

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

1           **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Brownridge and Roberts.

2           **URGENT BUSINESS**

There were no items of urgent business received.

3           **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4           **PUBLIC QUESTION TIME**

There were no public questions received.

5           **DRAFT MINUTES OF THE POLICY OVERVIEW AND SCRUTINY COMMITTEE HELD ON 26TH JANUARY 2023**

Members considered the draft minutes of the Policy Overview and Scrutiny Committee held on 26th January 2023

It was reported that the Select Committee recommended to Council all the budget reduction proposals considered.

RESOLVED – That the deliberations and comments of the Policy Overview and Scrutiny Committee held on 26th January 2023 be noted.

6           **DRAFT MINUTES OF THE POLICY OVERVIEW AND SCRUTINY COMMITTEE HELD ON 7TH FEBRUARY 2023**

Consideration was given to the Draft Minutes of the Policy Overview and Scrutiny Committee held on 7th February 2023 of the Opposition budgets, Liberal Democrat and Conservatives. The Policy Overview and Scrutiny committee had recommended that Cabinet review the Liberal Democrat proposals and reject the Conservative proposals.

Cabinet considered the proposals and summarised information in relation to the Liberal Democrat proposals.

RESOLVED – That

1. The deliberations and comments of the Policy Overview and Scrutiny Committee held on 7<sup>th</sup> February 2023 be noted.
2. The alternative budget proposals presented by the Liberal Democrats and Conservatives Groups would not be accepted.

7           **REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2022/23: MONTH 8 – NOVEMBER 2022**

Consideration was given to a report of the Director of Finance which report 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 November 2022 (Month 8) together with the revised capital programme 2022/23 to 2027/28, as outlined in section two of the report at Annex 2.

### Revenue Position

The forecast outturn position for 2022/23 was a projected deficit variance of £2.233m after allowing for approved and pending transfers to and from reserves. An operational deficit of £3.233m reduced by £1.000m with the anticipated effect of management actions and strengthened restrictions in relation to expenditure and recruitment. Whilst improving, it was recognised that this remained a challenging position and every effort would be made to reduce the overall variance before the year end.

The position included additional costs and pressures that had been identified by the Authority in this financial year as a result of the lasting impact of the COVID-19 pandemic.

There were currently two areas which continued to endure significant pressures attributed to the on-going impact of the pandemic; Community Health and Adult Social Care was reporting an adverse variance of £5.717m and Children's Social Care was recording £3.477m. These pressures were 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. The residual balance of £2.806m was being used to reduce the operational pressure. This would 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 was detailed within Annex 1, Section 2.

The forecast pressure of £2.233m at Month 8 was a £2.219m reduction in the adverse position of £4.452m reported at quarter 2 and forecasted the impact of, as previously reported, the management actions that had been strengthened across all service areas to review and challenge planned expenditure, control recruitment and to maximise income. It was therefore anticipated that by the year end, the outturn deficit position should reduce further and that this would be demonstrated in the final monitoring report which will be presented to Cabinet at month 9.

Information on the Month 8 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report.

Against a generally improving position, the DSG was now forecasting an in-year surplus of £3.287m (£3.215m at quarter 2), which had reversed the deficit brought forward leaving a forecast year end surplus of £0.514m (£0.442m at quarter 2). Action would continue to 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 was forecasting an in-year surplus of £0.060m which in turn contributed to an estimated surplus of £4.179m being carried forward into 2023/24. The Collection Fund had been particularly volatile largely as a result of COVID-19. Whilst it was currently in a surplus position, it will continue to be closely monitored for the remainder of the year as any surplus or deficit at the end of the financial year will have a direct impact in 2023/24.

#### Capital Position

The report outlined the most up to date capital spending position for 2022/23 to 2027/28 for approved schemes. The revised capital programme budget for 2022/23 was £59.113m at the close of month 8, a net decrease of £41.135 from the original budget of £100.248m. Actual expenditure to 30 September 2022 was £29.531m (49.96% of the forecast outturn).

It was likely that the forecast position would continue to change as the year drew to a close with additional re-profiling into future years.

The Month 8 Revenue Monitor and the Capital Investment Programme 2022/23 report was presented to the Policy Overview and Scrutiny Committee on 26 January 2023 to accompany the suite of 2023/24 budget reports. The Committee was content to note the report and commend it to Cabinet for approval.

#### Options/alternatives considered

Option 1 – To approve the forecast revenue and capital positions presented in the report including proposed changes

Option 2 - To approve some of the forecasts and changes included in the report

Option 3 – Not to approve any of the forecasts and changes included in the report

#### RESOLVED – That:

1. The forecast revenue outturn for 2022/23 at Month 8 being a £2.233m adverse variance having regard to the action being taken to manage expenditure be approved.
2. The Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund be approved.
3. The revised capital programme for 2022/23 and the forecast for the financial years to 2027/28 as at Month 8 be approved.

8

#### **REVENUE BUDGET 2023/24 AND 2024/25 AND MEDIUM TERM FINANCIAL STRATEGY 2023/24 TO 2027/28**

Consideration was given to a report of the Director of Finance which provided Cabinet with the budget reduction requirement and the Administration's budget proposals for 2023/24 and a forecast of the 2024/25 position having regard to the Provisional Local Government Finance Settlement (PLGFS) published on 19 December 2022. The report also presented the financial forecasts for the remainder of the Medium Term Financial Strategy (MTFS) period 2025/26, 2026/27 and 2027/28.

