest rates and economic forecasts. A regular review of these will ensure that any key changes are highlighted immediately.

Mark Stenson (Assistant Director of Corporate Governance and Strategic Financial Management)

18 IT Implications

- 18.1 As budget proposals are developed, any specific IT implications associated with the proposals will be included in detail within the individual budget reduction proformas.

19 Property Implications

- 19.1 As budget proposals are developed, any specific impact on property implications associated with the proposals will be included in detail within the individual budget reduction proformas.

20 Procurement Implications

- 20.1 As budget proposals are developed, any specific impact on the procurement of goods, services etc. will be undertaken in full liaison with the Procurement Service and in compliance with all necessary Council and statutory requirements.

21 Environmental and Health & Safety Implications

- 21.1 Environmental and Health and Safety implications will be considered when dealing with any individual budget proposals as appropriate.

22 Equality, community cohesion and crime implications

- 22.1 As the budget proposals are developed, individual equality impact assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected.

Jonathan Downs (Corporate Policy Lead)

23 Implications for Children and Young People

- 23.1 The budget implications for Children and Young people are detailed in full in the body of the report.

24 Equality Impact Assessment Completed?

- 24.1 No Equality Impact Assessment is required for this report as there is no direct impact on any services as this is simply an updating of the budget reduction requirement. However, the new Equality Impact Assessment process will be applied to proposed budget reductions when they come forward for consideration by Members in January 2023.

25 Key Decision

- 25.1 Yes

26 Key Decision Reference

- 26.1 FLC-31-22

27 Background Papers

- 27.1 The following is a list of the 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 that Act.

File Ref: Reports to Council 2 March 2022
- Revenue Budget 2022/23
- Medium Term Financial Strategy 2022/23 to 2026/27
The Chancellors Autumn Statement 17 November 2022

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28 Appendices

- 28.1 There are no appendices to this report.



Report to Cabinet

Revenue Monitor and Capital Investment Programme 2022/23 Quarter 2 – September 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

12 December 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 September 2022 (Quarter 2) 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 forecast outturn position for 2022/23 is a projected deficit variance of £4.452m after allowing for approved and pending transfers to and from reserves. An operational deficit of £6.172m reduces by £1.720m with the anticipated effect of management actions and strengthened restrictions in relation to expenditure and recruitment. Clearly it is recognised that this remains a challenging position and every effort will be made to reduce the overall variance before the year end.

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 £7.028m and Children's Social Care is recording £3.961m. 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 2, the £12.000m provision appears to be sufficient to finance the COVID-19 related expenditure with a residual balance of £1.011m which is being used to reduce the operational pressure. 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.

The financial position at Quarter 2 is a £1.381m reduction in the adverse position reported at Quarter 1 and now, for the first time, forecasts the impact of, as previously reported, the management actions that have been strengthened across all service areas to review and challenge planned expenditure, control recruitment and to maximise income. It is therefore anticipated that by the year end, the outturn deficit position should be reduced and that this should start to be demonstrated in the update reports which are to be presented to Cabinet at months 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.

Against a generally improving position, the DSG is now forecasting an in-year surplus of £3.215m (£2.790m at quarter 1), which has reversed the deficit brought forward leaving a forecast year end surplus of £0.442m. Action will be taken with the aim of mitigating cost pressures and delivering and maintaining a surplus position. To assist, Oldham has been invited by the Government to take part in the Delivering Better Value in SEND (Special Educational Needs and Disabilities) Programme which will provide dedicated support for the SEND Review reforms to 55 Local Authorities with historical DSG 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.

The Collection Fund is forecasting an in-year surplus of £1.370m which in turn contributes to an estimated surplus of £5.489m being carried forward into 2023/24. The Collection Fund has been particularly volatile largely as a result of COVID-19, whilst currently in surplus the position will continue to be closely monitored throughout the year as any surplus or 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, including the outcome of the Annual Review is £68.318m at the close of Quarter 2, a net decrease of £31.930m from the original budget of £100.248m. Actual expenditure to 30 September 2022 was £18.842m (27.58% 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 2 being a £4.452m 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. Revised capital programme for 2022/23 and the forecast for the financial years to 2026/27 as at Quarter 2.

Revenue Monitor and Capital Investment Programme 2022/23 Quarter 2 – September 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 is 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 2 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. It also incorporates the recommendations of the recently completed Annual Review.
- 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 both the revenue and capital positions are presented in the revised structure, which has again been changed slightly between Quarters 1 and 2. Details of the most recent 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 £4.452m compared to £5.833m at Quarter 1. 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 £10.989m 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, there is also a 'business as usual' overspend of £7.183m which reduces to £6.172m with the offset of the £1.011m unallocated COVID-19 Legacy funding. The most notable areas of forecast, operational overspending are Community Health and Adult Social Services, Children's Services and Place and Economic Growth. The pressure reduces by a further £1.720m with the anticipated impact of strengthened expenditure and recruitment restrictions and the full year effect of management actions to deliver a deficit year end variance of £4.452m.
- 2.2 The total Directorate variances amount to a pressure of £18.172m before the application of the £12.000m COVID-19 Legacy funding as detailed in Annex 1 at Tables 1 and 2. As advised above, this consists of a an operational overspend of £6.172m. This is comprised of Community Health and Adult Social Care reporting a pressure of £8.043m (£7.028m COVID related) and Children's Services reporting an adverse variance of £11.297m (£3.961m COVID related). There is a further adverse business as usual variance of £2.717m within Place and Economic Growth. There are favourable variances of £0.339m within Public

Health, £0.299m within Communities and £0.339m in Corporate Services. Capital, Treasury and Technical Accounting is reporting a favourable, operational variance of £2.908m.

- 2.3 It should be noted that one of the approved 2022/23 Budget Reductions within Children's Services with a value of £0.500m is classified 'Red' and forecast not to be delivered. In addition, there are a further five Budget Reductions, across a range of Divisions, with a combined value of £3.353m rated 'Amber/Red - off track and will only deliver part of the saving' and which are currently reporting to have achieved £0.987m at the half-way point of the financial year.
- 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 1 and 2 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, leaving a funding balance of £1.011m which reduces the business as usual pressure from £7.183m to £6.172m.
- 2.5 Management action has been strengthened with regard to reviewing expenditure and also recruitment to vacant posts and this is expected to reduce the overall outturn position by a further £1.720m to an adverse variance of £4.452m as shown in the table below.

Portfolio Area	COVID-19 Cost included in Forecasts £000	Apportion COVID-19 Legacy Funding £000	Business as Usual Pressure £000	Total Net Pressure Quarter 2 £000	Total Net Pressure Quarter 1 £000
Community Health and Adult Social Care	7,028	(7,028)	1,015	1,015	8,851
Children's Services	3,961	(3,961)	7,336	7,336	7,980
Public Health	-	-	(339)	(339)	(10)
Communities	-	-	(299)	(299)	(275)
People and Economic Growth	-	-	2,717	2,717	2,755
Corporate Services	-	-	(339)	(339)	(94)
Capital, Treasury and Technical Accounting	-	-	(2,909)	(2,909)	(1,374)
Unallocated COVID-19 Funding		(1,011)		(1,011)	(12,000)
Forecast Variance before Management Action	10,989	(12,000)	7,183	6,172	5,833
Impact of Management Actions/ Spending Restrictions				(1,720)	
Total	10,989	(12,000)	7,183	4,452	5,833

- 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 2, it can be regarded as an indication of the year end position. Every effort will be made to reduce the forecast variance by the year end as it will have an impact on the 2023/24 budget setting process, together with the projected budget gap for the next year.
- 2.8 The original approved capital programme for 2022/23 totalled £100.248m. The revised capital programme as at Quarter 2 taking account of approved carry forwards, approved new funding, new schemes and variations and proposed variations/ re-phasing gives projected revised expenditure of £68.138m. Actual expenditure at Quarter 2 was £18.842m (27.58%

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 has been completed and is incorporated in the month 6 forecast position. As a result, £10.313m of expenditure has been reprofiled from 2022/23, accounting for the majority of the £10.378m reduction in expenditure between Quarters 1 and 2.

3 Options/Alternatives

3.1 The options that Cabinet might consider in relation to the contents of this report are;

- a) to approve the forecast revenue and capital positions presented in the report 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-15-22

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)

REVENUE BUDGET MONITORING REPORT 2022/23**Quarter 2 September 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.
 - £6.268m of recurrent Budget Reductions approved within the 2022/23 Budget.
 - £24.971m use of corporate and specific reserves, subsequently adjusted to £20.686m when the 2021/22 final accounts were prepared, as outlined in section 2.3(b). In addition, there is an offsetting transfer to reserves of £1.710m relating to the 100% Retained Business Rates piloting arrangements.
 - £2.500m of capital receipts in line with the flexibilities agreed by Secretary of State for Levelling Up, Housing and Communities.
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year. As part of this process, a forecast of the year-end position has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 2 together with known commitments, issues and planned management actions. The forecasts include the latest estimates in relation to expenditure arising as a result of 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, Housing 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 are analysing 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 Since the Quarter 1 position was reported, there has been a further change to the financial reporting structure. Heritage, Libraries and Arts has been transferred into Public Health, thus leaving only Youth, Leisure and Communities remaining within the Communities Directorate.
- 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), following the transfer of staff from UPL to the Council with

effect from 1 April 2022. This, together with the structural re-alignment 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 £265.138m represents a net increase of £4.452m against the originally approved budget of £260.686m and an increase of £3.884m since the funding position of £261.254m reported at quarter 1 which is due to:

- The receipt of £0.102m of un-ringfenced grants; Rough Sleeping Drug and Alcohol Treatment Grant of £0.094m and Temporary Pavement Licencing New Burden Grant of £0.008m, and
- The increase in the utilisation of capital grants of £3.782m reflecting the reporting arrangements when preparing the Statement of Accounts.

A full funding analysis of the net revenue budget is shown at Appendix 1.

2.2 The current position for 2022/23 at Quarter 1 is a projected adverse variance of £4.452m, 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 and also the anticipated impact of management actions and strengthened spending and recruitment restrictions.

Table 1 - Summary Forecast Revenue Outturn.

	Budget	Forecast	In Year Net Use of Reserves	Variance Quarter 2	Variance Quarter 1
	£000	£000	£000	£000	£000
Community Health and Adult Social Care	67,232	76,970	(1,695)	8,043	8,851
Children's Services	50,879	64,362	(2,186)	11,297	7,980
Public Health	24,299	27,009	(3,049)	(339)	(10)
Communities	6,534	6,911	(676)	(299)	(275)
Place and Economic Growth	54,810	59,112	(1,585)	2,717	2,755
Corporate Services	26,264	27,065	(1,140)	(339)	(94)
Capital, Treasury and Technical Accounting	23,120	20,212		(2,908)	(1,374)
COVID-19 Legacy Funding	12,000			(12,000)	(12,000)
NET OPERATIONAL EXPENDITURE	265,138	281,641	(10,331)	6,172	5,833
Management Actions/ Spending Restrictions		(1,720)		(1,720)	
NET EXPENDITURE	265,138	279,921	(10,331)	4,452	5,833
FINANCED BY:					
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	(254,969)	(254,969)			
TOTAL FINANCING	(265,138)	(265,138)			
NET FORECAST VARIANCE	-	14,783	(10,331)	4,452	5,833

2.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer from reserves totalling £10.331m is an adverse operational variance of £6.172m, this reduces to a forecast pressure of £4.452m with the anticipated outcome of increased management actions and strengthened spending and recruitment restrictions. Section 8 provides more detail about the approved and planned use of reserves at Quarter 2. 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 technical adjustment after the revision 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 £7.028m and Children's Services reporting £3.961m. These pressures when offset against the £12.000m leave a balance of £1.011m in the corporate provision, which is being applied to support the business as usual pressure.

Table 2 below analyses the variance between 'business as usual' and COVID-19.

Table 2 - Analysis of Variances

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 2 £000
Community Health and Adult Social Care	7,028	1,015	8,043
Children's Services	3,961	7,336	11,297
Public Health		(339)	(339)
Communities		(299)	(299)
Place and Economic Growth		2,717	2,717
Corporate Services		(339)	(339)
Capital Treasury and Technical Accounting		(2,908)	(2,908)
COVID-19 Legacy Funding	(10,989)	(1,011)	(12,000)
Management Actions/ Spending Restrictions		(1,720)	(1,720)
Total	-	4,452	4,452

2.5 Community Health and Adult Social Care (CHASC) is reporting a net adverse variance of £8.043m, after a £1.695m use of reserves. The adverse variance comprises £7.028m of COVID-19 related expenditure, in the main due to the demand for care packages linked to hospital discharges. The residual adverse variance of £1.015m relates to 'business as usual' activities.

