

**Report to the Overview and Scrutiny Performance and Value  
for Money Select Committee**

**Revenue Budget 2019/20 and Medium Term  
Financial Strategy 2019/20 to 2023/24**

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**Reason for Decision**

To provide the Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee with the forecast budget gap and the Administration's budget proposals for 2019/20 together with forecast budget gap estimates for the period 2020/21 to 2023/24 having regard to the Provisional Local Government Finance Settlement published on 13 December 2018.

**Executive Summary**

This report sets out proposals for the Council's Revenue Budget for 2019/20 and Medium Term Financial Strategy for 2019/20 to 2021/22. The report advises Members of the key financial challenges and issues which will be faced by the Council over the forecast period and sets out the Administration's revenue budget proposals for 2019/20 together with updated budget gap estimates for the period 2020/21 to 2023/24.

The report presents the national and regional policy landscape within which the Council operates. It summarises:

- The UK's economic outlook published alongside the Chancellor's Autumn Budget Statement;
- Key aspects of the Local Government finance system including developments surrounding the Government's Fair Funding review and Business Rates retention

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including the Greater Manchester 100% Rates Retention Pilot Scheme and proposals for pooling Business Rates for 2019/20;

- National and Regional policies affecting Local Government including Public Sector Pay awards and the National Living Wage, Health and Social Care Devolution, Better Care Fund, Winter Pressures and Social Care Support Grants, Opportunity Area Funding, Homelessness, Adult Education Funding and the GM Spatial Framework; and
- Local strategies and policies relevant to the Medium Term Financial Strategy including the Oldham Plan and Corporate Plan, Capital and Treasury Management Strategies as well as a range of other strategies covering, for example income generation, property, procurement and housing.

The report also highlights policy announcements and implications arising from the Chancellor's Autumn Budget Statement delivered on 29 October 2018 and the Provisional Local Government Finance Settlement (PLGFS) published on 13 December 2018.

The PLGFS and associated announcements confirmed one-off grants announced in the Autumn Budget (Winter Pressures Grant of £1.122m and Social Care Support Grant of £1.917m). No specific additional funding was provided to address rising concerns in relation to ongoing funding for statutory Children's Social Care services, although the Council will use the Social Care grant to support the increased spending requirement in this area. The PLGFS also included £0.013m more grant resources than had been anticipated in the initial budget projections and a £0.978m share of a £180m surplus on the National Rates Levy Account which will be paid in 2018/19 but used to support the 2019/20 budget.

This additional funding has made a contribution towards reducing the Council's budget reduction requirement for 2019/20. However, when looking at the resources available for future years, baseline funding levels and associated top up grant payments are assumed to continue to fall in line with reductions over recent years, leading to challenging targets for 2020/21 and future years.

The PLGFS confirmed referendum limits for general Council Tax increases. The Government will permit rises of 3% per annum for 2019/20 and the Police element of the Mayoral precept can be increased by up to £24 for 2019/20 without triggering a referendum. In addition there is no limit on changes to the Mayoral General Precept (which includes Fire and Rescue Services). The estimates included in the report assume a continuation of current Council Tax policy which allows for a 1.99% general Council Tax increase, which is clearly below the maximum available. Mayoral intentions with regard to the Police and General precept are yet to be notified.

The Government also announced no change to the arrangements for the charging of the Adult Social Care Precept allowing up to a 6% increase in Council Tax (ringfenced for use for Adult Social Care) over the three year period 2017/18 to 2019/20. In line with previously approved policy, the Council will charge a precept of 2% in 2019/20.

The Council's total Council Tax increase for 2019/20 is proposed at 3.99% which is below the referendum limit of 5%.

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Three consultation papers were published alongside the 2019/20 settlement. The consultations seek views on:

- the 2019/20 Provisional Settlement
- reform of the Business Rates Retention system
- a review of Local Authorities' relative needs and resources.

A response on the PLGFS was submitted prior to the deadline of 10 January 2019. There is a longer timeline for responding to the other two consultations and submissions will be made by the due dates.

The starting point for preparing the 2019/20 revenue budget estimates is the Month 8 2018/19 revenue budget forecast outturn position presented elsewhere on the agenda and summarised in Section 6.

Section 7 of the report details key budget adjustments and expenditure pressures underpinning the forecasts that provide the backdrop for the Council's Medium Term Financial Strategy. Key adjustments include:

- £8.031m for Adult Social Care to cover the passporting of Adult Social Care Precept revenues, Improved Better Care Fund (iBCF) grant and the 2019/20 Winter Pressures Grant;
- £4.611m for demand pressures in Children's Services;
- Pay Inflation of £1.884m following a national review of Local Government pay spines;
- £0.878m Contractual Inflation for non-controllable services and contracts;
- £1.100m to provide a continuation of commissioned Early Help services for 2019/20; and
- £1.534m for issues identified through the Council's rigorous budget monitoring processes, together with new business developments

The report also reflects the latest available forecasts for Government Grant income and locally generated income from Retained Business Rates and Council Tax.

Based on the latest estimates, the budget reduction requirement for 2019/20 has increased from the previously reported figure of £17.986m to £22.696m. This increase is due to a range of changes to the estimates which are set out in detail in Section 11 of the report.

Section 12 of the report details the Administration's budget reduction proposals. There are a total of 35 proposals delivering savings of £7.829m in 2019/20. If approved in full, these proposals further reduce the budget reduction requirement to £14.867m for 2019/20.

Section 13 explains the approach to balancing the 2019/20 budget. In order to remove the requirement for further spending reductions, it is proposed to part finance the 2019/20 budget by using the opportunities provided by the ability to use Capital Receipts to support spending on transformational projects up to a value of £3.000m and from an available Collection Fund Surplus of £2.269m. A number of specific and corporate reserves will be used to address the balance as follows:

- £0.250m of reserves approved as part of the budget setting process in 2016/17;
- £0.978m arising from the payment in 2018/19 relating to the National Business Rates Levy Account;

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- £0.500m from gains made from the 2017/18 100% Rates Retention Pilot;
  - £1.218m from gains anticipated from the 2018/19 100% Rates Retention Pilot.
  - £6.652m from Corporate Reserves.

Approval of the proposals set out in this report in full by Budget Council would deliver a balanced revenue budget for 2019/20. The budget reduction requirement for subsequent years is forecast to be £22.883m for 2020/21, £10.889m for 2021/22, £6.859m for 2022/23 and £4.160m for 2023/24.

It is important to note that as the Government has only provided grant funding notifications for 2019/20, the MTFs estimates for 2020/21 to 2023/24 are based on best information currently available and therefore must be considered indicative at this stage. This leaves significant uncertainty and it hinders effective planning by the Council both financially and operationally as future Government funding intentions are difficult to assess. This position and the actions that the Council plans to take to pursue a MTFs are outlined in Section 19 of the report.

Other key sections in the report summarise the forecast reserves and balances position supporting the Council's financial resilience, set out the Administration's proposals in relation to Fees and Charges and detail the Council's Pay Policy Statement (as required by sections 38 to 43 of the Localism Act 2011)

The final section of the report sets out the proposed budget strategy for future years.

## **Recommendations**

That the Overview and Scrutiny PVFM Select Committee considers and comments upon as appropriate:

- 1 The national and regional policy landscape determining the context in which the Council is setting its revenue budget for 2019/20 and Medium Term Financial Strategy to 2023/24;
- 2 The impact of Oldham Council Policies and Strategies on the Council's budget setting process and the development of its Medium Term Financial Strategy;
- 3 The financial forecasts for 2019/20 to 2023/24 having regard to the Provisional Local Government Finance Settlement and associated funding announcements;
- 4 The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
- 5 The 2019/20 Budget Reduction Proposals at a value of £7.829m;
- 6 The proposed use of £2.946m of reserves for specific purposes and £6.652m of corporate reserves to balance the 2019/20 budget;
- 7 The fees and charges schedule included at Appendix 5;
- 8 The pay policy statement included at Appendix 6;
- 9 A proposed Council Tax increase of 3.99% for Oldham Council services resulting in the charges set out at paragraph 17.3 and Table 22 of the report;
- 10 A proposed increase to the empty property premium from 50% to the maximum 100% allowed from 1 April 2019;
- 11 The proposal to draw on the Collection Fund for major preceptors of £105.824m for Borough Wide services and £92.090m for Council services;
- 12 The proposed budget for 2019/20 for the Council set at £223.939m; and
- 13 Revised estimated budget reduction targets of £22.883m for 2020/21, £10.889m for 2021/22, £6.859m for 2022/23 and £4.160m for 2023/24.

## Overview and Scrutiny Performance and Value for Money Select Committee

### Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2023/24

#### 1 Background

- 1.1 Each year, the Council has to identify 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 expected funding from Government, Council Tax payers and Business Rates payers. These plans form part of the Council's Medium Term Financial Strategy (MTFS). This report advises Members of the current financial position having regard to the national and regional policy landscape and following publication of the Provisional Local Government Finance Settlement (PLGFS) on 13 December 2018, associated funding announcements and the Administration's proposals for balancing the 2019/20 budget, including Council Tax intentions.
- 1.2 The MTFS is designed to build on the work and achievements of previous years and to help meet the challenges of the future. It is one of the key strategic plans of the Council. The strategy sets out the Council's proposed revenue spending plans for 2019/20 and the four years to 2023/24 and the key factors which will influence the financial forecasts.
- 1.3 At the same time as considering the financial challenges facing the Council it is important to consider the Council's commitment to the co-operative way of working. Based on a set of values and the principle of enabling and motivating everyone to "do their bit", this shapes and influences the policy direction of the Council and its response to the financial challenges.
- 1.4 As an organisation, a co-operative approach provides the opportunity to find positive and sustainable solutions to the on-going financial challenges being faced. Oldham has a values driven approach which underpins the way it does business. The Council believes in the importance of fairness and responsibility. In practice, that means maximising the positive social, economic and environmental impact that can be achieved through everything we do as set out in the Council's values. From procurement practices to the pay policy, the Council is using its influence as a commissioner, service provider, facilitator and employer to deliver that added social value.
- 1.5 Additionally, Council services continue to be re-designed and innovative, alternative commissioning models developed. This is to ensure that all our services, whether delivered in-house or with partners, strive for excellence and provide value for public money, getting the maximum impact for Oldham and its people for every pound spent. This change process also responds to the financial challenges being faced and assists the Council in adapting to local demands, national and local political priorities, regional (especially in regard to health and social care integration) and technological developments.
- 1.6 Since becoming a Co-operative Council in 2011 the Council has made fundamental changes in how it works with residents, businesses and partners.