A version of the Revenue Budget 2023/24 and 2024/25 and Medium Term Financial Strategy 2023/24 to 2027/28 was presented to the Policy Overview and Scrutiny Committee (POSC) on 26 January 2023. The Committee scrutinised the report and the other reports on the agenda that form a core part of the Council's strategic financial planning framework.

This report included the latest financial information and updates the financial position presented to and approved by Cabinet on 12 December 2022 using information from the PLGFS published on 19 December 2022 and the month 8 financial monitoring forecasts. It also provides a commentary on the changes from the position presented to the POSC on 26 January 2023.

The changes compared to the POSC report relate primarily to the recalculation of the Business Rates Tax Base and Grant in Lieu of Business Rates as a result of the submission to Government of a statutory return, the NNDR1.

Section 1 presented an introduction to the report and explained the report format.

Section 2 set out the key Council Policies and Strategies including the Co-operative Council Values, Corporate Plan, Constitution and Rules of Procedure, as the framework within which the Budget has been prepared.

Section 3 presented the Local Government Finance developments which had an impact on 2023/24 and future years budgets. It also highlighted the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code and a commentary on financial resilience, all of which were of importance when considering the Council's financial standing in the context of budget setting for 2023/24 and future years.

Section 4 presented the Local Government Finance Policy Statement 2023/24 and 2024/25 which set out the Government's intentions to assist financial planning for Councils. It confirmed the PLGFS for both 2023/24 and 2024/25 would be single year Settlements and that reforms to redistribute funds such as the Review of Relative Needs and Resources (Fair Funding Review) would not progress until 2025/26 at the earliest.

Section 5 detailed the impact of the 2023/24 PLGFS which was the fifth consecutive one-year Settlement. This included key information in relation to overall funding levels, Council Tax referendum limits and grants for 2023/24.

Section 6 presented the 2022/23 revised budget and year end forecasts. The starting point for preparing the 2023/24 revenue budget estimates was the underlying base budget of £250.517m. The 2022/23 revenue budget forecast outturn position highlighted a current unfavourable projected variance for 2022/23 of £2.233m but the commentary advised that this may be improved by the continuation of management action to control expenditure in year. The month 6 monitoring position was used to inform key budget pressures in the budget update report presented to Cabinet on 12 December 2022. The month 8 position highlighted some further issues that have now been included in the 2023/24 budget and also informed the position reported to the POSC on 26 January 2023.



Sections 7 to 9 set out how the expenditure pressures that contribute to the budget gap had been determined since the update to Cabinet on 12 December 2022.

- Section 7 summarised the revisions to the estimates since the budget gap of £27.975m for 2023/24 and £14.575m for 2024/25 was presented to Cabinet on 12 December 2022. It highlighted that a direct comparison would show a budget gap of £19.258m for 2023/24 and £10.157m for 2024/25. These budget gaps represent the position after the use of some reserves. In order to allow budget reductions and the total use of reserves to be the final element in balancing the budget, the forecast net gap/budget reduction requirement before the use of reserves of £27.993m was being used as the starting position from which the 2023/24 budget would be balanced, with £14.254m used as the starting position for the final changes to the 2024/25 budget (as illustrated at Table 7). This was lower than the £29.276m position for

2023/24 reported to the POSC in January 2023 primarily because of the recalculation of the Business Rates Tax Base as described at 12.9 and 12.10.

- Section 8 presented a range of expenditure pressures that contributed to the budget gap. In total they contributed £45.913m to the 2023/24 position, a change of only £1.193m compared to the position reported in both December 2022 and January 2023. The expenditure pressures for 2024/25 were projected at £14.697m. The main pressures arose from pay, energy, contractual and service inflation and demand for both Adults and Children's Social Care service provision.

- Section 9 set out the forecast impact of the payment of levies and contributions to the Greater Manchester Combined Authority (GMCA) and a levy to the Environment Agency (EA). It showed an increase in expenditure of £1.939m in the 2023/24 budget forecast compared to the December 2022 position (and an increase of £0.014m compared to position reported to the POSC meeting) but advised that £1.044m of reserve resources refunded to the Council by GMCA in 2022/23 could be used to offset some of this increase. The final levies position would be confirmed on 10 February 2023.

Sections 10 and 11 presented the impact of the PLGFS announced on 19 December 2022 and income related adjustments to the estimates. In this regard:

- Section 10 provided a commentary on the unringfenced grants announced by or derived from the PLGFS. A summary of all grants notified or anticipated as included in the PLGFS totalled £108.235m which was £3.302m higher than the forecast previously presented to Cabinet and £0.293m higher than the forecast presented to the POSC due to an increase in Grant in Lieu of Business Rates.

- Section 11 outlined the main ringfenced grants that must be used in accordance with specific guidance but nonetheless help the Council deliver its services. Two specific Adult Social Care grants were detailed in this section and this funding has been used as a contribution to support the Council's 2023/24 and 2024/25 budgets. The funding available from these grants in 2023/24 has increased by £0.748m compared to the position reported in December 2022.