2.6 Children's Services is forecasting a net adverse variance of £11.297m, after a £2.186m use of reserves. The main pressure is within Children's Social Care (CSC) which is showing an overspend of £11.252m. The adverse variance within CSC attributes £3.961m 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 £7.291m relates to operational pressures across the Division, again driven by placement and staffing pressures. Education, Skills and Early Years is reporting an overspend of £0.073m and Preventative Services is showing an underspend of £0.028m; a combined business as usual overspend of £0.045m.

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- 2.7 Public Health is forecasting an operational underspend of £0.339m after a net £3.049m use of reserves primarily related to the use of the Contain Outbreak Management Fund grant which was brought forward from 2021/22.
- 2.8 Communities, now comprising solely of the Youth, Leisure and Communities Division is showing an underspend of £0.299m after utilising £0.676m of reserves.
- 2.9 Place and Economic Growth Portfolio is forecasting an overspend of £2.717m net of a £1.585m 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 £0.339m, all of which relates to 'Business as Usual' and is after a £1.140m use of reserves. There are pressures totalling £0.286m; HR and Organisational Development (£0.050m), Commissioning and Procurement (£0.075m), Customer, Digital and Transformation (£0.111m) and Communications and Research (£0.050m). The pressures are offset by favourable variances totalling £0.625m relating to; Finance (£0.453m), Chief Executive, Management and Executive Office (£0.028m), Legal Services (£0.032m) and Strategy and Performance (£0.112m).
- 2.11 Capital, Treasury and Technical Accounting is showing a favourable variance of £2.908m, 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 The approved budget for 2022/23 included centrally held resources to fund the final pay award (£1.500m), general inflationary pressures (£0.942m) and the escalating cost of energy (£1.500m). Reserves have also been set aside to fund any additional pressures above these sums. The approved budgetary funding is being utilised as follows:
- Funding for the **pay award** of £1.500m was retained centrally and is fully committed following confirmation of the final pay award. There is a dedicated reserve that, together with the balance of the inflationary pressures budget (referred to below), will be used to fund the impact of the pay award. Centrally held resources are being reallocated to service budgets to reflect the costs arising from the pay award.
 - The funding for **inflationary pressures** has been allocated directly to services where appropriate leaving a balance which, as advised above, is being used to fund the full impact of pay awards in service budgets. The £0.942m budget is forecast as being fully spent.
 - The funding for **energy pressures** has been fully utilised and allocated to the People and Economic Growth Portfolio. Once again there is a dedicated reserve that is currently sufficient to deal with any shortfall.
- 2.14 It is important to note that one 2022/23 approved Budget Reduction totalling £0.500m within Children's Services is currently forecast not to be achieved and is therefore rated 'Red - off track and will not deliver', further details are provided in section 3.2.13. The £0.500m is contributing to the adverse variance for the Portfolio.
- 2.15 In addition, there are a further five Budget Reductions, across a range of Divisions, with a combined value of £3.353m rated 'Amber/Red - off track and will only deliver part of the
-

saving' and which are reporting to have achieved £0.987m to quarter 2 of the financial year. These will continue be monitored throughout the year to maximise deliverability. A further two Budget Reductions with a combined value of £1.500m are rated 'Amber – off track but measures in place to recover the position'. 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.

- 2.16 In view of the projected adverse variance, previous reports have advised of measures that have been initiated to address the overspending, namely:
- management actions across all service areas to review and challenge planned expenditure and to maximise income,
 - processes to monitor the recruitment of staff to vacant posts and significant items of expenditure,
 - ensuring non-essential expenditure is minimised.
- 2.17 Given the current level of overspend and if unaddressed its potential impact on the 2023/24 budget setting process, corporate processes in relation to the above have been reviewed, strengthened and widened in scope in that Management Board members will review Council wide activity not just their own Service areas. It is anticipated that the combined effect of these measures together with any additional funding that might be used to offset Adult Social Care pressures will reduce the year-end adverse outturn by £1.720m to produce a forecast deficit of £4.452m. Section 8.5 provides detail of a transfer of provisions to reserves specifically to cover this anticipated deficit, although action will continue with the aim of reducing the overall forecast still further.
- 2.18 The effectiveness of the ongoing management action and the strengthened corporate procedures will obviously need to 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 2.

Table 3 – Community Health and Adult Social Care- Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care - COVID 19	-	7,028	-	7,028
Commissioning	14,478	14,500	(45)	(23)
Community Business Services	1,971	1,848	(150)	(273)
Community Health & Social Care	25,039	24,878	-	(161)
Director Adult Social Care	2,224	2,132	-	(92)
Learning Disability	13,714	16,239	(1,500)	1,025
Mental Health	8,835	9,194	-	359
Safeguarding	971	1,151	-	180
Total Forecast Net Expenditure	67,232	76,970	(1,695)	8,043

Summary

- 3.1.2 The lasting effect of the pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £8.043m, after a £1.695m 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 £7.028m overspend forecast for 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 In September the Government announced a £500m allocation of funding to support the costs related to hospital discharge, but did not release any detail as to the allocation of the grant. The Adult Social Care Discharge Fund was announced on 18 November 2022. A sum of £200m is being made available to Local Government and the Council will receive £0.935m directly. A further £300m is being allocated to the NHS via the Better Care Fund so the Council should receive funding from the £19.558m to be received by the Greater Manchester Integrated Care Board. There are detailed grant conditions attached to the funding and the impact on the financial position of the Council is currently being assessed.
- 3.1.5 'Business as usual' variances represent the remaining £1.015m of the overspend. The main reasons for the adverse variance are detailed in the following paragraphs.

Learning Disability

- 3.1.6 Learning Disability is showing an overspend £1.025m (£0.704m at quarter 1) after the use of £1.500m of reserves to support transitions from Children's Social Care. There is a pressure of £5.281m offset in part by income contributions from residents and the NHS which are forecast to exceed the budget by £4.271m and are helping to offset the majority of the cost pressures.

Mental Health

- 3.1.7 Mental Health is forecasting an overspend of £0.359m (£0.480m at quarter 1). Several vacancies mean salary budgets will underspend by £0.164m and projected income is £0.744m higher than budgeted levels, however there are considerable pressures reported in community care of £1.267m.

Safeguarding and Commissioning

- 3.1.8 Safeguarding has a projected overspend of £0.180m (£0.194m at quarter 1) all of which is attributable to increased salary costs. There are currently four full time temporary posts over-established within the Multi-Agency Support Hub (MASH) team due to an increase in activity and staffing shortages elsewhere in the system. The Adult Referral Contact Centre is now up and running, albeit with reduced staff, and the service is confident that, the need for additional staff will start to reduce, even more so as a fully staffed service is established.

3.1.9 Offsetting the adverse variances above are combined underspends totalling £0.549m which are being forecast in Community Health and Social Care (£0.161m) and Community Business Services (£0.273m) mainly due to income recovery from client contributions and vacant posts. The Director of Adult Social Care and Commissioning Services have underspends of £0.092m and £0.023m respectively.

Achievement of Budget Reductions

3.1.10 The Directorate has approved Budget Reductions of £3.974m in 2022/23 of which £2.474m are rated 'Green – on track and will be delivered'. Two with a combined value of £1.500m have been rated 'Amber - off track but measures in place to recover the position', of which £0.351m have currently been delivered bringing the total of achieved Budget Reductions at quarter 2 to £2.825m. The service is confident that the remaining balance of £1.149m 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 2.

Table 4 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	38,302	50,400	(846)	11,252
Education, Skills & Early Years	9,115	10,380	(1,192)	73
Preventative Services	3,501	3,621	(148)	(28)
Schools	(39)	(39)	-	0
Total Forecast Net Expenditure	50,879	64,362	(2,186)	11,297

Summary

3.2.2 The Directorate has a projected overspend of £11.297m (£7.980m at quarter 1). The overspend includes costs of £3.961m (all within Children's Social Care) due to the lasting impact of COVID-19 and incorporates the use of reserves totalling £2.186m. The principal underlying reasons are detailed below.

Children's Social Care

3.2.3 This Division is projecting an £11.252m overspend at Quarter 2 (£7.908m at quarter 1) and incorporates the use of reserves totalling £0.846m.

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 £0.817m if retained for the whole of the financial year. A further £2.887m is relating to COVID-19 legacy placement costs for specific 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 £3.961m which is a reduction of £0.175m compared to quarter 1. Budget for COVID-19 related expenditure is held corporately and will be notionally allocated to services at the year end.

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- 3.2.5 There is a further operational, business as usual forecast deficit of £7.291m, again in the main relating to social care placements including high-cost external residential packages (£3.844m), with further variances in relation to Adoption (£0.251m), Children with Disabilities Short Breaks (£0.236m), No Recourse to Public Funds/ Assistance to Families (£0.197m); £4.528m in total. There is a net overspend of £1.354m on social care establishment staffing costs and a further pressure of £1.337m due to a number of agency workers being employed to deal with demand pressures. A number of small miscellaneous variances account for the remaining (net) pressure of £0.072m
- 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 also regionally and 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. In addition, initiatives to counter the increasing cost and use of Agency staff are being formulated at a GM and North West level.
- 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 introduced which uses 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 2 young people in-situ, a third occupant is expected in the very near future and full occupancy is targeted for the end of the calendar year.
 - 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.
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- 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 considering the future development and utilisation of children’s residential care within the borough has now been completed and its recommendations are being considered.
 - 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 is not currently financially quantifiable in 2022/23, they are intended to deliver cost reductions. Progress will be monitored throughout this financial year and into the future. As advised in reports elsewhere on the agenda, recognising the on-going pressures and the need to invest to deliver the Councils priority of supporting children and young people, the budget for 2023/24 is being rebased with further one-off investment to pump prime a range of developments and invest to save initiatives. This investment will not only improve services but will deliver savings over the medium term.

Education, Skills and Early Years

3.2.9 The area is reporting a £0.073m overspend at Quarter 2 and incorporates the use of reserves totalling £1.192m.

3.2.10 The SEND Service is forecasting a £0.772m overspend at quarter 2. This is due to the impact of the new Home to School contracts awarded from September 2022. There are favourable variance across the Service offsetting this pressure which comprising £0.523m savings against the schools PFI contracts and £0.177m against staffing budgets.

3.2.11 0-19 Children’s Services are for 2022/23 being delivered under a Section 75 Partnership Agreement with the Northern Care Alliance NHS Foundation Trust; a funding gap of 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, a balanced outturn is currently forecast.

Preventative Services

3.2.12 The area is reporting a small £0.028m underspend at quarter 2 and incorporates the use of reserves totalling £0.148m. The underspend relates wholly to vacant posts.

Achievement of Budget Reductions

3.2.13 Budget Reductions for the Directorate in 2022/23 total £1.432m of which £0.932m are rated ‘Green – on track and will be delivered’. There is currently one Budget Reduction,

External Placement Cost Avoidance which is being rated as ‘Red – off track and will not deliver.’ The full value of the option (£0.500m) is contributing to the adverse variance within Children’s Social Care.

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 2.

Table 5 – Public Health

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Public Health (Client and Delivery)	19,305	22,077	(3,084)	(312)
Heritage, Libraries and Arts	4,994	4,932	35	(27)
Total Forecast Net Expenditure	24,299	27,009	(3,049)	(339)

Summary

3.3.2 The Directorate has a projected underspend, all designated as Business as Usual of £0.339m and incorporates the use of reserves of £3.049m. The principal underlying reasons are detailed below.

3.3.3 Public Health (Client and Delivery) is showing an underspend of £0.312m which is due to slippage on staffing costs and the removal of Public Health funding to services within the Council following a staffing restructure. 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 subject to confirmation is being monitored closely, with further details provided at section 4.2.

3.3.4 The Heritage, Libraries and Arts Service is reporting an underspend of £0.027m at month 6. There are vacancies in the Libraries Service, increased income for Oldham Theatre Workshop and underspends within non-pay budgets.

Achievement of Budget Reductions

3.3.5 Budget Reductions for the Directorate in 2022/23 total £0.522m and are all rated ‘Green – on track and will be delivered’.

3.3 Communities

3.4.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 2.

Table 6 - Communities

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Youth, Leisure & Communities	6,534	6,911	(676)	(299)
Total Forecast Net Expenditure	6,534	6,911	(676)	(299)

Summary

3.4.2 The Directorate, now comprising solely of Youth, Leisure and Communities has a projected, business as usual underspend of £0.299m and incorporates a net use of reserves totalling £0.676m.

3.4.3 There is a pressure of £0.095m within Outdoor Education which is due to a reduction in income which is offset by vacancies, particularly in the District Partnerships team.

Achievement of Budget Reductions

3.4.4 Budget Reductions for the Directorate in 2022/23 total £0.063m 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 2.

Table 7 – Place and Economic Growth

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development, Enterprise and Skills	2,003	5,970	(1,321)	2,647
Environmental Services	52,808	53,142	(264)	70
Total Forecast Net Expenditure	54,810	59,112	(1,585)	2,717

Summary

3.5.2 The Directorate has a projected overspend of £2.717m all of which is attributed to business as usual and incorporates a net use of reserves totalling £1.585m. The principal underlying reasons are detailed below.