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- 1.7 This involves recognising shared challenges and agreeing mutual ambitions and all partners working together to identify what each can contribute to obtaining better results. In this way it means that everyone does their bit and everyone benefits.
- 1.8 The Oldham delivery model is based around three fundamental shifts which work together to deliver the ambitions of the Oldham Plan. These are: Inclusive Economy, Thriving Communities and Co-operative Services.
- 1.9 In considering these shifts it is important to have regard to the following information:

**Inclusive Economy: The Council wants Oldham to be a place where everyone has a fair and real chance to improve their own lives –**

- Oldham is currently home to around 6,240 businesses spanning a range of key sectors including health, advanced manufacturing, construction, retail and financial and professional services.
- Oldham has improving educational attainment. More than 43 per cent of the population have a degree, diploma, A/AS level or apprenticeship.
- The borough offers a wide variety of school types from small rural settings to large urban schools. It has high-quality buildings with many new or recently-built facilities following a £137 million investment, with more to come.
- The arrival of Metrolink has significantly improved transport connectivity within the borough. It has increased the appeal of Oldham to skilled and higher-earning commuters and has linked residents in many areas historically poorly-served by public transport with employment, retail and leisure destinations throughout the conurbation.
- The Get Oldham Working (GOW) scheme has helped create almost 9,200 work-related opportunities - including more than 6,250 jobs, 1,300 apprenticeships, 320 traineeships and more than 1,250 work experience placements.

**Thriving Communities: The Council wants local people and communities to be healthy, happy and able to make positive choices as well as offering and accessing support when needed.**

- Oldham has a population of more than 230,000. The total population within a 30-minute drive time is 2.7 million.
- Around a quarter of the borough is within the Peak District National Park.
- Oldham's 32 parks include Alexandra Park, a 78-acre green space with Grade II status from English Heritage and – alongside Dunwood Park in Shaw – holds a prestigious Green Flag Award for international-standard facilities and conservation.
- For shopping, Spindles Town Square offers a range of High Street retailers and the Tommyfield Market (which is one of several across the borough) consists of an indoor and part-time outdoor market and adjacent units which have more than 115 businesses.

**Co-operative Services: The Council aims to have the best public services in Greater Manchester that work together to improve ways of living for our residents.**

- Oldham Council has a strong voice in Greater Manchester for Inclusive Growth and is developing key employment sites for new jobs and investment.
- The Council's aim is to ensure all our young people are school ready, work ready and life ready and that all education performance indicators are at or above the national average by 2020. The Council is delivering these ambitions through the Oldham Education and Skills Commission.

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- Building an integrated health and care system with partners to support healthy choices and challenge inequalities – backed up by outstanding leisure centres and sporting opportunities for all.
  - Supporting new high-quality and aspirational housing to broaden choice alongside our affordable homes.
  - The Council is committed to protecting the environment through schemes that are empowering communities to improve where they live and encouraging investment in clean power and jobs as the Council delivers new facilities all across our borough.

## 2 Medium Term Financial Strategy (MTFS)

2.1 The purpose of the MTFS is:

**“To identify how the Council wishes to structure and manage available resources over the medium term (four years) and to ensure that resource allocation is aligned with and supports Council priorities and objectives contained within the Corporate Plan.”**

2.2 The MTFS is an assessment of the Council’s current financial position and a determination of the financial position the Council wishes to be in over the medium term. This report has been prepared over a five year timeframe 2019/20 to 2023/24 to align with the Capital Programme and the Housing Revenue Account (HRA), given the environment in which the Council operates and its ambitions. This MTFS therefore enables the Council to plan how it can secure the delivery of essential public services, but also makes sure it is in a sustainable position to do so over the medium term and beyond.

2.3 The MTFS considers:

- Relevant international, national and regional influences on Oldham Council.
- Local factors which influence policy within the Council including the Administration’s priorities of regenerating the borough and creating jobs.
- The impact of Government policy and associated announcements.
- Key Council policy initiatives.

2.4 This remains a challenging time for Local Government with uncertainty around the future funding for the sector. The Oldham Efficiency Plan which the Council agreed with Government in 2016 gives a minimum funding guarantee only until the end of 2019/20.

2.5 The Government has yet to give a clear indication of funding beyond 2020/21 although there will be a Comprehensive Spending Review (CSR) issued prior to 2020/21. The CSR will set the overarching level of resources available for Public Services including Local Government and will indicate the policy direction in relation to austerity.

2.6 Although the Government has indicated that the period of austerity is concluding, without direct evidence, the assumption is that funding will decrease further in line with reductions over recent years and Councils such as Oldham that are still reliant on the Government for a significant proportion of their resources will be especially hard hit by the reductions.

2.7 In addition to the determination of the overall level of resources available for the whole Local Government Sector there will be a significant change to the funding of individual Local Authorities influenced by:

- A reform of Business Rates including a planned switch to 75% retention of Business Rates funding and the approach to resetting baselines upon which funding allocations are determined.
- A review of Local Authorities’ relative needs and resources (fair funding review) which is expected to realign the allocation of resources between Local Authorities.

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2.8 This report is complemented by others elsewhere on the agenda which form a core part of the Council's strategic financial framework and have a vital role to play in enabling the translation of the Council's ambition and priorities in action. In addition to this report there is:

- The Revenue Monitor and Capital Investment Programme 2018/19 (Month 8).
- The Council Tax Reduction Scheme 2019/20.
- The Capital Strategy and Capital Programme which presents the Council's Capital investment ambitions and priorities for the medium term to 2023/24.
- Strategic Housing Revenue Account (HRA) estimates detailing financial forecasts for the medium term as well as setting the HRA budget, rent levels and service charges for the year ahead.
- The Treasury Management Strategy Statement for the year ahead, including a Minimum Revenue Provision Policy Statement, Annual Investment Strategy as well as a suite of prudential indicators.

2.9 It is important to recognise cross cutting implications, where decisions relating to one element of the strategy have implications elsewhere. For example, capital investment decisions may carry revenue budget implications in terms of operating, maintenance or debt servicing costs. Similarly, capital investment financed by borrowing carries implications for Treasury Management as well as implications for the revenue budget.

2.10 This report revises the MTFS estimates for the period 2019/20 to 2023/24 based on local and national information including the Provisional LGFS published on 13 December 2018. At this time the budget reduction requirement has been revised to £22.696m as explained at Section 11 later in the report.

2.11 This report then sets out the Administration's proposals for the statutory balancing of the 2019/20 budget as per the detail set out from Section 12 onwards together with revised budget gap estimates for the period 2020/21 to 2023/24.

### **3 National and Regional Issues impacting on the MTFS and budget setting for 2019/20**

3.1 Paragraphs 3.5 to 3.78 set out a range of significant national, regional and local issues that influence the overarching MTFS and budget setting for 2019/20. The forecasts in this report are informed by the policy landscape within which Oldham Council operates.

3.2 Since the austerity programme was first implemented in 2010 by the Coalition Government and taken forward from 2015 by the Conservative Government there have been major changes to the role of, and arrangements for Local Authorities. This has therefore had a major influence on the operation of the Council, introducing new duties and responsibilities, at the same time reducing the resources available for the provision of services. Demand for many services, particularly the statutory functions of educational provision and adults and children's social care has also increased. These issues have therefore shaped the operational and organisational arrangements as well as the way in which the Council has allocated its resources.

3.3 Recent key changes and forthcoming developments in the national and regional policy landscape are intertwined; particularly those driven by the devolution agenda. The policy areas which the Council must have regard and respond to are set out in the remainder of this section of the report.

3.4 However, underpinning the financial strategy of both the Government and the Council is the economic outlook which sets the scene for resource allocation and investment in the Public Sector.



## Economic Growth

3.5 The latest prospects for the UK economy and public finances were set out in the Chancellor's Autumn Budget of 29 October 2018. Forecasts from The Office for Budget Responsibility (OBR) show that the medium term outlook for the UK economy has changed since the Spring Statement of 13 March 2018.

3.6 The forecast for the level of GDP growth for 2018 was revised down to 1.3% but is still higher than previous forecasts for 2019 and 2020. Growth forecasts for 2021 and 2022 remain unchanged with a 1.6% forecast for 2023. A comparison of the previous and the latest forecast is shown in the table below:

**Table 1 – GDP Forecast Growth**

	2018 %	2019 %	2020 %	2021 %	2022 %	2023 %
Spring Statement 2018	1.5	1.3	1.3	1.4	1.5	N/A
Autumn Budget 2018	1.3	1.6	1.4	1.4	1.5	1.6
<b>Change</b>	<b>(0.2)</b>	<b>0.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>N/A</b>

3.7 The OBR stated that Brexit-related uncertainty is weighing on investment growth and real household consumption remains relatively subdued. However, a loosening of fiscal policy by Government supports growth; particularly the proposed increase in NHS spending announced in June 2018.

3.8 Clearly, since these forecasts were prepared, the position around Brexit has become even more uncertain so these forecasts must be treated with some caution.

## Government Borrowing

3.9 The following table shows public sector net borrowing forecasts anticipated in October 2018 compared to those announced in the Spring Budget (13 March 2018).

**Table 2 – Public Sector Borrowing Forecasts**

	2018/19 £bn	2019/20 £bn	2020/21 £bn	2021/22 £bn	2022/23 £bn
Spring Statement 2018	37.1	33.9	28.7	26.0	21.4
Autumn Budget 2018	25.5	31.8	26.7	23.8	20.8
<b>Change</b>	<b>(11.6)</b>	<b>(2.1)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(0.6)</b>

3.10 The expected changes in borrowing compared to the 2018 Spring Budget are based on a combination of the following:

- A higher public sector receipts forecast reflecting strong outturn data since April 2018 together with higher levels of employment across the forecast period;
- Reductions in public spending due to downward revisions to the forecasts for welfare spending, debt interest and tax litigation;
- Measures announced in the budget which increase borrowing by £1.1bn in 2018/19 rising to £18.8bn by 2022/23.

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- 3.11 Debt as a share of gross domestic product peaked at 85.2% in 2016/17, falling to 83.7% in 2018/19. It is forecast to fall to 74.1% by 2023/24.
  - 3.12 Increases in Public Sector borrowing may also influence Government policy towards Local Government finances after 2019/20.

### **Inflation**

- 3.13 Inflation, as measured by the Consumer Price Index (CPI) was 2.4% for September 2018 falling from 2.7% in August. The OBR anticipates CPI inflation may reduce during 2019 and the rate had reduced slightly to 2.3% for November 2018. In the medium term, the OBR expects inflation to settle a little above the Bank of England's inflation target of 2% per annum.
- 3.14 The MTFSS includes estimates of the increase in budgets the Council requires in order to keep pace with inflation. Any unplanned inflationary pressures have an impact on the Council's purchasing power with higher rates resulting in the Council paying more for supplies and services. The rise in inflation also affects the spending profile of Oldham residents and their ability to pay Council Tax which can affect the collection rate and have a negative impact on the resources that the Council can generate through this income source.