Section 12 set out how the Locally Generated Income from both Business Rates and Council Tax will support the Council budget. The PLGFS confirmed referendum limits for a general purpose Council Tax increase of up to 3% each year from April 2023 without the need to hold a referendum. In addition the threshold for Adult Social Care Precept (ASCP) increases to a maximum of 2% each year from April 2023. There remained a requirement to evidence that the funds generated from this precept are used for Adult Social Care expenditure. A referendum is required if proposed Council Tax increases exceed 4.99%.

- Paragraphs 12.3 to 12.13 set out the income to support the budget from Retained Business Rates and how this helps to reduce the level of budget reductions required. In total, Retained Business Rates income had increased to £53.683m. This final position (the Business Rates Tax Base) has been calculated after the completion of the Government return (the NNDR1) in time for its submission by the statutory deadline (31 January 2023). Cabinet of 23 January 2023 agreed that the final Business Rates Tax Base could be amended under delegated authority on completion of the NNDR1. There was a general uplift but most of the increase (£4.835m) related to confirmation in the PLGFS that the piloting of 100% Business Rates Retention will continue into 2023/24. The Council would take the benefit of a pilot scheme gain of £3.626m with the GMCA receiving part of this increase in Business Rates Income of £1.209m.

- Paragraphs 12.17 to 12.48 presented the Council Tax position for 2023/24. It advised that:
  - o The Council Tax Tax Base was 58,500 which is no change from the position previously assumed.
  - o Council Tax policy was revised (subject to confirmation at Budget Council on 1 March 2023) so that rather than only a 1.99% general purposes Council Tax increase, the proposed approach is to introduce a 2% increase for the Adult Social Care Precept.
  - o An increase of 3.99% would not require a Council Tax referendum as it would be within the referendum criteria issued by the Government in the PLGFS.
  - o The Council proposed to remove the Council Tax Empty Property Discount and increase the Empty Property Premium.
  - o Total Council Tax to be generated for use by the Council based on the Tax Base and the 3.99% increase is £108.995m in 2023/24.
  - o The Greater Manchester Police and Crime Commissioner precept was confirmed on 26 January 2023 with an increase of £15 for a Band D Council Tax.
  - o The Greater Manchester Mayoral General Precept (including Fire Services) will be confirmed on 10 February 2023.
  - o Shaw and Crompton Parish Council agreed its precept on 13 December 2022 and confirmed figures are presented in the report. Saddleworth Parish Council will agree their precept on 6 February 2023 and as such no change has been assumed. The detailed Council Tax charges (subject to confirmation) are presented at Appendix 3.

Section 13 outlined the impact of Collection Fund (the ringfenced account within which Council Tax and Business Rates were managed). The 2022/23 Collection Fund forecast outturn projection as outlined in the month 8 financial monitoring report produced a net surplus of £4.179m of which £4.130m was Oldham Council's share and would be available to support the 2023/24 revenue budget.

Section 14 outlined the review of previously approved 2023/24 and 2024/25 Budget Reductions agreed in the 2021/22 and 2022/23 Revenue Budget Reports and advised that there has been some reprofiling of anticipated benefits.

Section 15 outlined the proposal to use capital receipts flexibly to finance expenditure leading to transformation in the sum of £2.600m for 2023/24 and a further £2.600m in 2024/25.

Section 16 detailed the revision to estimates for the financial years 2023/24 to 2024/25 compared to the position previously reported to Cabinet on the 12 December 2022 and the POSC in January. This presented a revised budget reduction requirement (before the use of reserves) of £27.993m for 2023/24 and £14.254m for 2024/25.

Having regard to the proposed increase in Council Tax, Section 17 presented the Administration's approach to balancing the budget for 2023/24 via the budget reduction process. There are a total of 45 proposals presented in accordance with Political Portfolios. These were expected to deliver savings totalling £16.313m and have an FTE impact of 7 in 2023/24. The proposals also had an impact on 2024/25 of £7.575m (and a further £1.135m in 2025/26). All the proposals were presented in summary at Appendix 6 and in detail at Appendix 7.

Assuming approval of the 2023/24 budget reduction proposals and taking into account the impact of one-off budget reduction proposals, the budget reduction requirement for 2023/24 reduced to £11.680m and 2024/25 to £11.479m.

Section 18 advised how the budget for 2023/24 is balanced and the final position for 2024/25 as follows:

- The first step in balancing 2023/24 was however, to increase the budget gap by introducing a contribution to reserves in 2023/24 of £1.209m, payable to the GMCA in relation to 100% Business Rates Pilot scheme Gain.
- This increased the budget gap to £12.889m which was then balanced by the use of:
  - o £6.000m general reserves (approved as part of the 2022/23 budget);
  - o £2.900m of earmarked reserves as approved at Cabinet on 12 December 2022 to pump prime initiatives in Children's Social Care;
  - o £1.044m of reserves created from resource returned by the GMCA in 2022/23; and
  - o Additional general reserves of £2.945m to balance the 2023/24 budget.
- After all the budget adjustments and impact of the use of reserves to balance 2023/24, there remained a budget gap still to be addressed of £10.327m for 2024/25.