Economic Development, Enterprise and Skills

3.5.3 The area is forecasting an overspend of £2.647m (£2.872m at quarter 1) after a £1.321m 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 £1.856m which includes an allocation of £1.700m to offset increases in utility costs, and reflects the Amber/Red status of the two Creating a Better Place budget options assuming only £0.708m of the total £2.720m will be achieved.
- Facilities Management is projecting an overspend of £0.211m relating principally to an overspend of £0.271m in the Catering Service being offset by an overachievement of income within the Cleaning Service of £0.060m.
- There is a pressure relating to the Town Centre of £0.354m due to the underachievement of income within the Market Service (£0.380m) which is being partially offset by vacant posts within the service (£0.026m).

- Strategic Housing is expected to overspend by £0.226m following a review of the expected costs for temporary accommodation.

Environmental Services

3.5.4 The area is forecasting an overspend of £0.070m after a £0.264m transfer from reserves. The main reasons are detailed below:

- Strategic Highways is showing an overspend of £0.313m as a result of a review into the expected achievable level of capitalisation of staff costs.
- Public Protection services are expected to overspend by £0.068m principally due to a reduction in the expected level of fines income.
- Environmental Management is forecast to underspend by £0.298m due to vacant posts within the service and additional income within Cemeteries and Crematoria.
- Street Lighting is showing a forecast underspend of £0.013m relating to vacant posts and anticipated reductions on the PFI contract.

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, as shown below, to date which relate to:

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

3.5.6 The Budget Reductions above are rated as Amber/Red 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 of £2.012m 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 2.

Table 8 – Corporate Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Exec., Management and Executive Office	4,836	4,808	-	(28)
Commissioning and Procurement	496	571	-	75
Finance	6,593	6,186	(46)	(453)
Legal Services	3,559	4,031	(504)	(32)
Communications and Research	985	1,275	(240)	50
Customer, Digital and Transformation	6,283	6,594	(200)	111
Strategy and Performance	864	752	-	(112)
HR & Organisational Development	2,648	2,848	(150)	50
Total Forecast Net Expenditure	26,264	27,065	(1,140)	(339)

Summary

- 3.6.2 The Directorate has a projected underspend of £0.339m and incorporates the use of reserves totalling £1.140m. The principal underlying reasons are detailed below.

Chief Executive, Management and Executive Office

- 3.6.3 The area is reporting an underspend of £0.028m which relates to reduced costs and favourable income recovery.

Commissioning and Procurement

- 3.6.4 The Division is reporting an overspend of £0.075m at Quarter 2. The service is continuing to experience difficulties in recruiting to permanent posts, this is resulting in a pressure of £0.363m due to the necessity of having to retain interims, this is being offset by vacant posts of £0.348m. 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 £0.453m at Quarter 2. 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 are offsetting in part a pressure in relation to income from schools buy back in the Legal Team and which in total produces a net forecast underspend of £0.032m.

Communications and Research

- 3.6.7 The service is recording an overspend of £0.050m, primarily as a result of additional marketing costs

Customer, Digital and Transformation

- 3.6.8 The Division is reporting a pressure of £0.111m at Quarter 2. There are vacant posts across the Division the favourable variance from which is offset in part by agency costs in Customer Services, Transformation, and ICT with a net favourable variance of £1.047m. This includes the underspend of £0.296m in Customer Services which is for eligible staff costs that are being offset against a COVID-19 grant in 2022/23 and funding from Housing Options. There is a reported pressure of £0.057m in the schools ICT service which relates to upfront telephony system costs and a pressure of £0.708m in ICT over and above the amount which can be charged to capital fees and an emerging pressure of £0.367m for third party costs such as licenses and maintenance agreements. It is anticipated that this pressure on capital fees will reduce during the financial year as the capital programme progresses.

Strategy and Performance

3.6.9 The Division is reporting an underspend of £0.112m due to vacant posts.

HR and Organisational Development

3.6.10 The Division is reporting a pressure of £0.050m. An income pressure in the HR Advisory Service is partly being offset by vacant posts.

Achievement of Budget Reductions

3.6.11 Budget Reductions for the Directorate in 2022/23 total £1.382m of which six totalling £0.749m are rated 'Green – on track and will be delivered' and have been fully achieved at quarter 2. The following three Budget Reductions are currently rated 'Amber/Red – off track and will only deliver part of the saving', the total value of the options is £0.633m and the predicted shortfall is £0.354m.

- Internal Efficiency Initiatives (Unity Partnership); £0.363m with £0.050m reported as achieved at Quarter 2
- Human Resources and Organisational Development; £0.250m, £0.229m achieved
- Information and Communications Technology (ICT) of £0.020m, not currently being achieved.

3.6.12 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 2.

Table 9 – Capital, Treasury and Technical Accounting

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Technical Accounting	21,954	19,046	-	(2,908)
COVID-19 Legacy Funding	12,000	-	-	(12,000)
Corporate and Democratic Core	833	833	-	-
Parish Precepts	333	333	-	-
Total Forecast Net Expenditure	35,120	20,212	-	(14,908)

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 £14.908m at Quarter 2.

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 £14.908m Portfolio underspend. The corresponding expenditure that this provision is funding is currently being reported within CHASC (£7.028m) and Children's Services (£3.961m)

leaving an overall favourable corporate balance of £1.011m in relation to the COVID-19 funding, currently being used to support business as usual pressures.

- 3.7.4 The favourable residual Portfolio variance of £2.533m is due to projected favourable 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 reduced buy back of the Schools and Academies Cash Collection service. There is also a £0.100m adverse variance on corporate insurances due to an increase in the volume of insurance claims being processed, however this will continue to be reviewed. The £1.159m increase in positive variance between quarters 1 and 2 is largely due to £1.044m received from the Greater Manchester Combined Authority (GMCA), being the Councils share of a £10.000m GM wide waste reserve refund.
- 3.7.5 The Housing Benefit service is expected to have no forecast variance in 2022/23. Whilst there are pressures in relation to temporary accommodation, the movement of working age benefits claimants on to Universal Credit is offsetting the pressure.

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 2.

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 half 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-19 grants. The application of these grants has therefore been 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-19 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 low.
- 4.3 In addition to the above, 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 2, Directorates are forecasting a total of £65.148m 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 2.

Table 10 – Grants Ringfenced to Directorates

Directorate	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
Community Health and Adult Social Care	0	(16,714)	(16,714)
Children's Services	(137)	(16,253)	(16,390)
Public Health	(360)	(1,998)	(2,358)
Communities	(295)	(552)	(847)
Place and Economic Growth	(60)	(4,647)	(4,707)
Corporate Services	(78)	(5,254)	(5,332)
Total Ringfenced Grants include within the Net Revenue Budget	(930)	(45,419)	(46,348)
Housing Revenue Account	0	(18,799)	(18,799)
Total	(930)	(64,218)	(65,148)

4.4 As highlighted in the table above, grants (not related to COVID-19) received in previous years and carried forward into 2022/23, all within the Net Revenue Budget total £0.930m with new allocations for 2022/23 totalling £64.218m; £65.148m in total (£46.348m 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 £45.419m 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 £13.166m 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 53 additional Government Grants are included in the forecasts for 2022/23 totalling £49.738m. Of this sum, £30.939m is within the Revenue Budget and £18.799m relate to the Housing Revenue Account PFI Credits. A further 5 grants have been awarded from other sources and classed as 'other grants' totalling £15.410m.

4.7 Twenty eight of the grants have an individual value which is greater than £0.150m and total £63.338m. The remaining £1.810m relates to 30 grants with individual values less than £0.150m. A full list of these grants can be found at Appendix 2.

4.8 It should be noted that due to the timing of the notification of the Adult Social Care Discharge Fund (November 2022), this is not included in the table of grants notified at the end of quarter 2.

5 Schools

5.1 The Council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) which is provided by the Department for Education. 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. At the start of 2022/23, the cumulative DSG deficit was £2.773m, the DSG having been in deficit since 2016/17. This is historically due to expenditure exceeding the High Needs budget available each year. As can be seen from the table below, the cumulative High Needs Block Deficit, if taken as a stand-alone element was £15.269m at the start of 2022/23. The key contributors to this pressure 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 (£8.296m between 2016/17 and 2021/22). Due to the increased funding received in 2022/23 there was no requirement for a transfer in this financial year.

5.4 The High Needs Block is currently forecasting an in year surplus of £4.058m. Excluding the cumulative support from the Schools Block, this reduces the forecast cumulative deficit forecast to £11.211m as of 31 March 2023. The deficit is offset by cumulative virements (£8.296m) and savings from the Schools and Early Years Blocks (£3.357m) to leave a net forecast, cumulative High Needs Block surplus of £0.442m (as illustrated in the table below).

Table 11 – DSG High Needs Block

DSG High Needs Block Key Issues	£000
Original High Needs Budget Allocation including adjustment for imports/exports, special free school funding and hospital education	(52,251)
Estimated Expenditure	48,193
Projected in Year Surplus	(4,058)
Deficit Brought Forward 01/04/2022	15,269
Cumulative Net Deficit	11,211
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 2022/23	(3,357)
Projected High Needs Block Surplus 31/03/2023	442

Overall DSG Position and Recovery Plan

- 5.5 As the DSG has been in deficit for a number of years, the Council has been required to agree a DSG Financial Recovery Plan to agree how at least a balanced position could be achieved. This was first 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 notifications 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 with the Recovery Plan subject to review. In more recent developments Oldham has been invited by the Government to take part in the Delivering Better Value (DBV) in SEND Programme which provides dedicated support for the reform to high needs systems to 55 Local Authorities with historical 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.
- 5.7 Oldham was 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. The first 20 of the 55 Authorities started the programme in June, the second round (which includes Oldham) is now being launched. The Government is initially providing external consultancy advice to the Council to enable it to plan and agree improvements and a change programme. There is also funding available for the Council to fund new activities identified through the DBV initiative, the value of which is to be agreed.
- 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. The Council will continue to use the Recovery Plan arrangements as an effective means of monitoring the DSG position and turning the deficit to a surplus. The last meetings of the Schools Forum were on 21 September and 16 November 2022 and both meetings 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 (November 2022) 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 £3.215m, which is sufficient to offset the deficit brought forward of £2.773m leaving a cumulative surplus of £0.442m to be carried forward into 2023/24.
- 5.9 Predominantly as a result of additional funding announced in December 2021, the deficit is reversed and the position improves to produce forecast surpluses of £3.273m at the end of 2023/24 and £3.830m at the end of 2024/25. Anticipated increases to High Needs funding are offset by the prudent inclusion in the Recovery Plan of a Service Improvement Development Fund to support a range of initiatives, the detail of which is still to be agreed but will complement the DBV in SEND programme as outlined above.
- 5.10 Discussions have been ongoing about High Needs places with the Special Sector and an agreement to fund places at to the maximum requested would be a decrease in surpluses to £2.311m at the end of 2023/24 and to £2.982m at the end of 2024/25 and there would

be a reduction to the Service Improvements Development Funding of £1.200 in 2024/25 to £3.600m.

Table 12 - Overall DSG Position

	2022/23 £000	2023/24 £000	2024/25 £000
Opening Balance – Deficit/ (Surplus)	2,773	(442)	(3,273)
Estimated Additional Pressures	2,968	3,920	5,906
2022/23 High Needs Block Increase	(4,852)	(4,852)	(4,852)
Additional High Needs Funding (announced December 2021)	(1,756)	(1,756)	(1,756)
Reverse Indicative Transfer (initially planned but not required for 2022/23)	1,124	-	-
Estimated change additional funding - Special Free School	(1,092)	-	-
Estimated Additional High Needs Funding - 6.7%	-	(3,625)	(3,625)
Estimated Additional High Needs Funding - 3%	-	-	(1,531)
Estimated cost increases Special Schools re inflation etc.	393	482	501
Estimated cost Post 16 re inflation and additional teaching hours	0	0	0
Service Improvements Development Fund	-	3,000	4,800
In Year (Surplus)	(3,215)	(2,831)	(557)
Current Net Forecast (Surplus)	(442)	(3,273)	(3,830)
Revised Net Forecast Surplus if funding for additional High Needs Places for 2023/24 is agreed at the maximum	(442)	(2,311)	(2,982)
Previously Reported Net Forecast Surplus (Quarter 1)	99	(2,090)	(2,087)

5.9 Clearly the overall DSG financial position has improved; the current estimates show that there could be a 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. Work will continue for the remainder of 2022/23 and beyond to ensure that the forecast surplus position for 2023/24 and 2024/25 is actually achieved and maintained and that the Service Improvement Development Fund is effectively deployed. However, it is important to note that the overall surplus position is expected to reduce as revised and more detailed expenditure estimates are confirmed.