### **Brexit**

- 3.15 There remains uncertainty on the impact Brexit will have on future economic growth, inflation or Government borrowing levels and hence public sector spending. It is clear that Brexit is a significant area of focus for the Government and may lead to a potential diversion of resources, which if it were to happen, could impact on future funding available to support Local Government.
- 3.16 The Council, along with the rest of the country, is waiting for a "deal/no deal" decision and further information to better understand the implications for 2019/20 and future years. The Chancellor did indicate in the Autumn Budget that he may have to use his Spring Statement in March 2019 (after the 2019/20 Council budget has been set) to adjust public spending allocations in the event that the financial issues arising from Brexit were more severe than expected. If this results in a change to the financial position of the Council, then Members will be advised accordingly and appropriate action will be taken.

### **Business Rates**

- 3.17 Under the current Local Government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the MHCLG a locally determined and approved Business Rates forecast through the National Non-Domestic Rates (NNDR 1) return by 31 January each year. On 17 December 2018 Cabinet delegated the decision to vary the final Business Rates forecast and hence the Business Rates Tax base, if required, to the Deputy Leader and Cabinet Member for Finance and Corporate Resources in consultation with the Executive Director of Corporate and Commercial Services and the Director of Finance. This forecast is used to determine the 2019/20 "demand" and payment schedule for Business Rates revenues between Oldham Council and the Greater Manchester Combined Authority (GMCA) as Fire and Rescue services are partially funded by Business Rates. Under the 100% Rates Retention Pilot arrangements, Central Government no longer receives a share of Business Rates revenues.
- 3.18 Business Rates are a highly complex and volatile tax and it is exceptionally difficult to forecast movements over the short to medium term with great accuracy. Since the change to the Business Rates regime in 2013/14 and the revaluation exercise undertaken by the

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Valuation Office Agency (effective from 1 April 2017), much more uncertainty has been introduced into the setting of Council budgets as the Business Rates tax base is prone to significant changes and can fluctuate for many reasons.

- 3.19 Fluctuations in Business Rates income are also strongly linked to the performance of the wider economy. In an economic downturn there is a heightened risk of properties being left empty and lower levels of development activity. Conversely, when the economy is more buoyant, business activity and thereby rating income, can increase.
- 3.20 The level and timing of appeals against a rateable value are perhaps the most significant factors that can have an impact on variability in yield. Appeals are dealt with by the Valuation Office Agency (VOA) and can date back many years. Recent information highlights that appeals in Oldham covering around £45.815m of rateable value remain unresolved, the vast majority of which relate to the 2010 valuation list. Total rateable value for the Oldham Billing Area is around £157.713m meaning appeals currently affect approximately 29% of the overall business rates tax base.
- 3.21 The Check, Challenge & Appeal process introduced by Government in April 2017 has tried to incorporate a degree of consistency to the appeals submission process whilst simultaneously seeking to limit the numbers of 'speculative' claims. Results to date suggest the revised process is indeed reducing the number of claims that reach the appeal stage. However it is still unclear whether this is reducing the real number of appeals or just simply holding back the tide. What is clear is that greater financial provision will need to be made for individual claims that reach the appeal stage as having been through check and challenge their probability of securing a rateable value reduction is much greater than under the previous arrangements. Furthermore, some appeals that are currently being considered elsewhere in the country are effectively test cases that may set precedents which prompt a whole new wave of local appeals or straightforward rateable value reductions.
- 3.22 Recognising the challenges that this volatility presents, the Council has put in place arrangements to monitor Business Rates liability on a monthly basis. The output from these monitoring arrangements shows that net liability tends to reduce as the year progresses from each April. These reductions are the result of:
- Reductions in gross rates payable as outstanding appeals are settled; and
  - Increases in mandatory and empty property relief as more claims are submitted and processed as the year progresses.
- 3.23 These trends/movements set against the base position form the basis of the forecast business rates outturn position for 2018/19 and forecast for 2019/20 and future years as shown in paragraphs 8.21, 8.22 and 9.4.

#### **Greater Manchester (GM) 100% Business Rates Retention Pilot Scheme**

- 3.24 On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. The participants agreed to pilot full Business Rates retention on the basis that no district would be worse off than they would have been under the original '50/50' arrangements whereby Business Rates revenues are shared between Central Government and the Local Authority sector. This has become known as the 'no detriment' principle. Under the pilot scheme, additional rates income is offset by reductions in other funding streams such as the Revenue Support Grant (RSG) and Public Health grant. In its first year of operation, the pilot scheme delivered fiscal benefits for its participants. At this stage during 2018/19, Oldham's share of these benefits is forecast to be £1.218m; a sum which will be used to support the 2019/20 budget position. The 2019/20 financial year will be the last year of the pilot scheme given that 75% Business

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Rates Retention will operate from 2020/21. However, it is hoped that in its final year the pilot will continue to deliver similar fiscal benefits as well as deliver significant economic benefits for the GM region and for the Oldham locality.

- 3.25 From the Government's perspective, the primary purpose of the pilot was to develop and trial approaches to manage risk and reward in a Local Government finance system that included the full devolution of Business Rates revenues. However, Government plans have changed with a 75% Business Rates Retention Scheme being introduced from 2020/21. Lessons learned from the pilot scheme will inform the design of the new arrangements.
- 3.26 The pilot scheme for full business rates retention has created further impetus for working jointly across the Combined Authority area. The pilot scheme continues to provide an opportunity to develop new initiatives for cross-authority working in terms of business rates administration and also as part of the growth agenda to attract new businesses to Greater Manchester for the benefit of the region as a whole, as well as individual districts.
- 3.27 It is difficult to predict to what extent the continuing pilot scheme and whether the subsequent changes to the Local Government finance regime will be of longer term benefit to Oldham Council. Fair funding and systems design national reviews have continued during 2018/19 but the work programme is still ongoing. One of the consultation papers issued alongside the 2019/20 PLGFS seeks views on the approach to measuring the relative needs and resources of Local Authorities with the aim of determining the new baseline funding allocations for 2020/21.
- 3.28 However, whether a reformed system (mentioned at paragraph 2.7) will provide a more sustainable and stable platform for future Local Government finances remains to be seen. Oldham Council's finance service continues to participate in discussions at a Greater Manchester level with regard to the pilot and provides direct input and support to long-established MHCLG/LGA working groups as well as supporting the work of the Special Interest Group of Municipal Authorities (SIGOMA) and other established networks.

### **GM, Cheshire East & Cheshire West and Chester Councils Business Rates Pool 2019/20**

- 3.29 Members will recall that Oldham has participated in Business Rates pooling since 2015/16. The aim of pooling is to retain the benefits of any Business Rates growth within the pool for the benefit of all participants. Following the submission of an expression of interest in pooling for 2019/20, the MHCLG, alongside the Provisional Local Government Finance Settlement, has asked Councils to confirm their membership of the pool. In 2018/19 the pool for Business Rates included all ten GM districts and Cheshire East and Cheshire West & Chester Councils.
- 3.30 The business rates pooling proposition is such that no Local Authority should be worse off by pooling than it would be if it did not pool. Therefore, if there is any growth in business rates as a result of the economic regeneration activity planned within the borough, the Council would be able to keep its share of that benefit, also benefiting from a share in any levy payment that any other levy paying Authority in the pool would normally pay to Central Government.
- 3.31 The fact that Greater Manchester is piloting full Business Rates retention, suggests participating in Business Rates pooling is no longer necessary as there are no additional financial gains to be made. However, participating in such a pool improves the 'no detriment' position of each district in the unlikely event that the 100% pilot scheme fails to derive any fiscal or economic benefits. On 17 December 2018, Cabinet therefore delegated the final decision on the Council's membership of the proposed Greater Manchester, Cheshire East

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and Cheshire West & Chester Business Rates Pool for 2019/20 to the Cabinet Member for Finance and Corporate Resources in consultation with the Deputy Chief Executive - Corporate and Commercial Services and the Director of Finance. A final decision has to be made within 28 days of the receipt of the Provisional LGFS (13 December 2018) which does not accord with formal reporting cycles. A delegated decision to join the pool has now been taken.

### **National Living Wage**

- 3.32 The Government's new National Living Wage is now enshrined in legislation meaning all workers aged 25 and over are legally entitled to earn at least £7.83 per hour rising to £8.21 from April 2019. The Council however has continued to invest in its workforce by committing to pay Council employees in line with the higher National Living Wage as championed by the Living Wage Foundation (£9.00 per hour from November 2018), so the legislative change had no direct impact on employee costs. However, the cost of externally provided services, particularly with regard to social care provision, has been significant.
- 3.33 The Council has made a commitment to seek national accreditation from the Living Wage Foundation with regard to adopting its National Living Wage over a three year timeframe. The first stage in 2019/20 has been to ensure that the Council's wholly owned companies are compliant and appropriate budgetary provision is included in budget estimates. The next stage is ensuring other external service providers pay the higher value wages. The Council will work towards this over 2020/21 and 2021/22. It is likely to have significant financial implications but these are still being worked through. As a result, such costs will emerge and will be featured in later reports.

### **Public Sector Pay Awards**

- 3.34 The NJC Pay Award for 'Green Book' members of staff, effective from 1 April 2019, has been determined through negotiations held nationally between the Local Government Association (LGA) and Single Status Trades Unions; Unison, Unite & GMB. The principle feature of the pay award is a refresh of the national pay spine, where lower spinal column points (SCP's) have been merged, and some new points introduced to ensure that the SCP's are evenly spaced apart. The increase for the cost of living is at least 2% across the pay spine.
- 3.35 The negotiations resulted in a national Collective Agreement, resulting in the pay award being able to be applied to local government employees, where this is stated within their contracts, i.e. will be for employees of Councils who are members of the LGA. For Oldham this leaves the local decision associated with the surrounding grading structure to be overlaid across the national pay spine.
- 3.36 The Council has proposed adjustments to the Council's grading structure to accommodate the revised national pay spine. The proposals were based on the principles of:
- No more than six increments in a grade (i.e. no more than five years of progression as advocated by the Equal Opportunities Commission)
  - Either no overlaps between grades or limited to one increment
  - Every employee to receive at least a 2% increase for cost of living
  - No re-evaluation of job roles
- 3.37 The proposal is being considered by the Trades Unions with negotiations ongoing, aiming to reach a collective agreement. However in advance of any final agreement the estimated impact of this pay offer has been factored into financial forecasts.

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## **Devolution**

- 3.38 The Greater Manchester Devolution Agreement was signed with the Government in November 2014. It brought both the decision making powers and control of finance far closer to the people of Greater Manchester. This gives them and their local representatives' control over decisions previously taken at a national or regional level.
- 3.39 Taking this forward the Cities and Local Government Devolution Act 2016 provided the legislative context which allowed the GMCA to assume responsibilities performed and delivered by other public bodies. The key element of this is that such assumption of powers would only be with the agreement of the public agencies involved e.g. Local Authority and Health Authority functions.
- 3.40 Set out in the follow paragraphs are the key issues that are shaping the devolution agenda that will affect the operational and financial environment of the Council as well as its approach to addressing financial challenges.