Section 19 presents the expected level of reserves at the end of 2022/23 at £78.555m and how they support the 2023/24 budget including the balancing budget reserve for 2023/24.

Section 20 presents the Statement of Robustness, a requirement under Section 25 of the Local Government Finance Act 2003 which is the assurance by the Director of Finance on the robustness of the estimates used for the purposes of the revenue budget calculations and the adequacy of proposed reserves and balances. Balances are recommended at £20.012m. The Director of Finance was able to provide Members with the necessary assurances. A more detailed commentary was provided at Appendix 10.

Section 21 set out the proposed fees and charges for the financial year 2023/24 with a full schedule provided at Appendix 11.

Section 22 and 23 set out the Medium Term Financial Strategy covering the financial years 2024/25 to 2027/28 including the plans for the transformation programme that would deliver the savings required to balance the budgets in future years.

Section 24 set out the Council's Pay Policy Statement in accordance with the requirements of Section 38 to 43 of the Localism Act 2011, which required full Council approval. The detailed statement is provided at Appendix 13.

6

Sections 25 to the end of the report included options to consider, consultation comments and Legal and Procurement comments in accordance with standard practice. Appendix 14 presented an interim analysis of the results of the public consultation.

As advised above, the Revenue Budget 2023/24 and 2024/25 and Medium Term Financial Strategy 2023/24 to 2027/28 was presented to the POSC on 26 January 2023 based on the information available at that time. The Committee scrutinised the report and the other reports on the agenda that form a core part of the Council's strategic financial planning framework.

The Committee considered in detail the Administration's 45 budget reduction proposals for 2022/23 and was content to commend to Cabinet at a value of £16.313m in 2023/24, £7.575m for 2024/25 and a further £1.135m in 2025/26. The Committee was also content with all other aspects of the report, including the proposed changes to fees and charges and therefore commended it to Cabinet.

At the time of preparing this report, the one major announcement awaited was the Final Local Government Finance Settlement. Once this was received, its impact would be incorporated into the version of the Revenue Budget 2023/24 and 2024/25 and Medium Term Financial Strategy 2023/24 to 2027/28 report to be presented to Council on 1 March 2023.

#### Options/alternatives considered

Option 1 – Cabinet accepts the 2023/24 Council Tax and ASCP increases, the 2023/24 and 2024/25 budget assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 5.

Option 2 – Cabinet proposes amendments to the financial forecasts which will change the resulting budget reduction requirement.

Option 3 – Cabinet approves and commends to Council all the 2023/24 and 2024/25 budget proposals included in this report and the approach to the use of reserves and balances.



Option 4 – Cabinet approves the fees and charges for 2023/24 as set out at Appendix 11 of the report.

Option 5 – Cabinet approves the revisions to the Council Tax Empty Property Discount and Council Tax Empty Property Premium.

Option 6 – Cabinet agrees to the delegation of decision making with regard to the pre-payment of pension contributions to the GMPF and the design of the grant allocation scheme for the Household Support Fund and the Council Tax Support Fund.

Option 7 - Cabinet requests that further work is undertaken on some or all of the budget proposals and fees and charges and the approach to balancing the budget and that Cabinet considers a revised position.

RESOLVED – That:

1. The policy landscape and context in which the Council is setting its revenue budget for 2023/24; be approved and commended to Council.
2. The financial forecasts for 2023/24 and 2024/25 having regard to the Provisional Local Government Finance Settlement and associated funding announcements be approved and commended to Council.
3. Revisions to Budget Reductions approved in 2021/22 and 2022/23 resulting in a value of £3.655m for 2023/24 and £5.700m for 2024/25; be approved and commended to Council.
4. The Flexible Use of Capital Receipts at a value of £2.600m for 2023/24 and 2024/25 be approved and commended to Council.
5. A proposed overall 2023/24 Council Tax increase of 3.99% for Oldham Council services (1.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges at Band D set out at Table 16 of the report and the detailed charges at Appendix 3; be approved and commended to Council.
6. The 2023/24 Budget Reduction proposals at a value of £16.313m with a further £7.575m for 2024/25 and £1.135m for 2025/26; be approved and commended to Council.
7. The proposed use of £12.889m of reserves to balance the 2023/24 budget and a transfer to reserves of £1.209m for Retained Business Rates; be approved and commended to Council.
8. The proposal to draw on the Collection Fund for major preceptors of £129.543m for Borough Wide services and £108.995m for Council services (subject to confirmation) be approved and commended to Council.
9. The proposed net revenue expenditure budget for 2023/24 for the Council set at £287.041m be approved and commended to Council.
10. The proposed fees and charges as set out in the schedule included at Appendix 11; be approved and commended to Council.
11. The proposed revisions to the Council Tax Empty Property Discount (paragraph 12.37) and Council Tax

- Empty Property Premium (paragraph 12.39) be approved and commended to Council.
12. The level of balances supporting the 2023/24 budget of £20.012m underpinned by the agreed policy on Earmarked Reserves; be approved and commended to Council.
  13. The Pay Policy Statement included at Appendix 13 be approved and commended to Council.
  14. The delegation to the Director of Finance in consultation with the Cabinet Member for Finance and Low Carbon to make a final decision on the feasibility of a pensions pre-payment if it represents value for money to the Council (Section 8.2-o); be approved and commended to Council.
  15. The delegation of the determination of the Council's approach to the Household Support Fund to the Director of Finance in consultation with the Cabinet Member for Finance and Low Carbon (Section 11.15) be approved and commended to Council.
  16. The delegation of the determination of the Council's approach to the Council Tax Support Fund and the associated discretionary fund to the Director of Finance in consultation with the Cabinet Member for Finance and Low Carbon (Section 11.18) be approved and commended to Council.