5.10 The Autumn Statement of 17 November 2022 announced additional funding for schools for 2023/24 (£2.3bn) with a further £2.3bn for 2024/25. The distribution of this funding is not yet known and obviously has not been factored into current projections. The figures in this report are based on the information currently available.

6 Housing Revenue Account (HRA)

6.1 The current HRA position is presented in Table 13 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. 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.

6.2 The current forecast is for an increased in year deficit of £2.114m, a net adverse movement of £0.306m. The variance is attributable to increased utility costs which are offset by the reprofiling of planned expenditure within the Capital Programme into later years. The projected year end HRA balance is £19.605m, a £0.878m adverse movement.

Table 13 - 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	2,114	306
HRA Balances Carried Forward	(20,483)	(19,605)	878

7 Collection Fund

7.1 The tables below show the forecast outturn position for the Collection Fund (the technical account within in which Council Tax and Business Rates (National Non Domestic Rates (NDR) are managed) and the forecast position in relation to the share of balances between the Council and the Greater Manchester Combined Authority precepting Authorities.

Table 14 - 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 carried forward from 2021/22	(2,874)	(10,378)	(13,252)
Prior Year Balance Brought Forward	84	(4,204)	(4,119)
Surplus for the Year	(1,340)	(30)	(1,370)
Net (Surplus)/Deficit Carried Forward	(1,256)	(4,233)	(5,489)

Table 15 - Collection Fund – 2022/23 Share of Balances; Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	(1,060)	(4,190)	(5,250)
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	(135)	-	(135)
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	(61)	(43)	(104)
Total (Surplus)	(1,256)	(4,233)	(5,489)

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 has been 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 Table 14 and 15 above, current year end Collection Fund projections are showing an overall surplus of £5.489m, with the Council's proportion of this surplus being £5.250m. 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 net call on reserves to support the revenue budget in 2022/23 of £20.686m, reducing to £18.976m with the transfer of £1.710m to reserves in relation to Business Rates Retention Pilot gains referred to above.
- 8.2 In addition to the above transfer to reserves the Quarter 2 position incorporates additional Directorate requests to use reserves with a total (net) value of £10.331m, therefore the budget as a whole currently relies upon the application of £29.307m of reserves, the resultant impact is for an estimated combined closing value of £80.651m, comprising £75.411m of Earmarked Reserves and £5.240m of Revenue Grant Reserves, as illustrated in the table below, it is however anticipated that this position will change as the year progresses:

Table 16 – Reserves Summary

	Earmarked Reserves £000	Revenue Grant Reserves £000	Total Reserves £000
Opening Balance as at 1 April 2022	(99,227)	(10,731)	(109,958)
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)
In Year Balance	(80,251)	(10,731)	(90,982)
Directorate Transfers from Reserve			
Community Health and Adult Social Care	1,695	-	1,695
Children's Services	296	1,890	2,186
Public Health	15	3,369	3,384
Communities	676	-	676
Place and Economic Growth	1,448	187	1,635
Corporate Services	1,094	46	1,140
Capital Treasury and Technical Accounting	-	-	-
Total Directorate Transfers from Reserve	5,224	5,491	10,715
Directorate Transfers to Reserves			
Community Health and Adult Social Care	-	-	-
Children's Services	-	-	-
Public Health	(335)	-	(335)
Communities	-	-	-
Place and Economic Growth	(49)	-	(49)
Corporate Services	-	-	-
Capital Treasury and Technical Accounting	-	-	-
Total Directorate Transfers to Reserve	(384)	-	(384)
Total Directorate Use of Reserves	4,840	5,491	10,331
Closing Balance as at Quarter 2	(75,411)	(5,240)	(80,651)

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 A full review of all Reserves and Provisions has been completed, one of the outcomes is the identification of Provisions with a value of £5.405m that have been decommissioned and will be transferred to a specific Earmarked Reserve to support the currently anticipated £4.452m overspend within the 2022/23 revenue budget.

8.5 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, over and above the current commitments, reserves of £6.000m to support the 2023/24 budget process and a further £3.932m in 2024/25 have already been approved.

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 DLUHC 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 and confirms that receipts totalling £2.224m have been received to date, with an expectation that the amount required will be exceeded by the end of the financial year.

10 Conclusion

10.1 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.

10.2 The current projected position, after adjustment for reserves and the application of the full £12.000m of the Council funded provision for COVID-19 legacy pressures is showing an operational overspend of £6.172m, reducing to £4.452m with the anticipated effect of management actions and spending restrictions. The legacy funding is supporting £10.989m of expenditure, the balance of £1.011m is reducing a business as usual overspend from £7.183m to £6.172m. There is no expectation that there will be any further Government COVID-19 support whilst there is still a lasting cost to the Council.

10.3 The business as usual pressure is obviously of concern, driven in part by the uncertainty in relation to achieving Budget Reductions which has potential to impact on the 2023/24 budget setting process. For this reason, corporate measures aimed at scrutinising and limiting expenditure and monitoring the recruitment of staff to vacant posts have been reviewed, strengthened and expanded. These together with the full year effect of management actions are estimated to reduce the overspend by £1.720m to produce a £4.452m deficit outturn.

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- 10.4 Future reports will advise of the progress of mitigating factors and management actions to control and reduce the forecast deficit.
- 10.5 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 £23.816m and net Revenue Grant reserves of £5.491m are forecast to be called into support the 2022/23 budget, after which there is an anticipated combined reserves balance of £80.651m. It is also important to note that there is an already approved £9.942m use of reserves to balance the 2023/24 and 2024/25 budgets. At this level of utilisation, it is vitally important to minimise the use of reserves in year to maintain financial resilience of the Council.

FINANCING OF THE 2022/23 BUDGET AT QUARTER 2	Original Budget	Changes to Quarter 1	Additions to Quarter 2	Revised Budget
	£'000	£'000	£'000	£'000
Net Expenditure Budget	(260,686)			(260,686)
Financed by:				
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)	(94)	(603)
Capital Grants	0	(154)	(3,782)	(3,937)
Botox and Fillers Childrens 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)
Temporary Pavement Licensing New Burden Grant	0		(8)	(8)
Total Government Grant Funding	(96,306)	(568)	(3,884)	(100,759)
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)
Total Locally Generated Income	(141,119)	(4,285)	0	(145,404)
Total Grant and Income	(237,425)	(4,853)	(3,884)	(246,163)
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	1,710			1,710
Retention Pilot Gain				
Total Use of Reserves	(23,261)	4,285	0	(18,976)
Total Financing	(260,686)	(568)	(3,884)	(265,138)

Appendix 2- Analysis of Grants

Grant Name	Grant Type	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
Community Health and Adult Social Care				
Market Sustainability and Fair Cost of Care Fund	Govt.	0	(758)	(758)
Changing Futures in GM	Govt.	0	(322)	(322)
Community Discharge Grant	Govt.	0	(1,327)	(1,327)
Better Care Fund	Other	0	(14,288)	(14,288)
Balance: Grants less than £0.150m	Govt.	0	(19)	(19)
Sub Total		0	(16,714)	(16,714)
Children's Services				
PFI Credits (2 contracts)	Govt. (x2)	0	(8,891)	(8,891)
Staying Put Grant	Govt.	0	(201)	(201)
Skills Funding Agency Adult Education Grant	Govt.	0	(2,846)	(2,846)
Holiday Activities and Food Grant	Govt.	0	(1,166)	(1,166)
Youth Justice Board Grant	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. (x2)	0	(510)	(510)
Family Hubs and Start for Life programme	Govt.	0	(848)	(848)
Kickstart Grant	Other	0	(209)	(209)
Balance: Government Grants less than £0.150m	Govt. (x10)	(137)	(505)	(642)
Sub-Total		(137)	(16,253)	(16,390)
Public Health				
PFI Credits	Govt.	0	(1,803)	(1,803)
Additional Drug Treatment Crime and Harm Reduction	Govt.	(297)	0	(297)
Balance: Grants less than £0.150m	Govt. (x3)	(63)	(194)	(257)
Sub -Total		(360)	(1,998)	(2,358)
Communities				
Serious Violence Grant	Govt.	0	(175)	(175)
Community Safety	Other	(176)	(372)	(548)
Balance: Grants less than £0.150m	Govt. (x3) Other (x1)	(118)	(5)	(123)
Sub-Total		(295)	(552)	(847)
Place and Economic Growth				
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	(340)	(340)
Sustainable Transport Fund	Govt.	0	(455)	(455)
Balance: Other Government Grants less than £0.150m	Govt. (x9)	(60)	(551)	(611)
Sub-Total		(60)	(4,647)	(4,707)
Corporate Services				
European Regional Development Fund	Other	(78)	(257)	(336)
Housing Support Fund	Govt.	0	(4,839)	(4,839)
Balance: Other Government Grants less than £0.150m	Govt. (x3)	0	(158)	(158)
Sub-Total		(78)	(5,254)	(5,333)
Total Ringfenced Grants include within the Net Revenue Budget		(930)	(45,419)	(46,348)
Housing Revenue Account				
PFI Credits (2 contracts)	Govt. (x2)	0	(18,799)	(18,799)
Total	58	(930)	(64,218)	(65,148)

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	Green	(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	Green	(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
			(3,974)	(3,974)	0

Children's Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	Green	(114)	(114)	0
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	Green	(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	Green	(27)	(27)	0
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)	(932)	500

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
REF-BR1-528	Oldham Theatre Workshop - Fees & Charges	Green	(11)	(11)	0
			(522)	(522)	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
			(63)	(63)	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/Red	(2,620)	(608)	2,012
PPL-BR1-403	Digital Mail	Green	(100)	(100)	0
PPL-BR1-501	Creating a Better Place - Income Generation	Amber/Red	(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)	(1,600)	2,012

Corporate Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	Amber/Red	(363)	(50)	313
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/Red	(20)	0.0	20
REF-BR1-529	Human Resources & Organisational Development	Amber/Red	(250)	(229)	21
REF-BR1-530	Transformation & Reform - Vacant Posts Deletion	Green	(124)	(124)	0
			(1,382)	(1,028)	354

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

CAPITAL INVESTMENT PROGRAMME REPORT 2022/23

Month 6 - September 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 as detailed in Table 1 below.

Table 1 : Original Budget - Capital Programme 2022/23 to 2026/27

2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
100,248	86,993	64,253	48,810	47,083	347,387

2 Current Position

- 2.1 The position as at 30 September 2022 is highlighted in this report but as the year progresses the outturn projections will reflect the evolving position.
- 2.2 Table 2 shows the revised capital programme for 2022/23 as at 30 September 2022 at an overall expenditure level of £68.318m, following a number of changes explained in the following paragraphs.
- 2.3 Actual expenditure to 30 September 2022 was £18.842m (27.58% of 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.
- 2.4 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.

Table 2 – 2022/23 Capital Programme

Directorate	Revised Budget (M03) £000	Approved Virements (to M06) £000	Proposed Virement/ Rephase £000	Revised Budget (M06) £000	Forecast £000	Variance £000
Community Health and Adult Social Care	2,058	(190)	-	1,868	1,868	-
Children's Services	6,719	967	-	7,686	7,686	-
Communities	750	-	(304)	446	446	-
Place and Economic Growth	57,553	(1,281)	(7,204)	49,068	49,068	-
Housing Revenue Account	3,283	-	(2,712)	571	571	-
Corporate/ Information Technology	4,368	361	(50)	4,679	4,679	-
Capital, Treasury & Technical Accounting	3,964	36	-	4,000	4,000	-
Funding for Emerging Priorities	-	-	-	-	-	-
Overall Total	78,696	(107)	(10,270)	68,318	68,318	-

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

- 2.4 The approved movements of a net reduction of £0.107m are detailed in Table 3 below and the proposed net reduction of 2022/23 budget of £10.270m represent approved movements including new funding and realignment of existing funding, as detailed in Appendix I:

Table 3

£000	Project	Approved Movement
(200)	Social Care- General Provision	Realignment to IT Scheme
5	Disabled Facilities Grant (DFG)	Private Contributions
200	0-19 Children's Centre IT System	Realignment from Social Care General Provision
161	0-19 Children's Centre IT System	Acceleration of Budget
36	Funding for Emerging Priorities	Realignment of budget
4	DFG - Boroughwide	Private Contribution
(35)	Education Basic Need General Provision	Realignment of Budget
1,001	Firbank Nursery extension	Acceleration of Budget
12	Corporate Property - Legislative Repair Works	Acceleration and rephase of budgets
(2,030)	Essential Condition Works	Realignment and rephase budgets
150	Kingsland School (Laurel Bank) - Heating	Realignment of budget
130	Horton Mill - Replace Hot/Cold pipes	Realignment of budget
50	Glodwick Primary - Dry Rot	Realignment of budget
273	Alexandra Park Depot	Additional Grant
135	Egyptian Room	Additional Grant
(107)	TOTAL	

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

- 2.5 The proposed changes of £10.270m shown in Table 2 represent proposed service movements including the outcome of the Annual Review of the Capital Programme. This is detailed more fully from paragraph 2.15 and in Appendix I.
- 2.6 Given that this is the position at month 6, there remains an element of uncertainty about the forecast position and it is inevitable that this will change in the remaining months; that said the forecasts are based on the latest and most up to date information and give a better picture of the likely outturn.