## **Health and Social Care Devolution**

- 3.41 February 2015 saw a Memorandum of Understanding (MoU) signed between the ten Local Councils that make up the Association of Greater Manchester Authorities (AGMA), all Greater Manchester Clinical Commissioning Groups (CCGs) and NHS England (NHSE). From April 2016 Greater Manchester has taken control and responsibility for the £6bn Health & Social Care Budget and is working to deliver its own sustainable Health & Social Care system by 2021.
- 3.42 The areas of the Health & Social care system that are included in the agreement are:
- Acute care (including specialised services);
  - Primary care (including management of GP contracts);
  - Community services;
  - Mental health services;
  - Social care;
  - Public Health;
  - Health Education; and
  - Research and Development.
- 3.43 Devolution in Greater Manchester has provided the momentum and impetus to explore how much further and faster GM can move towards realising a financially sustainable health system.
- 3.44 Oldham Council and the Oldham CCG have jointly developed a Locality Plan for Health and Social Care Transformation covering the period 2016/17 to 2020/21. The successful delivery of this Locality Plan will mean that both organisations have worked together and will have:
- Transformed the relationship between the population and the health and social care system, so that the public expects services to promote healthy behaviours, independence and self-care and reduces dependency on high cost or institutionalised services;
  - A primary care-led, place-based health and social care system that maximises the opportunity to pool budgets, integrate commissioning, and that provides outcome-focused integrated care closer to home;
  - A health and social care system that is built upon sustainable financial models;

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- A workforce that has the skills and capacity to enable people to receive appropriate and timely help and support to address the root causes of health problems as well as the presenting symptoms;
  - A health and social care system that recognises and supports a wider associated workforce including carers, other public sector areas such as the fire service, social housing providers, voluntary and community organisations and volunteers;
  - Better service quality and improvements in the public's experience of health and social care, delivering greater efficiency, and improved health outcomes;
  - Developed an evidence base about the effectiveness of resilience-focused programmes and have scaled these up across Oldham and fostered the widespread adoption of community development and asset-based approaches; and
  - A systematic approach to developing community-centred approaches (including social prescribing) to health and social care, working closely with Oldham's voluntary and community sector.
- 3.45 On the 7 January 2019 the Government launched the new NHS 10 year plan. This reflects the same ambitions as the Oldham Locality Plan, including more out of hospital care, increased integration between health and social care and a focus on a preventative population health approach.
- 3.46 The integrated health economy, that incorporates Oldham CCG and Oldham Council as well as numerous provider organisations, is known as Oldham Cares. Since April 2018, Oldham Cares has operated under a joint leadership arrangement with the Chief Executive Officer of Oldham Metropolitan Council being appointed to the post of Chief Accountable Officer of Oldham CCG. A new joint governance structure has also been established that has a representation from both the Council and the CCG through the Commissioning Partnership Board. The board has delegated authority from Cabinet to make decisions in respect of the S.75 funds described below. This will continue in 2019/20 and allows joint decision making that will benefit Oldham as a whole. An Alliance Board has also been established, which includes the provider organisations, including, inter alia, the Northern Care Alliance and Pennine Care Foundation Trust.
- 3.47 Oldham Cares has entered into a Section 75 (S.75) Partnership from April 2018. A S.75 Partnership Agreement is made under the provisions of Section 75 of the National Health Service Act 2006 and enables funds to be pooled between the CCG and the Local Authority and enables the delegation of certain NHS and Local Authority functions to the other partner.
- 3.48 The Council and the CCG aim to develop Oldham Cares into an established Local Care Organisation. Whilst the final structure is still being finalised significant progress has been made on integration during the year. The two organisations have been working under the S.75 agreement mentioned above that aligns significant resources within a pooled budget. The total for 2018/19 is £135m. This is made up of £70m of Council resources and £56m of CCG resources and also includes £9m of the £21.3m Transformation Funds described below. These resources are being managed by a joint commissioning team that has brought together Council and CCG staff under a combined management structure and approach. The S.75 agreement will continue in 2019/20 and during the year will be refreshed with 2019/20 funding allocations and expanded to include new services.
- 3.49 Another significant achievement in 2018/19 was the establishment of Community Clusters. The clusters are aligned to newly established primary care clusters that are based on geographical areas of Oldham and that divide the population into groups of between 30,000 – 50,000 residents. Our neighbourhood social care teams have moved into the clusters and work alongside teams from Community Nursing. During 2019/20 these teams will continue to work more closely together developing ever closer working relationships.
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3.50 These new operating arrangements and the alignment of budgets is enabling not only more effective service delivery, but a more effective and efficient use of both financial and staffing resources of the Council, CCG and other health partners.

### **Transformation Fund**

3.51 In 2017 the Oldham locality successfully bid for GM Transformation Funding that is being used over the four financial years 2017/18 to 2020/2021 to facilitate new ways of working around an integrated approach. A funding award of £21.3m was made with the money being used to:

- Support people to be more in control of their lives.
- Have a health and social care system that is geared towards wellbeing and the prevention of ill health.
- Provide access to health services at home and in the community.
- Provide social care that works with health and voluntary services to support people to look after themselves and each other.

3.52 Specifically the schemes that are being supported include:

- Establishing the primary care cluster system (referred to above), across the locality, completing the establishment of integrated health and care teams and creation of single structures at a GP cluster level.
- Creating and implementing a more effective urgent and emergency care offer on the Royal Oldham Hospital site.
- Oldham's community enablement service, including community and residential reablement, rehabilitation and community bed services (including a rapid response facility).
- Avoiding admissions to hospital for the under 5's
- Improving mental health provision in the community
- Supporting communities to thrive, through the use of social prescribing and the innovative design of schemes to reduce loneliness and social isolation.

3.53 A number of the schemes are being trialled throughout 2018/19 and in 2019/20 they are expected to demonstrate an improvement in service and a reduction in demand for emergency and unplanned care across Oldham.

### **Better Care Fund**

3.54 Clearly aligned to health and social care devolution, the Better Care Fund (BCF) was established in 2013 and also provides an opportunity to transform local services to better integrate care and support. CCGs and Local Authorities must jointly agree how the BCF is spent, so it is essential to ensure the deployment of resources is developed in the interests of both parties. This arrangement continues to work successfully and it is included within the structure and governance of the Oldham S.75 agreement.

3.55 BCF allocations for 2019/20 and Oldham's share are yet to be finalised. The 2018/19, Government allocation for Oldham was £16.783m which was supplemented by Oldham CCG funds of £0.320m. Therefore the total Oldham allocation was £17.103m. As a result £10.415m was passed to the Council to commission services to cover issues such as personalisation, the provision of support for carers, information advice and support and independent mental health advocacy. Funding in 2019/20 will again be allocated to the Oldham CCG and in accordance with the pooling arrangements, part of the allocation will be passported to the Council as per the BCF plan and agreement.



- 3.56 The BCF also includes Disabled Facilities Grant, (DFG), which is a capital grant paid directly to the Council. Allocations for 2019/20 are yet to be finalised but are assumed to be at the same level as the 2019/20 allocation (£1.914m). This grant has been included within the Capital Strategy/Programme.

### Improved Better Care Fund

- 3.57 The Improved Better Care Fund (iBCF) was first announced in the 2015 Spending Review, and is paid as a direct grant to the Council with a condition that it is pooled into the local BCF plan and is managed jointly with the Oldham CCG. For 2019/20 Oldham will receive £8.150m which will form part of the pooled S75 agreement.
- 3.58 Further to this, on 8 March 2017, the Chancellor of the Exchequer delivered his Spring Budget which included a major policy announcement relating to Adult Social Care funding in England and advised of an additional £2bn iBCF funding nationally over the years 2017/18 to 2019/20 (£1.586m for Oldham in 2019/20). The total iBCF grant for 2019/20 is £9.736m and is presented in the table below. In total £1.848m more funding is available in 2019/20 compared to 2018/19.

**Table 3 – Improved Better Care Fund**

Improved Better Care Fund	2018/19 £000	2019/20 £000	Difference £000
iBCF Settlement 2015	4,687	8,150	3,463
iBCF Spring Budget 2017	3,201	1,586	(1,615)
<b>Total Change to iBCF Allocations</b>	<b>7,888</b>	<b>9,736</b>	<b>1,848</b>

- 3.59 A condition of the grant is that its use is closely monitored with quarterly returns being provided to the MHCLG. This requirement has been met and there have to date been no clarifications sought by the Department.
- 3.60 The financial year 2019/20 is the final year for which the funding has been confirmed. There is speculation around the continuation of funding not helped by the delay in publishing the Social Care Green Paper. However for financial planning purposes the iBCF Spring Budget funding is assumed to cease at the end of 2019/20, whilst the 2015 funding totalling £8.150m is assumed to continue into 2020/21 and beyond. In view of the value of this grant, should this grant cease it would have a major impact on the MTFs, and thereby the financial position of the Council.

### Social Care Green Paper

- 3.61 On 16 November 2017, the Government announced that it would publish a Green Paper on care and support for older people by summer 2018. The paper was to set out plans for how Government proposed to improve care and support for older people and tackle the challenge of an ageing population. Initially publication was postponed until autumn 2018 but has since been delayed once again.
- 3.62 The Government has stated that it is intended that the proposals that will be included in the Green Paper will build on the additional Improved Better Care Fund grant (detailed above) to reform social care and provide a long term solution to increasing demand as people live longer and the population ages. Clearly the outcome of this Green Paper will shape the financial policy landscape for 2019/20 and beyond and is therefore keenly awaited.

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### **Winter Pressures Grant**

- 3.63 The Winter Pressures Grant announced in the 2018 Autumn Budget and confirmed in the PLGFS provides an additional £240m nationally in 2019/20 for adult social care to help Councils alleviate winter pressures falling on the NHS. The Council had already been notified of Oldham's 2019/20 allocation of £1.122m in the form of a ringfenced grant which will be passported direct to Health and Adult Social Care Community Services. Its use must be agreed with NHS partners and reported to the Department for Health and Social Care.

### **Social Care Support Grant**

- 3.64 Also announced in the Autumn Budget and confirmed in the PLGFS was a further £410m nationally in 2019/20 for adults and children's social care in the form of an unringfenced Social Care Support Grant. This grant has been provided in response to Councils concerns with regard to pressure on adult and children's social care services and the expectation is that Councils will use the funding to meet those pressures. For 2019/20 Oldham will receive £1.917m which is helping the Council to partly offset the increased resource requirement for Children's Social Care demand following continued rises in the numbers of looked after children and out of borough placements. This is a one off resource.

### **Children's Social Care Programmes**

- 3.65 Also announced in the Autumn Budget was £84m over 5 years for up to 20 Local Authorities, to help more children to stay at home safely with their families. A recent DfE report suggests Oldham has experienced a relatively large increase in the number of children subject to a child protection plan. It is hoped, therefore, that Oldham will be included as one of the 20 Local Authorities to receive a share of this funding. The PLGFS confirmed the available funding however it did not provide any further detail on allocations.