9

## **COUNCIL TAX REDUCTION SCHEME 2023/24**

Consideration was given to a report of the Director of Finance which presented to Cabinet the proposed Council Tax Reduction Scheme for 2023/24 prior to its consideration by full Council on 1 March 2023.

There is a requirement to have a local Council Tax Reduction (CTR) scheme to support residents of working age on a low income who qualify for assistance in paying Council Tax. The Local Government Finance Act 2012 places a requirement that each year a Billing Authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2023/24 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2023. For Oldham, this required the Council to agree a revised 2023/24 scheme at the 1 March 2023 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors (for Oldham this is the Greater Manchester Combined Authority), and with the public.

The scheme for those of pensionable age was set by the Government and cannot be changed.

A major consultation exercise has not been undertaken regarding changes to the CTR scheme and the Greater Manchester Combined Authority has been provisionally advised that no change to the scheme was proposed.

In this regard, the proposal that the CTR scheme for 2023/24 remained the same as that operating in 2022/23 was presented to the Policy Overview and Scrutiny Committee on 26 January 2023 as part of the suite of documents that presented the proposed revenue, capital and Housing Revenue Account budgets for 2023/24. After scrutinising the proposal, the Select

Committee was content to accept the proposed approach to the 2023/24 CTR scheme and commend this to Cabinet.

In taking this decision, the Select Committee was aware that the Council has provided further relief to CTR claimants via the Household Support Fund, its response to the Cost of Living Crisis, together with other initiatives funded from Council resources. In addition, announced within the Provisional Local Government Finance Settlement on 19 December 2022 was a new Council Tax Support Fund of £100m nationally for 2023/24. The Government expected Local Authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with Council Tax bills and a local scheme would be prepared to ensure the maximum benefit to Oldham residents. On 23 December 2022 it was announced that Oldham's allocation for this ringfenced grant is £0.573m.

Another important factor when considering a change to the CTR scheme was that the full roll out of Universal Credit (UC) was not yet completed and this added further uncertainty when assessing the likely impact of changes to CTR relief.

The Government had recently delayed the full UC roll out to 2028, but as Oldham was a pilot Authority for the scheme, the movement to the new regime within the borough was more advanced than many other areas.

Options considered in this report were leaving the scheme unchanged, increasing the maximum relief by 2.5% and reducing maximum relief by 2.5%. A 2.5% change in the relief impacts the overall Council tax collected by some £0.356m but had a marginal impact upon CTR claimants (increasing/reducing the benefit per resident by £0.68 per week).

In view of the continued uncertainty concerning Universal Credit and the marginal impact of any practical change to the CTR scheme at this stage, it was recommended that the Cabinet proposes that Council maintains the current CTR scheme during 2023/24. This would provide continuity about entitlement to those residents on the lowest incomes and allow time for the impact of the roll out of UC to become clearer.

#### Options/alternatives considered

Option 1 - Maintain the current 85% of a Band A maximum scheme The current scheme limits the maximum CTR award to 85% of Council Tax for a Band A property. The scheme was understood and established in Oldham. This scheme required a minimum payment towards Council Tax for all those of working age. Oldham's scheme requires a minimum payment of 15% of a Band A Council Tax charge. The payments made by eligible households in properties from Bands B to H are therefore reduced by a maximum of £1,202.99 (the difference between the Band A charge and the minimum payment).

Option 2 -Increase the maximum support to 87.5% of a Band A Rate of Council Tax At current levels of CTR claimants, increasing the maximum discount by 2.5% to 87.5% would reduce the Council Tax collected by approximately £0.356m (of which the Council's share would be £0.285m). This would be on

top of the reduction identified in the report due to the lowered Council's Tax Base. However, as identified above, the CTR scheme is demand led and the financial impact would be much higher if the number of claimants should increase significantly. Option 3 - Reducing the maximum support to 82.5% of a Band A Rate of Council Tax Increasing the Council Tax charge by reducing the support available for those in receipt of Council Tax Reduction had been a common approach taken by Local Authorities since 2013. Many of those with high minimum payments also have cut CTR in other ways e.g. removing earnings disregards. The Council may wish to reduce the level of maximum support offered to counteract any rising costs of the scheme as a result of increases in caseload.

For Oldham, based on the 2022/23 position, Council Tax income would potentially increase in 2023/24 by £0.356m for a 2.5% reduction in Council Tax support assuming a collection rate of 80%. Oldham's share of this income would be £0.240m, once the Greater Manchester Combined Authority (GMCA) has received its share for the Mayoral Police and Crime Commissioner precept and Mayoral General Services precept including Fire Services.