Re-profiling of the Capital Programme

- 2.7 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 – 2022/2027 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	1,868	2,343	2,343	2,300	400	9,254
Children's Services	7,685	9,065	3,409	5,691	942	26,792
Communities	446	250				696
Place and Economic Growth	49,068	68,807	76,042	41,550	29,636	265,103
Housing Revenue Account	571	10,839	7,914	1,150		20,474
Corporate/ Information Technology	4,680	5,415	3,910	2,200	1,990	18,195
Capital, Treasury & Technical Accounting	4,000	138	138	234	10,120	14,630
Funding for Emerging Priorities		1,493	1,624	836	1,884	5,837
Overall Total	68,318	98,350	95,380	53,961	44,972	360,981

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

Funding	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Grants and Other Contributions	(38,697)	(38,480)	(16,705)	(4,587)	(2,500)	(100,969)
Prudential Borrowing	(23,731)	(46,015)	(69,917)	(47,324)	(40,502)	(227,489)
Revenue Contribution	(525)	(10,739)	(7,814)	(1,050)	-	(20,128)
Capital Receipts	(5,365)	(3,116)	(944)	(1,000)	(1,970)	(12,395)
Overall Total	(68,318)	(98,350)	(95,380)	(53,961)	(44,972)	(360,981)

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

- 2.8 Since Month 3, the overall capital programme has increased by £3.756m mainly in 2023/24. This is due mostly to additional grants, namely £2.189m High Needs Provision, £0.707m Integrated Transport Block funding, £0.349m Special Provision Fund, £0.273m Public Sector Decarbonisation scheme and £0.135m Future High Street Fund.

Capital Receipts

- 2.9 As a result of the Annual Review of the capital programme more emphasis will be placed on utilising capital receipts rather than financing through prudential

borrowing in 2022/23. This resulted in an increased capital receipt requirement for 2022/23 of £2.367m and consequently increased the prudential borrowing requirement in future years.

- 2.10 The revised 2022/23 capital programme requires the availability of £5.365m of capital receipts for financing purposes. It is expected that £7.274m of capital receipts will be received in year, summarised in Table 6. The total net usable capital receipts currently received in year is £2.224m. The first £2.500m of capital receipts has been earmarked to be used to provide funding under the flexible use of capital receipts initiative.
- 2.11 The capital receipts position as at 30 September 2022 is summarised as follows:

Table 5 – Capital Receipts 2022/23

	£000	£000
Expected Capital Receipts		7,274
Capital Receipts Financing Requirement		5,365
Usable Capital Receipt b/fwd.	-	
Actual received to date	(2,224)	
Further Required in 2022/23		3,141

- 2.12 Given the significant amounts 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.
- 2.13 The 2022/23 to 2026/27 Capital Strategy and Capital Programme 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 revised and updated position is illustrated in the table below:

Table 6 – Capital Receipts 2022/23 - 2026/27

Capital Receipts	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Capital Receipts Carried Forward	-	(1,909)	(118)	826	1,826
Estimated Capital Receipts Received in year	(5,050)	(1,325)	-	-	-
Total Receipts	(7,274)	(3,234)	(118)	826	1,826
Capital Receipts Financing Requirement	5,365	3,116	944	1,000	1,970
Over/(Under) programming	(1,909)	(118)	826	1,826	3,796

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

- 2.14 The projected capital receipts for this year exceed the financing requirement and if delivered will enable a healthy balance of receipts to be carried forward into 2023/24. The balance reduces by the end of 2023/24 and current projections

identify a shortfall in the following three years to 2026/27. This position will be kept under review.

Annual Review of the Capital Programme

- 2.15 In accordance with previous practice, the Annual Review of the Capital Programme has taken place (the Summer Review). There has been extensive discussion with Project Managers and Finance Officers to determine an updated profile of expenditure for all schemes. It also examined any further opportunities to reallocate resources or decommission schemes. It is also included an in-depth analysis of capital receipts.
- 2.16 The review has highlighted a requirement for a net rephasing of £10.313m of planned expenditure from 2022/23 to future years, together with some realignments and also rephasing from 2024/25 to later years. The detailed outcome can be found in Appendix I on a scheme by scheme basis and is summarised below on a Portfolio basis.

a) **Place and Economic Growth**

There is a proposed rephasing of planned expenditure of £7.601m from 2022/23 to 2023/24 and future years. The key changes are outlined below

- Reprofile of £2.144m of Asset Management - Corporate projects from 2022/23 to future years.
- Reprofile of £2.170m of Asset Management - Education projects from 2022/23 to future years.
- Reprofile of £3.286m of Transport related projects from 2022/23 to future years
- Reprofile of £0.970m of the Mercury Abatement project from 2024/25 to 2026/27.
- In-year realignment of £3.000m between Asset Management – Corporate and Education Projects.

b) **Housing Revenue Account**

There is a proposed rephasing of £2.712m from 2022/23 and 2023/24 to future years to reflect revised planned expenditure.

3 Conclusion

- 3.1 Following the Annual Review a further detailed review of the capital programme is now being undertaken in preparation for the Capital Strategy 2023/24 to 2027/28. If there are any additional surplus resources that can be realigned or any further

re-profiling required it will be incorporated into the starting position of the Capital Strategy.

- 3.2 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 and will be reported to Members on a regular basis.

4 **Appendices**

- 4.1 Appendix A - SUMMARY – Month 6 - Community Health and Adult Social Care
Appendix B - SUMMARY – Month 6 - Children’s Service
Appendix C - SUMMARY – Month 6 - Communities
Appendix D - SUMMARY – Month 6 - Place and Economic Growth
Appendix E - SUMMARY – Month 6 - Housing Revenue Account (HRA)
Appendix F - SUMMARY – Month 6 - Corporate/Information Technology
Appendix G - SUMMARY – Month 6 - Capital Treasury and Technical Accounting
Appendix H - SUMMARY – Month 6 - Funding for Emerging Priorities
Appendix I - SUMMARY – Month 6 - Proposed Changes

SUMMARY – Month 6 (September 2022) - Community Health and Adult Social Care

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Adult Services	2,058	(190)	-	1,868	1,868	-
Community Health and Adult Social Care Total	2,058	(190)	-	1,868	1,868	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – Month 6 (September 2022) – Children’s Service

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Schools - General Provision	564	(35)	-	529	529	-
Schools - Primary	1,563	1,001	-	2,564	2,564	-
Schools - Secondary	4,589	-	-	4,589	4,589	-
Schools - Special	3	-	-	3	3	-
Schools New Build	-	-	-	-	-	-
Children’s Service Total	6,719	967	-	7,686	7,686	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – Month 6 (September 2022) – Communities

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Local Investment Fund	750	-	(304)	446	446	-
Communities Total	750	-	(304)	446	446	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – Month 6 (September 2022) – Place and Economic Growth

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Asset Mgt - Asset Management	8,337	(960)	(2,144)	5,233	5,233	-
Asset Mgt - Education Premises	6,029	(1,700)	(2,170)	2,158	2,158	-
Boroughwide Developments	9,019	1,245	-	10,264	10,264	-
Development	12	-	-	12	12	-
Boroughwide Projects	80	-	-	80	80	-
Cemeteries and Crematorium	9	-	-	9	9	-
Countryside	155	-	-	155	155	-
Parks	38	-	139	177	177	-
Playing Fields & Facilities	2	-	-	2	2	-
Parks & Playing Fields	13	-	-	13	13	-
Private Housing - HMRF	129	-	-	129	129	-
Private Housing - Non-HMRF	63	-	-	63	63	-
Public Realm	75	-	-	75	75	-
Strategic Acquisitions	-	-	-	-	-	-
Town Centre Developments	14,494	135	-	14,630	14,630	-
Accident Reduction	1,699	-	-	1,699	1,699	-
Bridges & Structures	5,364	-	(1,762)	3,602	3,602	-
Fleet Management	1,443	-	-	1,443	1,443	-
Highway Major Works/Drainage schemes	5,667	-	(930)	4,737	4,737	-
Minor Works	725	-	(256)	469	469	-
Miscellaneous	4,200	-	(80)	4,120	4,120	-
Street Lighting	-	-	-	-	-	-
Place and Economic Growth Total	57,553	(1,281)	(7,204)	49,068	49,068	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – Month 6 (September 2022) - Housing Revenue Account (HRA)

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Housing Revenue Account	3,283	-	(2,712)	571	571	-
HRA Total	3,283	-	(2,712)	571	571	-

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

Major Variances Commentary

No additional variances to report

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SUMMARY – Month 6 (September 2022) – Corporate/Information Technology

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Information Technology	4,368	361	(50)	4,679	4,679	-
Information Technology Total	4,368	361	(50)	4,679	4,679	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – Month 6 (September 2022) – Capital Treasury and Technical Accounting

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Cross Cutting /Corporate	3,964	36	-	4,000	4,000	-
Capital Treasury and Technical Accounting Total	3,964	36	-	4,000	4,000	-

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

Major Variances Commentary

No additional variances to report

SUMMARY – Month 6 (September 2022) - Funding for Emerging Priorities

Service area	Revised Budget (M03) £000	Approved Changes /Virements (to M06) £000	Proposed Virement (M06) £000	Revised Budget (M06) £000	Forecast £000	Year End Variance £000
Funding for Emerging Priorities	-	-	-	-	-	-
Funding for Emerging Priorities Total	-	-	-	-	-	-

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

Major Variances Commentary

No additional variances to report.

SUMMARY – Month 6 (September 2022) Proposed Changes

EXPENDITURE BUDGETS TO BE REPROFILED AS AT 30 SEPTEMBER 2022	2022/23	2023/24	2024/25	2025/26	2026/27	Comments
Directorate / Scheme	£000	£000	£000	£000	£000	
Communities						
Local Investment Fund	(304)		-	-	-	Realignment to project
Communities TOTAL	(304)	-	-	-	-	
Place and Economic Growth						
Essential Condition Works - General Provision	1,135	(1,000)	(1,000)	(1,000)	-	Rephase to future years and realigning budget across the Service
Corporate Property - Major Repair Works General Provision	(316)	430	1,000	1,000	-	Rephase to future years and realigning budget across the Service
Royton Town Hall	-	1,000	-	-	-	Realignment to project
Crompton Cemetery Improvements	13					Realignment to project
Dogford Park	35					Realignment to project
George Street Pitch	6					Realignment to project
Rowland Way and Medlock Way	23					Realignment to project
Salmon Fields Highway improvement	25					Realignment to project
Sickle Street	29					Realignment to project
St Paul's School	7					Realignment to project
Stoneleigh and Whitehall Lane parks	56					Realignment to project
Tandle Hill	36					Realignment to project
Traffic calming Burnley Lane	44					Realignment to project
Traffic Calming Firwood Park Estate	30					Realignment to project
Golburn Clough	6					Additional Grant in Aid funding
Golburn Clough	(57)					Realignment - budget not required
Hunters Lane	(6)					Realignment - budget not required
Transport Capital - General Provision	63					Realignment - budget not required
Haven Lane Traffic Calming	<u>87</u>					New S106 funding

EXPENDITURE BUDGETS TO BE REPROFILED AS AT 30 SEPTEMBER 2022		2022/23	2023/24	2024/25	2025/26	2026/27	Comments
Directorate / Scheme	£000	£000	£000	£000	£000	£000	
Greenacres Cemetery - entrance lodge, boundary walls, archway and roof	(22)	-	-	-	-	-	Realign budgets within Service
Chadderton Town Hall Toilet	(79)	79	-	-	-	-	Rephase to future years
Moorhey Street Depot - Re-wire	(44)	-	-	-	-	-	Realign budgets within Service
Huddersfield Road, Diggle - Retaining Wall	(29)	-	-	-	-	-	Realign budgets within Service
Ferney Field, Chadderton - Flood/Drainage Defences	(28)	-	-	-	-	-	Realign budgets within Service
Old Mill Lane Grotton - Burghley Close Greenacres	(175)	-	-	-	-	-	Realign budgets within Service
Oldham Failsworth Royton Saddleworth Sports Centre	7	-	-	-	-	-	Realign budgets within Service
Boroughwide - Flood Damaged Walkways/Footpaths, Bridges and Retaining Structures	(230)	230	-	-	-	-	Rephase to future years
Moorhey Street Electrical Upgrade	(1,232)	1,276	-	-	-	-	Rephase to future years
Medlock Court Electrical/Fire Alarm Upgrade	(130)	130	-	-	-	-	Rephase to future years
OCL - Saddleworth Pool Essential Repairs to Pool and Plant	(27)	-	-	-	-	-	Realign budgets within Service
Chadderton Cemetery Electrical Rewire	(40)	-	-	-	-	-	Realign budgets within Service
Failsworth Sports Centre - Replacement Boiler	150	-	-	-	-	-	Realign budgets within Service
Taj Palace Asbestos	50	-	-	-	-	-	Realign budgets within Service
South Failsworth Primary - External Cladding & Playground	(110)	-	-	-	-	-	Realign budgets within Service
Saddleworth School - Essential Electrical Rewiring and Circuit Replacement Works	(195)	-	-	-	-	-	Realign budgets within Service
Delph Primary School - Safeguarding Works	(11)	-	-	-	-	-	Realign budgets within Service
Greenfield St Marys Retaining Wall	(151)	-	-	-	-	-	Realign budgets within Service
Friezland Primary School - Electrical Rewire	10	-	-	-	-	-	Realign budgets within Service