### **Opportunity Area (OA) Funding**

- 3.66 Oldham is one of twelve Opportunity Areas that are receiving a share of £72m to boost opportunities for young people in the community. The OA programme is a key part of the Government's priority to boost social mobility. Oldham was identified as one of the localities most challenged in this area, however it has been recognised as already having built the necessary momentum and capacity for improvement.
- 3.67 The Oldham Opportunity Area Plan was launched on 9 October 2017 by Justine Greening, former Secretary of State for Education. The Oldham Plan identifies three priorities which are to support parents to improve literacy at home; build high performance across the school system; and boost support for Mental Health. This work will be delivered in collaboration with the Oldham Education Partnership and the Opportunity Area Partnership Board.
- 3.68 As an Opportunity Area, Oldham will also receive a share of a further £22m through the new Essential Life Skills programme. This funding will be targeted toward helping disadvantaged young people to develop life skills. To date Oldham has received £2.481m of Essential Life Skills funding.
- 3.69 The estimated investment into Oldham is around £10m over the life of the OA programme. The investment will be across the entire Education sector in Oldham and not all of the funding will be received by the Council. To date the Council has received £2.860m of Opportunity Area funding. Details of future allocations have yet to be received, but will be incorporated into the budget upon notification.

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## **Homelessness**

- 3.70 The Homelessness Reduction Bill received Royal Assent on 27 April 2017. There are many implications arising out of the new legislation. Members will recall that the details of the Act were presented in a report at the Cabinet meeting on 23 October 2017. In order to assist in addressing new responsibilities the Government has awarded grant support. In March 2018 Government confirmed to the Council that it would receive a flexible Homelessness Support Grant at a value of £0.194m in 2019/20. The Government also confirmed in February 2018 the Council would receive new burdens funding for homelessness in the sum £0.062m in 2019/20.
- 3.71 The grants will be passported to the homelessness service. In addition, Council resources will supplement the grants bringing resources available to a value of £1.815m.
- 3.72 In addition to the above in July 2018 Andy Burnham, Greater Manchester Mayor requested that all GM authorities seek to match his commitment to provide a bed for every rough sleeper who wants one from 1 November 2018 to 31 March 2019. As part of this scheme the Council secured funding from the Mayor's Homelessness Fund of £0.114m to provide the service at Lees Road Fire Station. Such initiatives are expected to shape homelessness strategies for 2019/20 and beyond.

## **Adult Education Funding Devolution**

- 3.73 From the 2019/20 academic year, Mayoral Combined Authorities (MCAs) will take on more responsibility to deliver quality adult education in their local areas when adult education funding is devolved, subject to agreed readiness conditions. A transitional year for MCAs has been created for the 2018/19 academic year to give MCAs time to learn the skills for success, strengthen their relationships with providers and test out mechanisms before Adult Education Budget (AEB) devolution comes fully into force.
- 3.74 There will be a significant step towards devolution, in the transitional year, giving MCAs including Greater Manchester, a greater role in shaping local area provision, to ensure a smooth transition and the continued protection of learners. During the transitional year, the Education and Skills Funding Agency (ESFA) will continue to manage the AEB budget nationally, and will be responsible for calculating AEB allocations and notifying all providers.
- 3.75 Greater Manchester Combined Authority has been given a provisional devolved AEB allocation of £92.3m per annum. This will fund a number of core grant maintained providers (including the Oldham Lifelong Learning Service and The Oldham College), as well as a programme of contracted provision. The GMCA is focussing on the commissioning of the contracted services, initially, and is currently seeking to procure £20m of new activity.
- 3.76 It is unclear at present what, if any, impact this will have on the provision of adult education in Oldham through the Lifelong Learning Service. More detail will be provided in the lead up to the 2019/20 academic year as the changes and devolved responsibilities progress.

## **Greater Manchester Spatial Framework**

- 3.77 The districts of Greater Manchester are working together to produce a joint plan to manage the supply of land for jobs and new homes across Greater Manchester. The Greater Manchester Spatial Framework (GMSF) will ensure that the right land in the right places delivers the homes and jobs needed up to 2037, along with identifying the need for supporting infrastructure (such as roads, rail, Metrolink and utility networks) required to achieve this. It will be the overarching development plan within which Greater Manchester's ten local planning authorities can identify more detailed sites for jobs and homes in their own area. As such, the GMSF will not cover everything that a local plan would cover and individual Districts will continue to produce their own local plans. Nonetheless, the plan will

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have a significant long term influence on local revenue streams (Council Tax and Business Rates), capital investment and demand for services from local residents. In 2017 all member Authorities consulted with residents on the proposals included in the plan and following this, a second draft of the plan was released on 8 January 2019 which will be followed by a formal eight week consultation with the public commencing on 14 January 2019. Following this consultation will be a period of analysis which will consider the responses received from residents within Greater Manchester and other stakeholders leading to a revised plan and further consultation in the summer of 2019.

#### **4 Oldham Council Strategies and Policies**

4.1 In addition to Central Government guidance and national policies, the Council has a range of locally developed strategies, policies and work programmes that directly influence the day to day operations of the Council and indirectly the financial position. The Oldham Plan and Corporate Plan are key strategic plans which influence the Medium Term Financial Strategy and ensure resources are directed towards delivery of priorities within those plans.

##### **The Oldham Plan and Corporate Plan**

4.2 The Oldham Plan, the Oldham Partnership's plan for the borough, was endorsed by Council in July 2017. It is a collective action statement covering the period 2017-2022 and sets out the areas where the Oldham Partnership will add the most value as a partnership to achieve the ambition for Oldham to be a productive and co-operative place with healthy, aspirational and sustainable communities.

4.3 The Oldham Plan is based around the Oldham Model - three change platforms enabled and complemented by public service reform and empowering communities. These are set out in more detail at paragraph 1.9 and in summary are:

- **Inclusive Economy**

The vision is for Oldham to become Greater Manchester's Inclusive Economy capital by making significant progress in living standards, wages and skills for everyone.

- **Thriving Communities**

The vision is for people and communities to have the power to be healthy, happy and able to make positive choices and both offer and access insightful and responsive support when required.

- **Co-operative Services**

The vision is to collaborate, integrate and innovate to improve outcomes for residents and create the most effective and seamless services in Greater Manchester.

4.4 The Corporate Plan 2015-2020 was refreshed and updated to sharpen its focus and ensure alignment with the Oldham Plan and was approved by Council, alongside the Oldham Plan, in July 2017. Work on the new Corporate Plan for 2020 – 2025 will begin in 2019. The new Corporate Plan will reflect the revised administration priorities, as well as providing stronger links with the Greater Manchester priorities.

4.5 The Corporate Plan is the Council's key strategic document and outlines the Council's contribution to achieving the vision and outcomes detailed in the Oldham Plan, as well as priority areas of focus and delivery for the organisation to continue to deliver the vision of a co-operative future where everyone does their bit to create a confident and ambitious borough.

4.6 The Corporate Plan Objectives and their contingent parts are shown in the following diagram:

## Corporate Plan Objectives

### An Inclusive Economy where people and enterprise thrive

**#ourbit:** Attracting investment and encouraging business and enterprise to thrive

**#yourbit:** Supporting and promoting local businesses and ventures

**#result:** Oldham is open for business

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**#ourbit:** Delivering key regeneration projects that are growing our business base, creating jobs and transforming opportunities

**#yourbit:** Visiting the attractions and promoting them as ambassadors

**#result:** A regenerating and confident borough

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**#ourbit:** Working with partners to create quality work prospects - and ensuring all residents can access new skills and opportunities and be work-ready

**#yourbit:** Making the most of the education and skills offer and aiming to better yourself

**#result:** An ambitious and socially mobile borough

### Thriving Communities where everyone is empowered to do their bit

**#ourbit:** Increasing the sense of involvement and ownership of issues that affect people and they care about

**#yourbit:** Getting involved in your community: actively sharing ideas and experience with others about things you are passionate about

**#result:** Engaging and resilient communities

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**#ourbit:** Working proactively with residents and partners in promoting healthy, independent lifestyles and providing the right level of care at the right time

**#yourbit:** Living well, eating healthily, inspiring others and getting the right support at the right time and place

**#result:** Healthier communities

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**#ourbit:** Nurturing and safeguarding strong neighbourhoods that work together to improve their lives and the communities around them

**#yourbit:** Working with other residents to build strong networks that are shaping the future where you live

**#result:** Safer, stronger and thriving communities

### Co-operative Services with people and social value at their heart

**#ourbit:** Building a sustainable co-operative workforce that innovates based on the principle of being equal partners and co-creators

**#yourbit:** Taking an active role by working with others in shaping better outcomes and making them happen

**#result:** A co-operative workforce

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**#ourbit:** Putting social value and transformational outcomes at the heart of all our services

**#yourbit:** Telling us where services are not delivering the right outcomes for you and your community

**#result:** Outcome-driven services

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**#ourbit:** Reforming public services and encouraging innovation, leading to better outcomes and delivery

**#yourbit:** Getting involved and having your say in designing future public services

**#result:** Empowering the positive reform of public services

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## Co-operative Council in a Co-operative Borough

4.7 Oldham has been a Co-operative Council since 2011 and the Council continues its commitment to delivering a co-operative future where everybody does their bit and everyone benefits. This is achieved by a real commitment to change and work closely with residents, partners and our wider communities to create a confident and ambitious borough.

4.8 The Corporate Plan sets out how everyone can do their bit to support delivery of the ambitions and outcomes:

**#ourbit** is what Oldham Council is doing or contributing to help improve something.

**#yourbit** is how local people, businesses and partners are helping to make change happen.

The **#result** is how we are all benefiting from working together.

4.9 The ethos of the Co-operative Council and the principles of the Corporate Plan set the framework for the Council strategies and the MTFS is informed by and takes account of these key strategies and policies as presented in the following paragraphs.

### Capital Strategy

4.10 The Council has traditionally followed best practice and prepared a Capital Strategy. However, in 2017 CIPFA issued revised Prudential and Treasury Management codes. This requires Councils to prepare a Capital Strategy from 2019/20 so in the context of Oldham the style and content of the Capital Strategy has been amended to ensure compliance with the codes.

4.11 The Capital Strategy provides a framework within which the Council's Capital Investment plans will be delivered. These plans are driven by the Council's Corporate Plan. The Capital Strategy has been prepared to take account of the ambition for the borough including major regeneration developments within the Town Centre and borough-wide, to ensure that new school buildings and extensions are delivered as well as ensuring that the highways network and corporate estate are adequately maintained.

4.12 The proposed Capital Strategy and programme for 2019/20 to 2023/24 takes the essential elements of the 2018/22 and previous years' strategies and programmes and moves them forward in the context of the financial and political environment for 2019/20. Capital spending is a key determinate of future revenue commitments so the capital programme and revenue budget are interlinked.

4.13 In accordance with new requirements, the Capital Strategy includes the following:

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

### Treasury Management Strategy

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

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4.15 The Strategy for 2019/20 reflects capital expenditure plans and highlights the Council's position in relation to prudential indicators arising from the Capital Strategy and also sets out the Minimum Revenue Provision (MRP) Policy Statement.