It was important to note that an increase in minimum payments can impact collection levels and result in Council Tax becoming a more regressive tax for residents in receipt of low incomes than for those on higher incomes. An increase in Council Tax for those on low incomes at a time when the cost of living is increasing will have a detrimental impact on the local economy and the availability of jobs.

RESOLVED – That Cabinet approved and commended to Council the proposal to keep the Council Tax Reduction Scheme unchanged in 2023/24.

10

## **CAPITAL STRATEGY AND CAPITAL PROGRAMME 2023/24 TO 2027/28**

Consideration was given to report of the Director of Finance which set out the Capital Strategy for 2023/24 to 2027/28 and thereby the proposed 2023/24 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2024/25 to 2027/28, having regard to the resources available over the life of the programme. The Council's Capital Strategy and capital programme were set over a five year timeframe. The proposed Capital Strategy and programme for 2023/24 to 2027/28 took the essential elements of the 2022/23 to 2026/27 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2023/24.

The Strategy included a longer-term vision, a forward look at those projects that were likely to run beyond the five year strategy and programme period or be initiated subsequently. This covered a timeframe for the 10 years from 2028/29 to 2037/38.

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

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

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

The Strategy was aligned with the Creating a Better Place programme which was focused on building more homes for the borough's residents, creating new jobs through regeneration. This also incorporated the Medium-Term Property Strategy and Housing Strategy and aimed to deliver its ambition in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.

Section 1 of the Capital Strategy highlighted the aims of the Capital Strategy and its links to the Council's Corporate Plan and the Oldham Plan (Our Future Oldham). This section of the report also describes more fully the Creating a Better Place programme (encompassing the Medium-Term Property Strategy and Housing Strategy) which is a significant element of the Council's planned Capital Expenditure over the five-year period 2023/24 to 2027/28.

Annex C of Appendix 1 sets out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2023/24 to 2027/28.

The Strategy also advises that the Council is proposing to continue the use the flexibility provided by the Government to use capital receipts to fund the revenue cost of transformation. The 2023/24 revenue budget would rely on up to £2.600m of such funding from capital receipts.

The 2022/23 month 8 capital monitoring position presented alongside this report included expenditure projections that were a key determinant of the 2023/24 programme. As many schemes span more than one year, the anticipated level of reprofiling between years sets the underlying position.

The projected outturn spending position for 2022/23 is £59.113m. The Place and Economic Growth Directorate which managed all of the major regeneration projects, constituted the main area of expenditure. Grants and Other Contributions (£37.327m) followed by Prudential Borrowing provide the main source of financing (£15.533m).

Actual expenditure to 30 November 2022 was £29.531m (49.96% of the forecast outturn). This spending profile was in line with that in previous years, however the position would be kept under review and budgets would continue to be managed in accordance with forecasts.

#### Capital Programme 2023/24 to 2027/28

The Council had set out its capital programme for the period 2023/24 to 2027/28 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy had been influenced by the level of resources considered available. The level of prudential borrowing included reflected the financing available in the revenue budget, capital receipts align with



forecasts and grant funding and other contributions were based on already notified allocations or best estimates at time of preparation. If additional resources became available, projects that met the Council's strategic capital objectives would be brought forward for approval.

As at the month 8 capital monitoring position, the anticipated expenditure over the five year life of the 2022/23 to 2026/27 strategy was £380.019m, taking 2022/23 aside (£59.113m) leaving £320.906m for the remainder of the approved 2023/24 to 2026/27 capital programme. Following the refresh of existing strategies and the Creating a Better Place programme, and moving forward the planning period by one year, the Capital Strategy for 2023/24 to 2027/28 total was £325.460m.

The capital programme included proposed expenditure for 2023/24 of £110.305m of which £83.936m, is the largest area of expenditure being on regeneration, transport and infrastructure projects within Place and Economic Growth Directorate. Total expenditure increases/decrease to £108.378m, £46.661m, £55.562m and £4.554m in 2024/25, 2025/26, 2026/27 and 2027/28 respectively.

The Government was continuing to provide significant levels of grant funding. The main sources of Capital grant income are the Levelling Up Fund £20.000m, Towns Fund at £11.266m, along with Education-related Basic Need Capital grant provision of £4.662m over the life of the programme. There are also considerable resources allocated to the Council via the Greater Manchester Combined Authority (GMCA) including the Mayors Cycling and Walking Challenge Fund (£10.232m), City Region Sustainable Travel Settlement (£4.470m) and estimated Local Transport Programme - Highway Maintenance Grant totals £17.986m over the strategy period.

The grant funding provided by Government could be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy. The majority of capital Government Grant funding is un-ringfenced. Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2023/24 capital programme relies on £29.696m of ringfenced and £10.853m of un-ringfenced grants.

As in previous years, a major source of financing remains prudential borrowing. The amount required in 2023/24 (£61.186m) included borrowing attributed to schemes that have slipped from prior years as well as new borrowing associated with the regeneration programme. The timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

#### On-going Review of the Capital Programme

There will be a continued review of capital spending requirements as the Council has further regeneration ambitions, but affordability and deliverability will be a key consideration in this regard. It was, however, possible that the capital position may change prior to the start of 2023/24 and during the year as:

- The outcome of specific grant bids may be announced during the last quarter of 2022/23.
- The outcome of specific grant bids will be announced during 2023/24.