EXPENDITURE BUDGETS TO BE REPROFILED AS AT 30 SEPTEMBER 2022		2022/23	2023/24	2024/25	2025/26	2026/27	Comments
Directorate / Scheme		£000	£000	£000	£000	£000	
	Ferney Field Community School - Flood Mitigation	(33)	-	-	-	-	Realign budgets within Service
	Higher Failsworth Primary - Roofing	(98)	-	-	-	-	Realign budgets within Service
	Mather Street Primary School -Roofing	(246)	-	-	-	-	Realign budgets within Service
	Hodge Clough - Electrical Rewire	(300)	-	300	-	-	Rephase to future years
	Kingsland Primary - Asbestos removal	(115)	115	-	-	-	Rephase to future years
	Mills Hill Primary / Whitegate end - asbestos removal	(30)	30	-	-	-	Rephase to future years
	South Failsworth Jr/Inf Heating replacement	(250)	-	-	-	-	Realign budgets within Service
	Springhead Primary - New Boiler and plant controls	(125)	125	-	-	-	Rephase to future years
	Christ Church Denshaw Heating Replacement	(280)	-	280	-	-	Rephase to future years
	Glodwick Primary Heating Replacement / Windows	(280)	280	-	-	-	Rephase to future years
	Delph Primary Electrical Rewire	(230)	-	230	-	-	Rephase to future years
	Hodge Clough Essential Drainage Works	(50)	-	-	-	-	Realign budgets within Service
	Mather Street Electrical Rewire	(120)	-	120	-	-	Rephase to future years
	Beever Street Heating Replacement	(280)	-	280	-	-	Rephase to future years
	Bare Trees Primary Electrical Rewire	(130)	-	130	-	-	Rephase to future years
	Horton Mill Electrical Rewire	(280)	-	280	-	-	Rephase to future years
	Mercury Abatement	-	-	(970)	-	970	Rephase to future years
	Bridge Work - King Street Roundabout Footbridge	(171)	67	-	-	-	Rephase & Realign budgets within Service
	Park Bridge NCN 626 to Ashton	(83)	83	-	-	-	Rephase to future years
	Waterloo & Wellington Bridges	(1,508)	1,508	-	-	-	Rephase to future years
	Transport Investment	(578)	636	-	-	-	Rephase & Realign budgets within Service
	Oldham Town Centre Improvements	(375)	375	-	-	-	Rephase to future years
	Royton Town Centre Connection	(10)	10	-	-	-	Rephase to future years

EXPENDITURE BUDGETS TO BE REPROFILED AS AT 30 SEPTEMBER 2022		2022/23	2023/24	2024/25	2025/26	2026/27	Comments
Directorate / Scheme		£000	£000	£000	£000	£000	
	Park Road NCN 626 to Town Centre	(32)	32	-	-	-	Rephase to future years
	Chadderton Pedestrian & Cycle Access Improvements	(256)	306	-	-	-	Rephase & Realign budgets within Service
	GD3 – Town Centre Hunters Lane Transport – Integrated Transport Block grant allocation	(4)	-	-	-	-	Realign budgets within Service
	Southlink Traffic Signal Junction (GD3)	(269)	269	-	-	-	New Grant allocation – allocated directly to 23/24 Rephase to future years
Place and Economic Growth TOTAL		(7,204)	6,688	650	-	970	
Housing Revenue Account (HRA)							
	HRA Capital Strategy	(2,712)	2,712	-	-	-	Rephase to future years
Housing Revenue Account TOTAL		(2,712)	2,712	-	-	-	
Corporate / Information Technology (IT)							
	IT Schemes	(50)	(90)	-	-	-	Rephase to future years- other services
Corporate / Information Technology TOTAL		(50)	(90)				
TOTAL		(10,270)	9,310	650	-	970	

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

FINANCING BUDGETS TO BE REPROFILED AS AT 30 SEPTEMBER 2022		2022/23	2023/24	2024/25	2025/26	2026/27
Fund Source		£000	£000	£000	£000	£000
	Grants and Contributions	5,245	(4,439)	(1,620)	-	-
	Prudential Borrowing	2,208	(2,056)	-	-	-
	Revenue Contribution (HRA)	2,712	(2,712)	-	-	-
	Capital Receipts	105	(103)	970	-	(970)
TOTAL		10,270	(9,310)	(650)	-	(970)

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

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Report to CABINET

Schools National Funding Formula

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: Liz Caygill, Schools Finance Manager

12 December 2022

Reason for Decision

Following the Government announcement in July 2022 regarding the resources available for School Funding for 2023/24, it is necessary to consider how the funding for Schools and Academies should be distributed in 2023/24.

Executive Summary

This report advises of the level of Dedicated Schools Grant (DSG) for 2023/24 together with its allocation across the three funding blocks for which information is currently available. It is important to note that this funding is based on October 2021 pupil numbers and will be subject to change once calculations have been updated to reflect October 2022 pupil numbers.

The report also provides information about the National Funding Formula (NFF) for Schools, the High Needs Blocks for Oldham and also presents a recommended approach for the distribution of the Schools Funding Block of the DSG to Schools and Academies for 2023/24.

In addition, the report presents the proposed option to move to the 2023/24 NFF cash values in full except for the Area Cost Adjustment (ACA) where it is proposed that the factor applied in Oldham is initially reduced from 1.00547 to 1.00000. However, Members are advised that if there are any resources available once funding allocations based on updated pupil numbers are received, then this additional funding will be allocated through an increase to the ACA.

The indicative Schools block allocations to Local Authorities are funded by multiplying a Primary Unit of Funding (PUF's) and Secondary Unit of Funding (SUF's) cash value by each pupil. The PUF's and SUF's for 2023/24 have been calculated based on school and pupil characteristics data from the 2022/23 Authority Proforma Tool (APT) data which was based on October 2021 census information. They will not be updated for

any characteristic changes to the October 2022 census until 2024/25. If there is a significant change in characteristics such as eligibility for free school meals, the factor values in the local formulae will be adjusted as necessary to meet any affordability pressures.

For the second year, it is not proposed that there is a movement of funding from the Schools Block to the High Needs as the DSG is forecast to be in surplus by the end of 2023/24 as required by the Department for Education.

This report has been prepared based on best information currently available, however on 17 November 2022, the Autumn Statement was issued and this included an announcement that core schools budgets in England will receive an additional £2.3 billion of funding in 2023/24 and a further £2.3 billion in 2024/25. Clearly this is good news and will mean more funding for schools in Oldham, however the detailed impact cannot be determined and will only be available when the DSG funding information is received in mid/late December 2022. Nonetheless, Members are requested to approve the approach to Schools funding based on the information currently available.

That Cabinet approves that:

- 1) The DSG funding model outlined in the report which reflects the 2023/24 NFF cash values in full except for the Area Cost Adjustment factor, which is initially reduced to 1.00000
- 2) A reassessment of the allocation arrangements takes place once the actual 2023/24 funding allocations are received (including the funding announced on 17 November 2022) with a view to moving to the full ACA if sufficient resources are available.
- 3) A transfer of funding between the High Needs and Schools Blocks if required as a means of funding the ACA.
- 4) The model will also be adjusted if there is a significant change in characteristics such as eligibility for free school meals to meet any affordability pressures.

Schools National Funding Formula

Background

1.1 The Dedicated Schools Grant (DSG) is a ringfenced grant payable to Local Authorities by Government for the funding of schools and academies. Over a number of years, the Government is changing the way it funds schools via the DSG from locally agreed arrangements towards a standard means of allocating resources. This is known as the National Funding Formula (NFF).

1.2 The DSG is made up of 4 blocks of funding:

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

The **Schools Block** covers funding for:

- a) Individual mainstream schools and academies
- b) Growth funding for planned growth by the LA in schools.

The **High Needs Block** supports:

- a) Provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25 in a range of provision including Special Schools, the Pupil Referral Unit, Post 16, Out of Borough and Independent in Borough placements, and the additional number of children with Education, Health and Care plans in mainstream schools.
- b) Council centrally retained expenditure for High Needs.

The **Early Years block** covers:

- a) Two-Year-old Funding
- b) Early Years Funding in Schools and Private, Voluntary and Independent provision (PVI's)
- c) Centrally retained expenditure for under 5's.

The **Central Schools Services block** covers:

- a) Funding previously allocated through the retained duties element of the Education Services Grant (ESG) which was discontinued from 2018/19
- b) Central school services which includes the expenditure related to Schools Forum, Premature Retirements, Admissions service, and School Improvement
- c) School Licenses
- d) Statutory and Regulatory duties.

1.3 Each of the 4 blocks is determined by a separate National Funding Formula which calculates the funding due to Local Authorities. The Department for Education (DfE) has calculated the funding the Local Authority will receive for the Schools Block as if the National Funding Formula had been applied to Schools.

- 1.4 Local Authorities are required to move their local formula factor values at least 10% closer to the NFF factor value in 2023/24, except where local formulae are already mirroring the NFF. Oldham is mirroring the NFF and therefore is not required to move the local formula factor values closer. It still remains the role of the Local Authority in 2023/24 to determine the funding for Schools and Academies via their Local Funding Formula for the Schools Block.
- 1.5 There is a requirement for the Local Authority (LA) to consult with schools and academies on the DSG allocation methodology that will be applied for the forthcoming financial year (2023/24) where there are changes to the local funding formulae. Oldham is not proposing any change to the formula for 2023/24. Therefore, once again Oldham is proposing to retain the NFF values in full except for the Area Cost Adjustment (ACA) and therefore is not required to consult with schools as there are no changes to the local funding formulae. However, the proposed approach to allocating the DSG for 2023/24 was presented to and agreed by Schools Forum at its meeting on 16 November 2022. If there is a significant change in characteristics such as eligibility for free school meals, the factor values in our local formulae will be adjusted as necessary to meet any affordability pressures.

2 Current Position

Funding Announcements

- 2.1 On 19 July 2022, the Department for Education, via the Education and Skills Funding Agency published provisional DSG funding allocations for 2023/24.
- 2.2 The currently notified 2023/24 indicative DSG for Oldham is £296.106m. As illustrated in the table below, this excludes funding for both the Early Years Block for 2023/24 and the Schools Block Growth, both of which are expected to be notified in December 2022. When excluding these two allocations, there has been an overall increase in funding of £9.422m between 2022/23 and 2023/24. The initial allocations as notified, are based on October 2021 pupil numbers. The final allocations for 2023/24 will be calculated using the October 2022 census which will be published in December 2022.

Table 1 2022/23 DSG and Indicative Allocation from 2023/24

Dedicated Schools Grant (DSG)	2022/23 £000	2023/24 £000	Difference £000
Schools Block	232,016	238,566	6,550
High Needs Block	52,251	55,251	3,000
Central Schools Block on-going	1,568	1,610	42
Central Schools Block historic	849	679	(170)
Sub Total	286,684	296,106	9,422
Early Years Block	18,828	tbc	
Schools Block growth	1,323	tbc	
Total	306,835	296,106	

- 2.3 The Central School Services Block (CSSB) provides funding for Local Authorities to carry out central functions on behalf of maintained schools and academies. The Block comprises two distinct elements: on-going responsibilities and historic commitments. For 2022/23, historic commitments have again been reduced by a further 20%. The DfE will continue to unwind this funding in future years. As a result, the allocation for

Oldham for 2022/23 has reduced by £0.170m, this has been offset by an increase in on-going responsibilities of £0.042m. The impact of this reduction will be managed as part of the Council's 2023/24 Budget Setting process. However, in line with guidance, an application has been submitted to the DfE to request additional funding as the value of commitments is more than the allocation for historic commitments. A response to the request for support is awaited. As in previous years, the Schools Block Growth (dependant on updated pupil numbers) and the allocation of the Early Years Block will be notified in December 2022.