4.16 The Strategy for 2019/20 covers two main areas.

Capital Issues:

- The Capital Strategy and the Prudential Indicators
- The Minimum Revenue Provision (MRP) Policy Statement

Treasury Management Issues:

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

4.17 The strategy therefore determines how the Council makes the most efficient use of its cash resources by the careful management of borrowing and investments. It is also a key document underpinning the financial planning arrangements of the Council.

4.18 The new Prudential and Treasury Management codes require the Capital and Treasury Management Strategies to be prepared so that there is clear reporting on the Council's approach to treasury and non-treasury investment. The respective reports comply with this requirement.

**Income Strategy**

4.19 On 18 September 2017 Cabinet approved an Income Strategy for the Council. The strategy details the approach that the Council is taking in regard to income generation and covers all material sources of revenue that finance day to day service provision including:

- Government Grants;
- Council Tax;
- Business Rates; and
- Fees, Charges and Other Contributions.

4.20 The strategy also considers:

- Investment Opportunities;
- Opportunities relating to traded services and other chargeable activities; and
- The process for setting charges and collection efficiency.

4.21 The approval of this policy formalised the approach to income activities and has been a key element in framing the budget setting process for 2019/20.

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## **Commercial Property Investment Strategy**

- 4.22 In December 2017 Cabinet approved the Council's Commercial Property Investment Strategy. The strategy sets out the framework to secure long term investments and to generate a sustainable income stream for the Council by way of rental income from new property assets and from its existing non-operational property portfolio held specifically for income generation purposes. The strategy aims to improve the financial resilience of the Council over time and to offset some of the financial pressures created by the continued reduction in central Government grants. A number of opportunities continue to be considered and are reported on a case by case basis to a Property Advisory Group which has delegated authority to approve any acquisitions based on market analysis and a due diligence exercise.

## **Medium Term Property Strategy**

- 4.23 The Council is in the process of implementing the Medium Term Property Strategy 2018 to 2022, as approved by Cabinet on 20 August 2018. This document has been developed to reflect the Council's strategic objectives as set out in the Corporate Plan 2017 to 2020.
- 4.24 In addition, recognising the greater attention on collaboration across the public sector, the Medium Term Property Strategy reflects the Government's One Public Estate Agenda, which is captured in the Locality Asset Review and the Oldham Strategic Estates Plan 2015-2020.
- 4.25 This strategy also sets out the framework for the delivery of efficiencies and budget savings from the rationalisation of existing assets, acquisition of new assets and the more efficient and effective use of the corporate estate.

## **Procurement Policy**

- 4.26 The Council's Procurement policy focuses on procurement activity which has the aim of ensuring the optimum balance between cost, quality and local social value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage of any procurement activity.
- 4.27 The policy ensures value for money and social value outputs are monitored and measured in an integrated way, in order to support the Council's co-operative agenda. In this way, the Council ensures that it maximises the greatest local social, economic and environmental benefit from the Council's purchasing power.

## **Housing Strategy**

- 4.28 In March 2015 the Council approved the Oldham Housing Strategy for 2015 to 2018.
- 4.29 The Strategy sets out current challenges and Oldham's vision for housing and how it will work within Greater Manchester to deliver on its four key themes:
- Residential Growth.
  - Healthy Homes.
  - Improving Neighbourhoods.
  - Building Stronger Communities.
- 4.30 The strategy provides a framework to support other housing themed delivery plans relating to issues such as homelessness, residential development, private sector housing and



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affordable warmth. It also links in to other key Council initiatives such as regeneration through 'Invest in Oldham' and employment through 'Get Oldham Working' and clearly underpins decision making around the capital strategy, revenue and Housing Revenue Account budgets.

- 4.31 The strategy is currently under review and a new strategy will be put forward for approval and adoption in 2019. The financial implications of the updated strategy will be managed within the context of available revenue and capital resources.

#### **Get Oldham Working Initiative**

- 4.32 A key aim of the Council is to improve employment opportunities for Oldham residents and the Council has continued to take forward the flagship "Get Oldham Working" campaign which is now firmly into Phase 2. To date it has helped create almost 9,200 work-related opportunities - including more than 6,250 jobs, 1,300 apprenticeships, 320 traineeships and more than 1,250 work experience placements.
- 4.33 Recognising that the skill base of the Oldham workforce needs to be improved, the Council has invested in the skills agenda and, in line with the co-operative vision, has produced a Work and Skills Strategy.
- 4.34 The Council remains committed to the Get Oldham Working initiative and to continue the scheme from 2019/20 onwards an amount of £0.140m has been added to the budget estimates.

#### **Oldham Work and Skills Strategy**

- 4.35 The Work and Skills Strategy was approved by Cabinet in June 2016. In line with the co-operative vision, the Strategy aspires to achieve four simple strategic goals over the 2016 to 2020 period:
- Create jobs;
  - Deliver social regeneration and in-work progression;
  - Deliver the vision of the Oldham Education and Skills Commission (OESC) and improve the colleges; and
  - Support a thriving private sector.
- 4.36 The strategy also contains an "outcomes framework" for employment and skills which seeks to improve population skills outcomes to support these strategic goals.

#### **Education Provision Strategy**

- 4.37 It is the Council's statutory duty to ensure there are enough school places available to local children and young people. No other local or national body shares this duty to secure sufficient primary and secondary schools, although to provide this the Council works with schools and other partners to deliver the places needed. When seeking to manage the demand and supply of school places in Oldham, Oldham Council will take into account the diverse range of provision and educational organisation arrangements that are working well and those that are not working as well. When new or changed provision is considered the Council will seek to influence any proposals to secure high quality educational provision for its citizens.

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## **Strategy for Children and Young People aged 0-25 with Special Educational Needs and Disabilities**

- 4.38 The strategy looks to the vision for children and young people with Special Educational Needs and Disabilities (SEND) to have a range of support and opportunities available to enable them to become confident individuals, effective communicators, successful learners and responsible citizens, to remain healthy and to achieve the life outcomes to which they and their families aspire. The current action plan following the strategy is due for review.

### **Oldham Education and Skills Commission (OESC) / Oldham Education Partnership**

- 4.39 Oldham Education and Skills Commission set out a vision for Oldham to create a 'Self-improving education system' where schools, colleges and all interested parties work together in a new collaborative partnership. The Council has allocated £1.000m of resources over the life of the programme in order to enable the OESC to take forward its work.
- 4.40 The Board of the Oldham Education Partnership work to support improvements across the education system. This work across the system is in close partnership with the Local Authority and Opportunity Area work.
- 4.41 Strong links are in place across the system with knowledge and intelligence of all schools (Local Authority and Academy) feeding into an Oldham wide model to support improvements at all Key Stages.
- 4.42 The focus for the Education Partnership will be the continuous improvement of:
- Outcomes for children and young people
  - Leadership that will drive the self-improving system
  - Teaching, learning and assessment
- 4.43 The Oldham Education Partnership will continue to work in Partnership to support the role of the Local Authority with schools in Oldham.

### **People Strategy**

- 4.44 Recognising that staff are the Council's greatest asset, the overarching People Strategy is regularly reviewed and developed around four themes that focus on organisational design, building organisational capability, working towards being an employer of choice and effective people infrastructure (people, policies and processes) all of which are aligned to the Corporate Plan and underpinned by the Council's ambition, values and behaviours.

### **ICT Strategy**

- 4.45 The Council's ICT Strategy has been developed through engagement with key stakeholders across the business to shape the direction of the organisation in this regard.
- 4.46 It describes the development of core ICT capabilities over the three years 2017/18 to 2019/20 but is currently being refreshed; the strategy has been formulated through a pipeline which addresses delivering a customer focused service; digital by design, harnessing the power of data, strengthening governance and capability and integration of information to be an agile and efficient Council. Implementation of this strategy will allow the Council to address key challenges such as increasing demand, reducing budgets and embracing a wider reform of public sector across the Greater Manchester (GM) sub-region.

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- 4.47 The current and updated strategy will provide an aspirational vision and direction for the Council's technology platform, grounded in affordability. They reflect the balance between taking advantage of new opportunities in ICT with the risk and cost of moving away from or changing existing solutions. The principles within the strategies also provide a framework for how the Council's IT services will be designed, commissioned and delivered.
- 4.48 The success of the ICT Strategy is therefore a vital element in ensuring the Council can deliver its service transformation agenda with associated operational and financial efficiencies which include associated budget reduction proposals.

### **Climate Change Strategy**

- 4.49 The Council has a Climate Change Strategy covering the period 2013 to 2020. This strategy covers the Council's approach to investment in low carbon infrastructure across the borough, both on its own assets and in partnership with community groups, developers and other stakeholders. Examples of projects arising from this strategy include the 110kW solar photovoltaic array on Tommyfield Market, and the Generation Oldham solar PV programme for schools and community centres.
- 4.50 The Climate Change Strategy will be replaced in 2019 with a new Green Oldham Strategy, which will build on the approach set down thus far and expand it in line with the Council's current priorities around Health and Wellbeing, tourism and also increasing energy efficiency.
- 4.51 The Climate Change Strategy and Green Oldham Strategy have and will provide Oldham with additional specific project funding sources which include the Interreg Europe COALESCCE project and the Food Chains for EU project. In addition a number of new EU funding bids have been submitted for which the Council is awaiting a decision as to whether they have been successful.

### **Local Flood Risk Management Strategy**

- 4.52 The Local Flood Risk Management strategy principally aims to tackle 'local flood risk', which includes flooding from surface water, groundwater, ordinary watercourses, canals and reservoirs. This type of flooding is responsible for most of the household flooding in England, but until now there has been no duty on the Council or the Environment Agency (EA) to address these forms of risk in an organised way. The strategy aims to address this gap and direct and manage the way forward.

### **Other Strategies, Management Plans and Policies**

- 4.53 There are a number of other policies, strategies and management plans which are relevant and feed into the MTFs. These include Safe and Strong Communities, Safeguarding for Adults, Children and Multi Agency Safeguarding Hub, Arts and Heritage, Place Marketing and Integration.

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## 5 Financial Resilience

- 5.1 Members will recall that the PVFM Select Committee considered a report on the financial resilience of Local Authorities at its meeting of 13 December 2018. Financial resilience has become a matter of national focus as a result of the well-publicised financial failure at Northamptonshire County Council. This required the issuing of an initial notice, in February 2018, under the powers of Section 114 of the Local Government Act 1988 which effectively brought all non-essential spending to a halt. As the financial position worsened, a second such notice was issued in July 2018.
- 5.2 In response to the issues at Northamptonshire and the signs of financial stress being exhibited by other Councils, the Chartered Institute of Public Finance and Accountancy (CIPFA), the leading public sector accountancy body, issued a consultation document on a proposal to introduce a Financial Resilience Index which sought to provide an assessment of the relative financial health of each English Council. As a result of consultation comments, during the early part of 2019 CIPFA will be revising and testing the proposed range of indices ahead of the release of a final version. The index will therefore be a tool that will be used to support the 2020/21 and future years budget processes.
- 5.3 However, it is important to highlight that although the Council has used some one off measures to balance both the 2017/18 and 2018/19 budgets and is proposing to maintain this approach for 2019/20, it continues to be well positioned to adapt and adjust to meet the new financial challenges in respect of 2019/20 and future financial years. The Audit Findings Report produced by the External Auditor when giving the audit opinion on the 2017/18 Statement of Accounts (July 2018) advised that the Council has, in all significant aspects, proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 5.4 The report stated that “the Council continues to develop future opportunities for Oldham in the context of the challenging financial landscape. It has a track record of meeting its revenue budget and identifying areas of budget reductions to secure the delivery of public services”. Such comments from the External Auditor can give Members confidence in the financial planning process and hence the robustness of the approach to producing estimates and managing the financial challenges the Council is facing.