- It is also likely that there will be new initiatives announced in 2023/24.
  - There may also be the opportunity to bid for additional funding.
  - The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.
- Therefore, the overall capital programme position would be kept under review and any new information regarding funding allocations will be presented to Members in future reports.

#### Consultation

There has been consultation with the Members of the Capital Investment Programme Board on the proposed Capital Strategy and Capital Programme for 2023/24 to 2027/28. The consideration of the proposed Capital Strategy and Capital Programme for 2023/24 to 2027/28 by the Policy Overview and Scrutiny Committee on 26 January 2023 was a key element of the consultation process. The Committee was content to commend the report to Cabinet.

#### Option/alternatives considered

Option 1 - Cabinet accepts the proposed Capital Strategy and Capital Programme for 2023/24 to 2027/28

Option 2 - Cabinet suggests an alternative approach to capital investment for 2023/24 to 2027/28, including the revision of capital priority areas.

#### RESOLVED – That:

1. The Capital Strategy for 2023/24 to 2027/28 at Appendix 1 of this report and summarised at section 2.1 of the report be approved and commended to Council.
2. The capital programme for 2023/24 and indicative programmes for 2024/25 to 2027/28 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of this report. of the report be approved and commended to Council.
3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1 of the report of the report be approved and commended to Council.

11

### **TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24**

Consideration was given to a report of the Director of Finance which sought to present to Cabinet, the strategy for 2023/24 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The report outlined the Treasury Management Strategy for 2023/24 including the Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Council was required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable. It was also required to produce an annual Treasury Strategy for borrowing and to

prepare an Annual Investment Strategy setting out the Council's policies for managing its investments and for giving priority to security and liquidity of those investments.

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

The Strategy for 2023/24 covers two main areas.

1) Capital Issues:

- The Capital expenditure plans and the associated Prudential Indicators

- The Minimum Revenue Provision (MRP) Policy Statement

2) Treasury Management Issues:

- The Current Treasury Position

- Treasury Indicators which limit the treasury risk and activities of the Council

- Prospects for Interest Rates

- The Borrowing Strategy

- The Policy on Borrowing in Advance of Need

- Debt Rescheduling

- The Investment Strategy

- The Creditworthiness Policy

- The Policy regarding the use of external service providers.

The report therefore outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and made recommendations with regard to the Treasury Management Strategy for 2023/24.

The report included the most recently available economic background commentary which reflected the position at 22 December 2022.

The Audit Committee, the body charged with reviewing Treasury Management activities and considered the proposed 2023/24 Treasury Management Strategy report at its meeting on 16 January 2023. It was also presented to the Policy Overview and Scrutiny Committee on 26 January 2023. Both the Audit Committee and the Policy Overview and Scrutiny Committee were content to commend the report to Cabinet and Council.

Options/alternatives considered

In order to comply with the CIPFA Code of Practice on Treasury Management, Cabinet has no option other than to consider and approve the content of this report. Therefore, no options/alternatives have been presented.

RESOLVED – That:

1. Capital Expenditure Estimates as per paragraph 2.1.2; of the report are approved and commended to Council.
2. The MRP policy and method of calculation as per Appendix 1 of the report are approved and commended to Council.
3. The Capital Financing Requirement (CFR) Projections as per paragraph 2.2.3 of the report are approved and commended to Council.
4. The Projected treasury position as at 31 March 2023 as per paragraph 2.4.3 of the report is approved and commended to Council.

5. The Treasury Limits as per section 2.5 of the report are approved and commended to Council.
6. The Borrowing Strategy for 2023/24 as per section 2.7 of the report is approved and commended to Council.
7. The Annual Investment Strategy as per section 2.11 including risk management and the creditworthiness policy at section 2.12 of the report is approved and commended to Council.
8. The level of investment in specified and non-specified investments detailed at Appendix 5 of the report is approved and commended to Council.

12

## **HOUSING REVENUE ACCOUNT ESTIMATES FOR 2023/24 TO 2027/28 AND PROPOSED OUTTURN FOR 2022/23**

Consideration was given to a report of the Director of Finance which set out for the Housing Revenue Account (HRA), the detailed budget estimates for 2023/24, the strategic estimates for the four years 2024/25 through to 2027/28 and outturn estimate for 2022/23. The report also set out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2023.

The report sets out the HRA 2023/24 proposed original budget and the forecast outturn for 2022/23. The opportunity was also taken to present the provisional strategic budgets for 2024/25 through to 2027/28.

HRA activities were a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aimed to provide a diverse Oldham housing offer that was attractive and met the needs of different sections of the population at different stages of their lives.

After taking all relevant issues into account, the projected financial position for 2022/23 was estimated to be a £1.796m positive variance when compared to the original budget forecast for 2022/23 approved at the Budget Council meeting, 2 March 2022.

Of this variance, £0.570m was attributable to a lower than anticipated brought forward balance from 2021/22 with this being offset by £2.366m owing to the cessation of previously planned HRA funded capital schemes. The estimated balance at the end of 2022/23 was projected to be £22.279m.