- 2.4 The indicative Schools Block allocations to Local Authorities are funded by multiplying a Primary Unit of Funding (PUF's) and Secondary Unit of Funding (SUF's) cash value by each pupil. The PUF's and SUF's for 2023/24 have been calculated based on school and pupil characteristics data from the 2022/23 Authority Proforma Tool (APT) data which was based on October 2021 census information. They will not be updated for any characteristic changes to the October 2022 census until 2024/25. If there is a significant change in characteristics such as eligibility for free school meals, the factor values in the local formulae will be adjusted as necessary to meet any affordability pressures.
- 2.5 The DfE has also issued financial information on the funding that individual schools would receive if the Local Authority moved in full to the NFF for 2023/24. These illustrative allocations are based on 2021 pupil data and characteristics. Each school can view the calculation of its budget via the DfE COLLECT Portal
- 2.6 In 2023/24 the DfE will provide funding in the school's block as follows:
- (a) An increase of around 2.4% on 2022/23 NFF cash values (not locally set cash values) for pupil led factors and the lump sum, excluding Free School Meals Ever 6 (FSM6), Income, Deprivation Affecting Children Index (IDACI) and the Minimum Funding Guarantee (MFG). See Appendix 1 for 2023/24 NFF cash values and the relevant % increases
 - (b) An increase of 4.3% for FSM6 and IDACI compared to their 2022/23 values. This means that the DfE will be targeting a greater proportion of schools NFF funding towards deprived pupils.
 - (c) Area Cost Adjustment (ACA) – once the NFF cash values have been set for those factors at point (a) and (b) above, an area cost adjustment then inflates the allocation using a weighted multiplier. The ACA is a nationally determined weighting which is calculated based on differences in salary costs throughout the country and general labour market costs. The ACA will therefore be different in each Local Authority. In Oldham the ACA is 1.00547; however, 1.00000 is being used in the proposed 2023/24 funding formula. Any resources available once actual allocations are received will be allocated through an increase to the area cost adjustment. It is considered that adjusting the ACA i.e., increasing cash values, is the most equitable way to allocate any remaining funding. This will impact on all cash values equally. If there was to be an adjustment to just one of the factors, the increase would not be seen fairly by all schools.
 - (d) A Minimum Funding Level per pupil of £4,405 in primary and £5,715 secondary.
 - (e) A Minimum Funding Guarantee of 0.50% and no capping for any gainers.
 - (f) The school supplementary grant will be rolled into the schools NFF ensuring this additional funding forms an on-going part of schools' core budgets.

2.7 The indicative High Needs block allocation of £55.251m has increased by £3.000m between 2022/23 and 2023/24. The actual allocation for High Needs will change further having regard to changes in pupil and student numbers and their movement between Local Authorities through basic entitlement factor and the import/export adjustment. The High Needs Block of the DSG has been in a deficit position for several years and even with this increase in resources, is forecast to remain in a cumulative deficit position. The funding pressure that this High Needs position has caused, has resulted in the whole DSG being in a deficit position. For six years to 2021/22, the Council and Schools Forum have agreed a movement of funding from the Schools to the High Needs Block as a means of managing this deficit.

2.8 The table below shows the approved movements from the School's Block by financial year and as a percentage movement. This has been an extremely important, indeed a vital, means of managing the DSG financial position and highlights the collaborative way in which Schools Forum has worked to support the Oldham Schools family.

Table 2 - Approved Movements from the Schools Block to High Needs Block

Financial Year	£000	% Movement Between Blocks
2016/17	385	0.21
2017/18	2,380	1.29
2018/19	1,878	1.00
2019/20	1,594	0.84
2020/21	1,009	0.50
2021/22	1,049	0.50

2.9 The 2022/23 consultation process set out the proposal for a further movement of funding between the Schools and High Needs Block of 0.5%. However, following confirmation of the Authority’s funding allocation on 16 December 2021 it was agreed that this was no longer required. In this regard it is important to note that the 2023/24 High Needs funding is expected to be sufficient to cover estimated in-year spending demands in the High Needs Block, but this does not fully address the cumulative deficit position. A transfer between the Schools and High Needs Block is not being considered for 2023/24. Instead, depending on the level of resources available, the full movement to the ACA factor, which is a key objective, may require a transfer of funding from the High Needs Block to the Schools Block. This was the position agreed by Schools Forum on 16 November 2022.

2.10 The overall schools funding position changed the day after the Schools Forum meeting with the announcement of the Autumn Statement on 17 November. This included funding information that will see the core schools budget in England receive an additional £2.3 billion of funding in 2023/24 and a further £2.3 billion in 2024/25. Further details will be available when the final DSG notification is received. Clearly the additional funding is good news but it does create a challenge when considering the funding position for schools as the figures included in this report will change. Nonetheless, Members are requested to approve the approach to Schools funding based on the information currently available.

The DSG Recovery Plan/ Management Plan

- 2.11 As the DSG has been in a deficit position since 2016/17 and there is a requirement that the DSG is brought back into balance, the Council engaged with the Department for Education (DfE) and submitted a DSG Financial Recovery Plan to the DfE 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.
- 2.12 Oldham has been supported by the Education and Skills Funding Agency (ESFA) in its monitoring and management of the DSG. In more recent developments Oldham has been invited by the Government to take part in the Delivering Better Value (DBV) in SEND (Special Educational Needs and/or Disabilities) Programme which is providing 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. The first 20 of the 55 Authorities started the programme in June, the second round (which includes Oldham) is now being launched with officers fully engaged in the process.
- 2.13 The DSG Recovery Plan takes account of the fact that High Needs Funding will increase in 2023/24 and 2024/25 (excluding any funding arising from the Autumn Statement). The plan shown at table 3 is based on published provisional funding allocations for 2023 to 2024 through the Schools High Needs and Central School Services National Funding Formulae (NFF) and an assumption of a 3% increase to the High Needs Block in 2024/25.
- 2.14 Table 3 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 £3.215m, which is sufficient to reduce the deficit brought forward of £2.773m and produce a £0.442m favourable outturn to be carried forward into 2023/24. Predominantly as a result of additional funding announced in December 2021, the deficit is reversed and the position improves to produce surpluses of £3.273m at the end of 2023/24 and to £3.830m at the end of 2024/25. Anticipated increases to High Needs funding are offset by the inclusion in the Recovery Plan of a Service Improvement Development Fund to support a range of initiatives, the detail of which is still to be agreed.
- 2.15 Discussions have been on-going about High Needs places with the Special Sector and an agreement to fund places at to the maximum requested for 2023/24 would be a decrease in surpluses to £2.311m at the end of 2023/24 and to £2.984m at the end of 2024/25 and there would be a consequent reduction to the Service Improvements Development Funding of £1.200 in 2024/25 to £3.600m.
- 2.16 It is important that the DSG position continues to be carefully monitored to ensure that the DSG deficit reduces as expected. Each Schools Forum meeting receives financial updates and Members receive information about the DSG in the Financial Monitoring reports considered at Cabinet. This will continue during 2022/23 and 2023/24. Officers from the Children's Services Portfolio are engaged in taking forward the actions planned to support DSG efficiencies, supported by the Finance Team as appropriate.

Table 3- DSG Recovery Plan

	2022/23 £000	2023/24 £000	2024/25 £000
Opening Balance – (Deficit)/Surplus	(2,773)	442	3,273
Estimated Additional (Pressures)/ Savings	(2,968)	(3,920)	(5,906)
2022/23 High Needs Block Increase	4,852	4,852	4,852
Additional High Needs Funding (announced December 2021)	1,756	1,756	1,756
Reverse Indicative Transfer (initially planned then not required)	(1,124)	0	0
Estimated additional funding increase High Needs Pupils	0	0	0
Estimated change – additional funding – Special Free School	1,092	0	0
Estimated Additional High Needs Funding - 6.7%	0	3,625	3,625
Estimated Additional High Needs Funding - 3%	0	0	1,531
Estimated cost increases Special Schools re inflation etc.	(393)	(482)	(501)
Estimated cost Post 16 re inflation and additional teaching hours.	0	0	0
Service Improvements Development Funding	0	(3,000)	(4,800)
In Year Surplus	3,215	2,831	557
Revised Net Forecast Surplus	442	3,273	3,830
Revised Net Forecast Surplus if funding for additional High Needs places in 2023/24 is agreed at the maximum requested	442	2,311	2,984
Previously Reported Net Forecast Surplus (Quarter 2 - September 2022)	(99)	2,090	2,087

3 Information on the Approach to the National Funding Formula

- 3.1 For 2023/24, the Council is not proposing any changes to Oldham’s agreed formula which is based on the principles agreed in Oldham by Cabinet in 2019/20. This approach is to move towards the National Funding Formula and to ensure the Local Authority is being fair to all schools.
- 3.2 Oldham’s proposed formula for 2023/24 is therefore the same as for 2022/23, again without any movement from the Schools Block and is based on Oldham moving to the National Funding formula allocations in full for 2023/24 except for the Area Cost Adjustment (ACA) where 1.00000 is proposed rather than the national factor of 1.00547.
- 3.3 As there are no changes to the funding formula for 2023/24 there is no formal requirement for consultation with schools on the funding formula, however a meeting was held with the Fair Funding Group on 11 October to discuss the 2023/24 funding formula.
- 3.4 An information paper was issued to the 105 individual Oldham Schools and Academies on 7 November 2022 outlining the proposed funding model for 2023/24. The proposed funding formula was also presented to and agreed by Schools Forum on 16 November 2022. The table below shows the timescale for agreeing the local funding formula for schools for 2023/24. Clearly the meetings in January 2023 will receive information which incorporates the new funding announced in the Autumn Statement and will then present to schools, their full funding position for 2023/24.

Table 4 – Timetable

Stage	Date
Fair Funding Group	11 October 2022
Information to schools re 2023/24 budgets	7 November 2022
Schools Forum Meeting	16 November 2022
Cabinet Meeting	12 December 2022
Schools Forum	18 January 2023
Schools Block Formula submission to the DfE	20 January 2023

Information on the approach to the NFF

- 3.5 The currently available National Funding Formula values has 15 factors which influence funding allocation levels, and these have been used to calculate the funding allocated to the Authority. However, for 2023/24 the distribution of funding can still have an element of local determination, hence Oldham currently has the flexibility to set its own funding formula in order to distribute the school block allocation.
- 3.6 For 2023/24 for Oldham, the proposed funding formula continues to substantially use Oldham’s 2018/19 funding formula but has moved fully to the National Funding Formula except for the area cost adjustment (ACA) by providing a minimum per pupil funding level of £4,405 per primary pupil and £5,715 per secondary pupil with a Minimum Funding Guarantee (MFG) of 0.5% and no cap on any gainers.
- 3.7 Growth funding is within Local Authorities’ Schools Block DSG allocation. The growth fund is to support pupil growth relating to Local Authority planned basic need for schools where it has already been agreed with the Authority that there will be an increase in the planned admission numbers (PAN) by means of the provision of a school extension.
- 3.8 As advised above, Oldham’s proposed funding formula for 2023/24 has been modelled and is the same as for 2022/23 and is based on Oldham moving to the National Funding formula allocations in full except for the Area Cost Adjustment (ACA) where 1.00000 will be applied rather than 1.00547.
- 3.9 The proposed option is based on current characteristics as outlined at 2.4 and is subject to change when the actual numbers of pupils on the October 2022 census is notified to the Council. This data will be released in late December 2022 together with the implications of the funding announced within the Autumn Statement. On receipt of up to date information the allocations will then be revised.
- 3.10 The proposed formula continues to be based on 3 key principles:
- The presentation of what is considered to be the fairest allocation of resources for Oldham Schools and Academies having regard to prevailing pressures and issues
 - To ensure that Oldham Schools are best placed for smooth implementation when the National Funding Formula for Schools is fully introduced
 - The positive management of the DSG deficit position (subject to the agreement of Schools Forum).

- 3.11 It is important to note that the key components of the financial strategy for the DSG are as follows:
- A proposed move to the 2023/24 NFF cash values in full except for the Area Cost adjustment where it is proposed that the factor applied in Oldham is reduced from 1.00547 to 1.00000. Any resources available once actual allocations are received will be allocated through an increase to the area cost adjustment. It is considered that by adjusting the ACA i.e., increasing cash values, this is the most equitable way to allocate any remaining funding. This will impact on all cash values equally. If there was to be an adjustment to just one of the factors, the increase would not be seen fairly by all schools.
- 3.12 A summary of the model follows, and details of the cash values for 2023/24 compared to 2022/23 are attached at Appendix 1. In reviewing the model, it may be useful to note that Local Authorities may top-slice the Schools Block of the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the Authority, including pre-opening, diseconomy of scale and reorganisation costs. The Schools Block allocation shown in the table in section 2.2 shows the funding available to schools at £238.566m, as currently notified and at this stage does not include an estimate for growth funding for 2023/24 or any funding arising from the announcement in the Autumn Statement. Any resources available once actual allocations are received will again be allocated through an increase to the area cost adjustment.