## 6 2018/19 Revised Budget and Year End Forecasts

6.1 The starting point for the consideration of the 2019/20 budget is the current 2018/19 budget position. Since the 2018/19 budget report was approved by Council on 28 February 2018, there have been a number of further one off funding allocations and amendments. These are detailed in the table below. The budget for 2018/19 has therefore increased to £221.453m as reported in the Month 8 financial monitoring report elsewhere on the agenda. The revised 2018/19 budget therefore becomes the revised base budget for 2019/20.

**Table 4 - 2018/19 Revised Revenue Budget**

	£000	£000
Net Revenue Budget as at 1 March 2017		<b>209,657</b>
Adjusted for use of reserves		7,264
Adjusted Net Revenue Budget		<b>216,921</b>
<b>New One-Off Grant Funding Adjustments</b>		
Adult Personal Social Services Grant	208	
Opportunity Area Grant	2,237	
Adult Social Care Winter Pressures Grant	1,122	
School Improvement Monitoring & Brokerage Grant	261	
Extended Rights to Free Home to School Travel Grant	6	
Personal Advisor support for care leavers	11	
SEND Regional Co-ordinator Grant	24	
Property Searches New Burdens	24	
Transition to Universal Credit Housing	23	
Staying Put Grant	62	
Self Employed Review Funding	20	
KS2 Moderation & KS1 Phonics	13	
Capital Grants	531	
Reduction in DWP Implementation of Universal Credit	(10)	
Business Rates	(928)	
Increase in use of Reserves	928	
Total Budget Adjustments		4,532
<b>Total Revised Net Revenue Budget</b>		<b>221,453</b>

6.2 The table below details the 2018/19 Month 8 year-end forecast position against budget for each Portfolio after the planned transfers to and from reserves:

**Table 5 - 2018/19 Month 8 Year-End Forecast Position against Budget**

Portfolio	Budget £000	Forecast £000	Variance £000
Chief Executive	2,322	2,307	(15)
Corporate and Commercial Services	5,573	5,072	(501)
People and Place	138,739	143,982	5,243
Health and Adult Social Care Community Services	59,802	59,803	1
Reform	30,615	30,699	84
Capital, Treasury and Corporate Accounting	(15,598)	(20,555)	(4,957)
<b>NET EXPENDITURE</b>	<b>221,453</b>	<b>221,308</b>	<b>(145)</b>

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- 6.3 Whilst overall corporately there is a small under spend projected at the end of the financial year of £0.145m, the key variance to note is a £5.243m projected over spend within the People and Place Portfolio largely attributable to Children's Social Care (£4.216m). The principal reasons for this over spend are in the main due to the continued rise in the numbers of looked after children and out of borough placements; this being a continuation of the pressures consistently reported throughout 2017/18 and despite significant investment for 2018/19. There are also reported overspends relating to the increase in the number of children with disabilities requesting personal budgets and the number of care leavers living in supported accommodation.
- 6.4 This therefore highlights the issues the Council is currently facing in relation to increased demand for children's services. Although management action is being implemented to reduce spending it is unlikely to have a significant impact prior to the start of 2019/20. Other budgets under pressure in the Portfolio are the Home to School Transport Service and the Building Control Service.
- 6.5 The overall corporate position is being managed by offsetting favourable variances, most noticeably from capital, treasury and corporate accounting budgets. This is in part caused by the anticipated cost of borrowing and capital financing being lower than budgeted and the availability of additional Treasury Management income and unringfenced grants not allocated to service budgets.

## **7 Base Budget Adjustments and Expenditure Pressures 2019/20 to 2023/24**

- 7.1 The Council regularly reviews the assumptions and methodologies used to calculate the budget reduction requirements as part of its Medium Term Financial Strategy. This is informed by new or updated funding notifications from Central Government, trends in inflation, other Government policy announcements and changes in issues directly under the influence of the Council, all of which are outlined in Section 3 and Section 4 of the report. It also assumes as the starting point that expenditure and activity levels will continue as in 2018/19, adjusted for any approved budget reductions, growth items and additional burdens arising from new legislation or Central Government policy initiatives.
- 7.2 This section of the report sets out the revised expenditure assumptions that form the basis of the revenue budget estimates for the period 2019/20 to 2023/24 and change the budget requirement from that of 2018/19. The detailed MTFS estimates for 2019/20 and 2020/21 are attached at **Appendix 2**.

### *Base Budget Adjustments*

- 7.3 The starting position for calculating the 2019/20 estimates takes account of the full year effect of 2018/19 adjustments. This has been updated to reflect the current position and includes:
- £0.300m to add back budget reductions approved in 2018/19 which were agreed for one-year only.
  - £4.532m of one-off adjustments relating to 2018/19 temporary funding as shown in table 4.
  - Removal of £0.026m for the Extended Rights to Free Travel Grant where the Council has only received notification of funding for the 2018/19 financial year.

- Adjustments of £0.689m in 2019/20 and £1.100m in 2020/21 to reflect temporary funding arrangements in relation to Early Help services pending a service review due to take place prior to the 2020/21 financial year.
- A £3.902m reduction in 2019/20 for the 2018/19 allocation of Improved Better Care Fund announced in the Spring Budget 2017 (£3.201m) and the 2018/19 Adult Social Care Support Grant announced in the 2018/19 Final Local Government Finance Settlement (£0.701m).
- Reductions in 2020/21 for new grants that have been notified for 2019/20 only. Winter Pressures Grant (£1.122m), Social Care Support Grant (£1.917m) and Flexible Homelessness Support Grant (£0.194m).
- A reduction in funding for Universal Credit implementation costs of £0.155m as detailed at paragraph 8.32 thus directly reducing resources for this initiative.
- As detailed in paragraph 10.2, in 2019/20, the Council intends to use £3.000m of capital receipts to fund elements of Oldham's transformational agenda. As this intention is for one year only the adjustment reverses in 2020/21.

#### *Passporting of Adult Social Care Precept (ASCP)*

- 7.4 From 2016/17, the Government has allowed Councils to raise additional Council Tax via an Adult Social Care Precept (ASCP). This additional funding must be ringfenced to support the increased costs of Adult Social Care and is passported directly to Adult Social Care Services. The Adult Social Care Precept, assuming a 2% increase (to reflect Council Tax Policy), for 2019/20 will generate an additional £1.771m to fund pressures within Adult Social Care.

#### *ASCP Taxbase Growth*

- 7.5 Revisions to the taxbase increase the funding available to the Council for decisions made to apply the ASCP in 2016/17, 2017/18 and 2018/19. As with monies raised from the application of the ASCP in 2019/20, all additional funding from ASCP taxbase growth will be passported directly to Adult Social Care and for 2019/20 the growth will generate an additional £0.089m.

#### *Passporting of Increased Adult Social Care Grants*

- 7.6 Given the national trends in Adults Social Care pressures the Government has supplied additional ringfenced funding for Adult Social Care which will be passported directly to fund Adult Social Care Services. For 2019/20 an additional £6.171m will be passported which consists of £3.463m in relation to the Better Care Fund, £1.586m for the improved Better Care Fund announced in the Spring Budget 2017 and £1.122m for the 2019/20 Winter Pressures Grant confirmed in the 2019/20 PLGFS. It should be noted however that as detailed in paragraph 7.3, the £1.586m reflects a reduction of grant from 2018/19 of £3.201m leaving a net impact of £2.970m.

#### *Demand Pressures – Children's Social Care*

- 7.7 Members will be aware that the base budget for Children's Social Care for 2018/19 was significantly increased. However during the financial year demand pressures have continued as illustrated through the 2018/19 Month 8 Revenue Monitor (elsewhere on the agenda) which is showing an adverse variance of £4.216m. Although action is being taken to manage demand and associated expenditure, the service will require additional

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investment in 2019/20. This investment will provide resources to support social care expenditure at anticipated levels of demand and allow for the enhancement and strengthening of the staffing establishment to enable effective service delivery.

7.8 The full year effect of this investment in Children's Social Care is £5.282m however the budget will be increased by £4.611m in 2019/20 to reflect the time it will take to bring the staffing establishment up to full complement. As advised previously the Government has provided a one off grant of £1.917m which will support this expenditure in 2019/20.

7.9 It is expected that by 2020/21 the establishment will be fully staffed (at an additional cost of £0.671m) but that the Children's Social Care Service will be operating such that efficiencies of £1.660m will be generated. However these efficiencies do not fully offset the one off nature of the funding offered by Central Government and therefore the Council is required to support its investment in Children's Social Care by a further £0.928m of its own resources in 2020/21.

7.10 Mindful that it will take some time to embed and implement the new operating arrangements within Children's Social Care and thereby manage demand more effectively, a sum of £1.000m will be held in reserve to provide additional financial support if required during 2019/20.

#### *Pay Inflation*

7.11 As per paragraph 3.34, pay inflation estimates have been made in line with nationally agreed pay spines and pay awards. These have been allowed for in the MTFs and also the continuation of a locally agreed commitment to the Living Wage Foundation National Living Wage. For Council Services excluding Adult Social Care, the application of the changes to pay are at a 2019/20 value of £1.884m. For Adult Social Care, any pay inflation costs will be met from the additional resources raised through the Adult Social Care Precept (ASCP).

#### *Contractual Inflation*

7.12 There are areas of expenditure where there is a contractual commitment linked to a fixed or variable inflationary increase and the estimates for 2019/20 reflect that need. In the main, this relates to increased utility costs and inflationary rises built into service contracts such as those related to Private Finance Initiative (PFI) schemes. It is estimated that for 2019/20 these contractual inflation costs are at a value of £0.878m.

7.13 The MTFs assumes no increase in 2019/20 for general supplies and services inflation and that services will absorb any costs from within current resources. It should be noted however that as detailed in Section 3 of this report, inflation rates at the end of 2018 were at a rate of 2.3% and applying no increase to service budgets effectively reduces the spending power of the Council.

#### *Pension Contributions*

7.14 Contribution rates for 2019/20 (at the same level as 2018/19) have been agreed with the Greater Manchester Pension Fund (GMPF) as part of its triennial revaluation exercise which determines the required employer contributions. Any variations to the numbers of employees within services will be managed within service budgets. There is however an estimated 1.4% rise for 2020/21 and a further 1% per annum increase assumed for each subsequent year.