The closing financial position for 2023/24 showed an estimated HRA closing balance of £20.852m which was sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2023/24 position had been presented after allowing for an increase in dwelling rents of 5%, an increase in non-dwelling rents in line with individual contracts, a nominal increase of 2% on service charges and the setting of Extra Care Housing concierge charges to fully recover costs.

As part of the Autumn Statement, the Government announced plans to cap social housing rents at 7% for 2022/23. Previous policy guidance for the period 2020-2025 was that all rents were to be calculated based on a maximum of the Consumer Prices Index (CPI) rate at September of the preceding year plus 1%.  
The Department for Levelling Up, Communities

and Housing (DLUHC) had since confirmed that due to the majority of Oldham's HRA estate being contained within two Private Finance Initiative (PFI) schemes the Council is exempt from the social housing rent cap. Despite this, Oldham Council recognised the impact on tenants that a rent increase of 11.1% would bring. Therefore, Oldham's projections for the 2023/24 budget had been set assuming rental increases of just 5% which was 6.1% lower than if it were to follow the maximum uplift (September 2021 CPI rate being 10.1% plus 1%). The Council had opted to propose this reduced rate given the current healthy levels of HRA balances and the on-going pressures, including inflation, on household incomes. The financial projections for the HRA over the period 2022/23 to 2027/28 showed an overall reduction in the level of balances from £21.721m at the start of 2022/23 to £16.253m at the end of 2027/28. HRA resources would be used to support several capital projects including the development of several sheltered housing sites and further works on green projects. The HRA detailed budget for 2023/24 and strategic estimates for the four years 2024/25 to 2027/28 and the outturn estimate for 2022/23 were presented to the Policy Overview and Scrutiny Committee on 26 January 2023. The Committee was content to commend the report to Cabinet without amendment.

#### Options/alternatives considered

For the Council to comply with legislative requirements, it must consider and approve a budget for the HRA for 2023/24.

Three options regarding rent levels were presented.

Option 1 - Proposed rent increase of 11.1%

Option 2 - Proposed rent increase of 5%

Option 3 - Rents are frozen for 2023/24.

#### RESOLVED – That:

1. The Forecast HRA outturn for 2022/23 (as per Appendix A) of the report be approved and commended to Council.
2. The proposed HRA budget for 2023/24 (as per Appendix B) of the report be approved and commended to Council.
3. The strategic estimates for 2023/24 to 2027/28 (as per Appendix D) of the report be approved and commended to Council.
4. Proposed increase to dwelling rents for all properties of 5%.be approved and commended to Council.
5. Proposed increase to non-dwelling rents as per individual contracts be approved and commended to Council.
6. The proposal that service charges are increased by 2%.be approved and commended to Council.
7. The proposal to set Extra Care Housing concierge charges to fully recover actual costs.be approved and commended to Council.

#### **ROYTON TOWN HALL & LIBRARY**

Consideration was given to a report of the Executive Director, Place and Economic Growth which sought approval of refurbishment works, increased costs and appointment of contractors in relation to the Royton Town Hall and Library buildings.



Royton Town Hall and library were important community buildings with historic value, which had been prioritised for investment to support better use of the space for community use.

Following engagement with the local community, ward members, and local organisations including the Royton Historic Society, this project would ensure the building can be refurbished:

- to protect and enhance the original features and architecture,
- to improve accessibility for all users (especially those with physical disabilities),
- to ensure it is a friendly and welcoming building, and
- to accommodate more community activities, including a refurbished library and a new customer service area for easier access to council services (place-based service delivery hub).

This report provided an update on the project and the associated costs following the completion of the procurement process within a difficult construction market and ongoing inflationary pressures.

This decision is urgent is due to the preferred bidder holding a fixed price for acceptance until 24th February 2023. Following standard tender review and due diligence procedures, this report sought approval to enter into contract with the preferred bidder and draw down funds from the capital programme to deliver the works.

#### Options/alternatives considered

Option 1 – Do Nothing: Whilst the project had already started on site with the demolition of the extension buildings, further works would be required to secure the building and make good the rear of the building. These works would still need costing and delivering, but the outcome would be a continued derelict Town Hall building and limited community use in the Library building. The opportunity to renovate both buildings for enhanced community use would be lost.

Option 2 – Approve the appointment of a contractor to proceed with the refurbishment of the buildings, and approve the additional funds required to complete the works as originally intended. This would strengthen the library offer, provide a new customer service offer in the Library building and would bring the Town Hall building back into community use with enhanced, and disability friendly public facilities.

RESOLVED- That the Cabinet would consider the commercially sensitive information contained at Item 15 of the agenda before making a decision.

14

#### **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.

**ROYTON TOWN HALL & LIBRARY**

Consideration was given to the commercially sensitive information in relation to Item 13 Royton Town Hall.

**RESOLVED – That:**

1. The refurbishment works as set out in this report approved.
2. The increased project cost caused by the national impact of inflation on materials and construction services be noted.
3. The additional funding needed to deliver the project be approved.
4. The appointment of the successful contractor following the completion of the tender process be approved.
5. Approval be given for the contractual, financial and project delivery to be delegated to the Executive Director of Place and Growth in consultation with the Cabinet Member for Finance and Low Carbon.

The meeting started at 6.00pm and finished at 6.32pm