Proposed Funding Model

- 3.13 The model uses the cash values based on moving to the National Fair Funding values in full except for the ACA, which, at this stage assumes an ACA of 1.00000 (i.e., no further uplift to those eligible factors). The figures used are provisional estimates and will be revisited once final allocations are received. If there is a balance remaining when actual funding is received this will be transferred to the Area Cost Adjustment

Table 5 – Proposed Allocation of the 2023/24 DSG

Model	£000	£000
Schools Block		238,566
Estimated additional funding for 2 growing schools		2,892
Funding Available to allocate to schools		241,458
Formula Allocation to Schools based on October 2021 Pupils including Oasis Leesbrook and Brian Clarke Academy	241,444	
Current funding allocated through School's Block		241,444
Balance Remaining		14

4 Options/Alternatives

- 4.1 In view of Oldham being at the National Funding Formula values and not proposing any changes from the prior years' funding methodology, Members are therefore not presented with an alternative approach.

- 4.2 Following Schools Forum approval on 16 November, the preferred option is that Members agree to accept Oldham’s funding formula for 2023/24 as set out in this report.

5 Consultation

- 5.1 The report sets out the consultation that took place with Schools, the Fair Funding Group and Schools Forum during October and November 2022 which has informed the recommendations of this this report
- 5.2 There has also been consultation with officers of the Council together with consultation with the Cabinet Members for Education and Skills and Finance and Low Carbon.

6 Financial Implications

- 6.1 A key requirement of the Local Education Authority is to ensure the effective financial management of DSG resources. It is also important to ensure that those resources that are available for allocation to schools are distributed in a fair and equitable way. A consideration in the context of the 2023/24 allocation of resources is that the DSG is currently forecast to be in a surplus position in 2023/24
- 6.2 The allocation methodology agreed by Schools Forum aims to promote effective financial management, fairness and equity in funding allocations. It will also, based on current estimates, ensure that the DSG is in surplus by the end of 2023/34 in line with the requirements of the DfE, although as can be seen from the report, the deficit is expected to be removed by the end of 2022/23. This is therefore an appropriate approach to ensuring the financial sustainability of the DSG.
- 6.3 The DSG funding position will be updated when final funding allocations for 2023/24 are received in mid/late December 2022, including additional funding announced in the Autumn Statement.

7 Legal Services Comments

- 7.1 The proposed decision is intra vires. In making the decision the usual considerations should be had in regards to “Wednesbury Reasonableness” and the results of the consultation with the Schools Forum should also be taken into account in formulating the decision. (Colin Brittain)

8 Co-operative Agenda

- 8.1 The School Budget Allocations supports the council’s cooperative ambition empowering school staff to deliver high quality education for the residents of Oldham.

9 Human Resources Comments

- 9.1 There are no specific comments.

10 Risk Assessments

- 10.1 The key risks to the proposed allocation arrangement is the failure of the Schools Forum to agree to the proposed formula. A revised approach will be required in this event.

11 IT Implications

- 11.1 There are no specific comments.

12 Property Implications

12.1 There are no specific comments.

13 Procurement Implications

13.1 There are no specific comments.

14 Environmental and Health & Safety Implications

14.1 None

15 Equality, community cohesion and crime implications

15.1 There are no specific comments.

16 Implications for Children and Young People

16.1 The report details the use of the DSG in supporting children and young people in Oldham.

17 Equality Impact Assessment Completed?

17.1 Not required

18 Key Decision

18.1 Yes

19 Key Decision Reference

19.1 FLC-29-22

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: Background Papers are contained in Appendix 1 together with the Schools Funding information 2023/24 and Schools Forum Meeting Papers 16 November 2022 see (link below)

[Schools Forum | Schools Forum | Oldham Council](#)

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21 Appendices

21.1 Appendix 1 – 2022/23 Schools Block Formula Modelling

2022/23 Schools Block Formula Modelling

Appendix 1							
National Funding Factors		2022/23 Cash Values NFF and also used in Oldham formula (before ACA)		2023/24 Cash Values NFF & proposed to be used in Oldham formula (before ACA).		% change in values compared to 2022/23 Values	
		Primary £	Secondary £	Primary £	Secondary £	Primary	Secondary y
Basic Per Pupil KS1 / KS2 (including funding previously allocated through the schools supplementary grant at £97)		3,217		3,394		5.50%	
Basic Per Pupil KS3 (including funding previously allocated through the schools supplementary grant at £137 to KS3 and £155 to KS4)			4,536		4,785		5.49%
Basic Per Pupil KS4 (including teachers pay and pension grant at £265)			5,112		5,393		5.50%
Attainment		1,130	1,710	1,155	1,750	2.21%	2.34%
Free School Meals		470	470	480	480	2.13%	2.13%
Free School Meals Ever6(including funding previously allocated through the schools supplementary grant at £85 per pupil primary and £124 secondary)		590	865	705	1,030	19.49%	19.08%
English as Add'l Language		565	1,530	580	1,565	2.65%	2.29%
Mobility		925	1,330	945	1,360	2.16%	2.26%
IDACI	F	220	320	230	335	4.55%	4.69%
	E	270	425	280	445	3.70%	4.71%
	D	420	595	440	620	4.76%	4.20%
	C	460	650	480	680	4.35%	4.62%
	B	490	700	510	730	4.08%	4.29%
	A	640	890	670	930	4.69%	4.49%
Lump Sum(including funding previously allocated through the schools supplementary grant at Minimum Funding Levels (including funding previously allocated through the schools supplementary grant at £119 to primary, £155 to KS3 and £173 to KS4)		121,300	121,300	128,000	128,000	5.52%	5.52%
Minimum Funding Levels (including funding previously allocated through the schools supplementary grant at £119 to primary, £155 to KS3 and £173 to KS4)		4,265	5,525	4,405	5,715	3.28%	3.44%

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Report to CABINET

Award of contract for the provision of School Swimming Transport services

Portfolio Holder:

Cllr Elaine Taylor, Deputy Leader and Cabinet Member for Culture & Leisure

Officer Contact: Neil Consterdine, Assistant Director Youth, Leisure & Communities

Report Author: Pritesh Patel, Sport Leisure & Wellbeing Service Manager

12th December 2022

Reason for Decision

To award the contract for the provision of the School Swimming Transport services, after going through a full tender process. This will ensure that a safe and high-quality transport provision is provided to children in our borough so that they can travel from their school to the swimming pool, and visa versa to access the school swimming provision. The contract is for 3 years from September 2022 up to July 2025, with an option to extend for a further two years. The level of transport provision needed is dependent on the level of school buy backs in to the service each year.

Executive Summary

The School Swimming Service delivers high quality, safe and structured swimming lessons for Oldham schools. The school's benefit from the qualified teaching staff delivering the service at the Leisure Centre's across the Borough including events and competitions. The service also offers a range of personal survival and water safety support. The service works in line with the National Curriculum guidelines and in partnership with Swim England to deliver physical activity, increase participation in school sport and develops key essential life & water safety skills.

This service can be utilised by pupils in Primary, Senior and Special Schools. Pupils are transported over 190 school days per year. There is a huge benefit for the service to provide and coordinate the transport and work in close partnership with transport providers to establish a transport schedule weekly. The contract was extended for one year and the

new contract will need to be in place for September 2022. All transport cost incurred are recharged to Schools via Service Level Agreements

An open tender exercise for the school swimming transport provision was started via The Chest portal on 14 June 2022. The tender submissions were evaluated by a panel consisting of the School Swimming Manager, School Swimming Business Support Officer, and the Sport Leisure & Wellbeing Service Manager with the support of the procurement team.

Alternatives would have been to extend the current transport contract for a further 12 months, but the previous Delegated Cabinet Member Decision form (December 2021) recommended for decision the contract to go out to tender for procurement so that we can get better value for money

Recommendations

To award and enter into the contract following the completion of the tender evaluation process on behalf of the council due to the need to award the contract to allow sufficient time for implementation of the provision and contract start date in September 2022.

Following on from an open and competitive tendering process, the recommendation is to award and enter into the contract with the Matthews Travel (K Matt Coaches) based in Oldham for the School Swimming Transport Provision in accordance with the results of the tendering exercise which has been carried out through a robust evaluation process (based on technical ability & quality, social value, and price). The value of the contract is £421,800 over three years (£140,600 per yr), and the cost of the transport is covered by the payments made by the schools”

1 **Background**

- 1.1 The School Swimming Service delivers high quality, safe and structured swimming lessons for Oldham schools
- 1.2 The schools benefit from the qualified teaching staff delivering the service at the Leisure Centre's across the Borough including events and competitions.
- 1.3 The service also offers a range of personal survival and water safety support. The service works in line with the National Curriculum guidelines and in partnership with Swim England to deliver physical activity, increase participation in school sport and develops key essential life & water safety skills. This service can be utilised by pupils in Primary, Senior and Special Schools
- 1.4 Pupils are transported over the academic year.
- 1.5 There is a huge benefit for the service to provide and coordinate the transport and work in close partnership with transport providers to establish a transport schedule weekly.
- 1.6 The contract was extended for one year and the new contract will need to be in place for September 2022.
- 1.7 All transport cost incurred are recharged to Schools via Service Level Agreements
- 1.8 An open tender exercise for the school swimming transport provision was started via The Chest portal on 14 June 2022. The tender submissions were evaluated by a panel consisting of the School Swimming Manager, School Swimming Business Support Officer, and the Sport Leisure & Wellbeing Service Manager with the support of the procurement team.

2 **Current Position**

- 2.1 The position is that the current contract is being extended on a week by week basis with the current providers until we have the permission and sign off to proceed with the new contract.

3 **Options/Alternatives**

- 3.1 Alternatives would have been to extend the current transport contract for a further 12 months, but the previous Delegated Cabinet Member Decision form (December 2021) recommended for decision the contract to go out to tender for procurement so that we can get better value for money.

4 **Preferred Option**

- 4.1 To award and enter into the contract following the completion of the tender evaluation process on behalf of the council due to the need to award the contract

to allow sufficient time for implementation of the provision and contract start date in September 2022

- 4.2 Following on from an open and competitive tendering process, the recommendation is to award and enter into the contract with the Matthews Travel (K Matt Coaches) <Confidential> based in Oldham for the School Swimming Transport Provision in accordance with the results of the tendering exercise which has been carried out through a robust evaluation process (based on technical ability & quality, social value, and price). The value of the contract is £421,800 over three years (£140,600 per yr), and the cost of the transport is covered by the payments made by the schools

5 **Consultation**

- 5.1 Reviews of current provision as well as school buy backs and SLA's for the upcoming academic year

6 **Financial Implications**

- 6.1 The preferred option was to go out to tender for the school swimming transport service to commence from September 2022.

Current budgetary provision of £142k is available this year within the base budget for the School Swimming Service to cover the cost of this proposal.

All transport cost incurred are recharged to Schools via Service Level Agreements. If costs incurred are higher than the budgeted amount, this would need reflecting in the SLAs sent to schools.

The contract will be awarded to the preferred provider that is identified, following the completion of the tender evaluation process.

There are no adverse financial implications as a result of this report. (Joe Connaughton Accountant)

7 **Legal Services Comments**

- 7.1 A competitive tender process has been undertaken by the Commercial Procurement Unit in accordance with the Council's Contract Procedure Rules and a preferred bidder has been identified following the application of the advertised scoring and the award criteria. Therefore, provided a contract is entered into, largely on the advertised terms and conditions, there are no known legal implications. (Sarah Orrell – Commercial & Procurement Solicitor)

8. **Co-operative Agenda**

- 8.1 In terms of the tender process the application has been through the social value portal to measure the social value of this contract and this provider. The company is an Oldham based company that employs local people and is a Living Wage employer.

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- 8.2 In terms of our Council Co-operative Charter, we will ensure that the company will deliver in line with our FORWARD values.
- 9 **Human Resources Comments**
- 9.1 There are no employment implications for the Council as the contract is provided by an external contractor. TUPE regulations will need to be considered by the current and new providers. (Kate Jolley HR Strategic Lead)
- 10 **Risk Assessments**
- 10.1 The way forward as set out in this report seems sensible from a risk perspective (Mark Stenson)
- 11 **IT Implications**
- 11.1 None
- 12 **Property Implications**
- 12.1 None
- 13 **Procurement Implications**
- 13.1 An open tender exercise was undertaken to comply with the requirements stated in the OMBC Contract Procedure Rules. This opportunity was advertised on the Chest portal. The Commercial Procurement Unit supports the recommendation to award the contract to the preferred bidder. This was done through a robust evaluation process, which was clearly set out in the ITT Tender documents. (Mohammad Sharif) 06/09/2022
- 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 The transport that will be provided as a result of this tender will ensure that all children including vulnerable children in the Borough are able to attend swimming lessons safely and comfortably.
- 17 **Key Decision**
- 17.1 Yes
- 18 **Key Decision Reference**
- 18.1 Reference Number for this report is HSC-09-22 and is due to go to the cabinet meeting on 12th December 2022.

19 **Background Papers**

19.1 none

20 **Appendices**

20.1 none