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### *GMCA Levy - Waste Disposal Element*

- 7.15 During 2017, following extensive consultation with Districts, the Greater Manchester Waste Disposal Authority (GMWDA) made a decision to terminate existing waste PFI arrangements in order to reduce costs and deliver operational improvements. On 13 December 2017 the Council approved a revised Levy Allocation Methodology Agreement (LAMA) to be implemented from 2019/20 with transitional arrangements in place for 2018/19. In April 2018 the GMWDA transferred all its duties, obligations and statutory powers for waste disposal to the Greater Manchester Combined Authority (GMCA).
- 7.16 The Councils current budget estimate for the GMCA Levy – Waste Disposal Element for 2019/20 was revised when the 2018/19 budget was set following termination of the former PFI arrangements and the agreement of the proposed LAMA. It is expected that the costs will increase by £0.428m in 2019/20 however at this stage, the implications for the 2019/20 budget must be considered indicative as waste tonnage figures, a key cost driver, have yet to be confirmed.
- 7.17 It is anticipated that the Council will be formally notified of the levy for 2019/20 in January 2019. Any variation to the estimated levy will impact on the final budget position presented to Cabinet and Council. Should there be an adverse implication the Council has previously agreed a policy that such a variation would be funded from a reserve held specifically to support increased waste levy costs.

### *GMCA Levy – Transport Element*

- 7.18 The GMCA will consider its 2019/20 Transport Levy to the Greater Manchester Districts in January 2019. Oldham's Transport Levy is expected to be held at the same level as in 2018/19 which therefore means no change to the initial estimate for 2019/20.

### *GMCA - Contributions to GM-Wide Activities*

- 7.19 It has been assumed that GMCA contributions to GM wide activities will remain unchanged at a neutral position compared to 2018/19, although this has yet to be confirmed.

### *Environment Agency Local Levy*

- 7.20 On the 1 February 2019 the Environment Agency will provide Councils with provisional levy amounts for the 2019/20 financial year and then from 8 February 2019 onward will advise of any amendments made as a result to changes to provisional data.
- 7.21 For planning purposes, at this time it has been assumed that the amount will increase in line with previous years and whilst not of a significant value, £0.002m has been added to the estimates for 2019/20 and 2020/21.

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### *Net Impact of Levies/Contributions*

- 7.22 The table below advises that taking all the information set out above, the current estimate is that resources of £0.430m will be added to the levy budgets in 2019/20.

**Table 6 – Comparison of Levy Contributions**

<b>Levy/Contribution</b>	<b>2018/19 Budget £000</b>	<b>2019/20 Forecast £000</b>	<b>Difference £000</b>
GMCA Levy - Waste Disposal Element	17,517	17,945	428
GMCA Levy - Transport Element	16,100	16,100	0
GMCA - Contributions to GM-Wide Activities	757	757	0
Environment Agency	104	106	2
<b>Total Change to Levies/Contributions</b>	<b>34,478</b>	<b>34,908</b>	<b>430</b>

### *Investment Fund*

- 7.23 The Council has agreed an ambitious regeneration programme funded in part by prudential borrowing. This requires revenue spending to support the borrowing costs in line with the projected timeframe for the capital investment. The forecast is that for 2019/20 an additional £3.653m will be required in the investment fund. In the main this is required to offset previous one-off adjustment to estimates approved as part of the 2018/19 budget setting process where it was agreed to re-profile the Minimum Revenue Provision (MRP), the amount that the Council has to set aside from revenue resources to repay debt.

### *Homelessness*

- 7.24 The Council has been notified of a 2019/20 Flexible Homelessness Support Grant after the 2018/19 budget was approved at a value of £0.194m. It is assumed that this grant will be passported to services in 2019/20.

### *Early Help Funding*

- 7.25 Members will recall that the Early Help service in 2018/19 was partially financed from reserves to allow an extension to the Positive Steps contract to enable a review of the whole Early Help delivery model to be undertaken. This review has yet to be completed and to provide for a continuation of the service for a further year, £1.100m has been included in the 2019/20 budget to facilitate the determination of a revised delivery arrangement.

### *Development Fund*

- 7.26 A funding allocation of £1.000m was previously included in the budget estimates to support the funding of business developments which may be identified subsequent to or during the budget process. Following the identification and agreement to fund such pressures which are explained in detail in the following paragraphs, this fund has been fully utilised as part of the 2019/20 budget setting process however it remains at a value of £1.000m for 2020/21 and future years.

### *Software Licenses*

- 7.27 The Council's software license costs in relation to Microsoft products are due to increase at a cost of £0.250m in 2019/20. The Council will be required to incur this additional cost and this is therefore an unavoidable pressure.

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### *Street Cleaning*

- 7.28 Members will recall that on 20 August 2018 Cabinet approved a report allocating additional resources to support a Council initiative to promote street cleaning and enforcement. Additional funding of £0.240m in 2019/20 and a further £0.180m in 2020/21 has therefore been included in the budget estimates.

### *Coroners Service*

- 7.29 Members are reminded that Coroners services for Oldham are provided as part of a single service for Bury, Rochdale and Oldham. The service is led by Rochdale and the Council has been informed that an additional £0.180m is required in relation to the Coroner's service due to a forecast increase in operating costs for 2019/20. The Coroner is an independent judicial office holder and not directly employed by the lead Local Authority. Consequently, the Council's influence over Coroner expenditure is limited.

### *Home to School Transport*

- 7.30 Members will be aware that Revenue Budget Monitoring reports considered by Cabinet have highlighted a budget pressure in relation to continuing demand pressures within the Home to School Transport Service. The 2018/19 Month 8 Revenue Monitor presented elsewhere on the agenda details a projected overspend of £0.244m compared to £0.175m at Quarter 2 due to continuing demand pressures in the service. Whilst action is being taken to manage expenditure, it is considered appropriate to increase service budgets by £0.175m in 2019/20. The current routes will be re-procured during the 2018/19 academic year and there will be a review of the Home to School transport policy. This should lead to a reduced cost in line with the Quarter 2 forecast.

### *Building Control Fees*

- 7.31 The 2018/19 Month 8 Revenue Monitor presented elsewhere on the agenda details that the Building Control Service is experiencing a reduction in fee income due to current economic challenges and also an increased requirement to carry out statutory non-fee activities on building safety. This has created an estimated pressure in 2018/19 of £0.204m however a projected increase in fees leading into 2019/20 suggests that a budget adjustment of £0.167m will be sufficient to stabilise the financial position in 2019/20.

### *Get Oldham Working*

- 7.32 The Get Oldham Working agenda is a key Council priority. Within this programme the Oldham Modern Apprenticeship Trainee Scheme has previously been funded from external sources. This external funding source is due to expire at the end of 2018/19 and to continue the scheme and replicate the current programme of financing up to 80 trainees per year there is a requirement to provide a base budget of £0.140m in 2019/20.

### *Accommodation Costs – Public Health*

- 7.33 There are on-going financial liabilities of £0.382m which must be provided in the in 2019/20 budget. This is due to a change in NHS funding arrangements with regard to the Council's use of NHS premises for the provision of Health Visitors and School Nurse services for the 0-5 Right Start Model and the delivery of sexual health service in the Integrated Care Centre.

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### *New Business Developments*

- 7.34 The items detailed as new business developments in paragraphs 7.27 to 7.33 have emerged as 2019/20 pressures during 2018/19 and are summarised in the table below:

**Table 7 – New Business Developments**

<b>Estimated revenue position 2019/20 to 2021/22</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Software Licenses	250	0
Street Cleaning	240	180
Coroners Service	180	20
Home to School Transport	175	0
Building Control Fees	167	0
Get Oldham Working	140	0
Accommodation Costs Public Health	382	0
<b>Total New Business Developments</b>	<b>1,534</b>	<b>200</b>

### *New Burdens and Service Transfers*

- 7.35 As highlighted previously there is considerable uncertainty with regard to the Local Government Finance Regime and its effect on resources available to Council's from 2020/21. In particular the Government's commitment to the introduction of 75% Business Rates Retention means that the range and values of Government Grants is difficult to predict. Also there is an expectation that the new funding regime will require Council's to provide services which have previously been funded from Central Government. As a consequence the budget estimates assume that for 2020/21 any additional funding the Council receives from 75% Business Rates Retention Regime will be matched by New Burdens transferred from Central Government.

### *Revised Parish Precept*

- 7.36 The revised Parish Precept amount reflects the increases in the tax bases for Saddleworth and Shaw and Crompton Parish Councils and the increased precept proposed by Shaw and Crompton Parish Council. This is offset by an opposite and equal adjustment in the Council Tax generated in those areas. The revised 2019/20 Parish Precepts and the tax base growth applicable to the Parish Precepts in 2019/20 generates additional resources at a value of £0.004m.

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- 8 Provisional Local Government Finance Settlement (LGFS) and Associated Funding Announcements**
- 8.1 The 2019/20 Provisional Local Government Finance Settlement (PLGFS) was released on 13 December 2018. It was issued by the Secretary of State for Housing, Communities and Local Government the Rt. Hon James Brokenshire MP, setting out the Government's formal proposals for the funding of English Local Authorities in 2019/20.
- 8.2 The Government has only provided financial information for 2019/20 in accordance with its offer to provide a multi-year settlement to Councils like Oldham that submitted an Efficiency Plan by 14 October 2016.
- 8.3 Key issues included in the Provisional LGFS and associated announcements are as follows:
- There was little new money included in the Settlement from Central Government apart from the confirmation of the 2019/20 ringfenced Winter Pressures Grant and the 2019/20 unringfenced Social Care Support Grant which were announced in the 2018 Autumn Budget. There was no significant additional funding specifically for Children's Social Care which is currently the Councils major budgetary pressure.
  - The Government confirmed that the referendum limit for general Council Tax increases will remain at 3% for 2019/20 in line with inflation rates as measured by the Consumer Price Index.
  - The Government confirmed its intention to introduce 75% Business Rates Retention (rather than 100%) for all in 2020/21.
  - Proposed changes to the New Homes Bonus payments scheme have been scrapped in 2019/20 with the growth baseline remaining at 0.4%.
  - Resources from the return of excess Business Rates levy income will be paid to Councils in 2018/19 (the Council will receive £0.978m)
  - The GM Mayor, as Police and Crime Commissioner, will have the ability to increase the Police precept by up to £24 in 2019/20, double the amount allowed in 2018/19.
  - Updated Settlement Funding Assessment and Core Spending Power figures were issued for each Authority which included revised Business Rate Top Up grant figures.
- 8.4 The implications of these matters in the context of Oldham Council are dealt with from paragraph 8.19 of the report.
- 8.5 Three consultation papers were published alongside the 2019/20 PLGFS. The consultations cover the 2019/20 provisional settlement, reform of the Business Rates Retention system and a review of Local Authorities' relative needs and resources. The Final Settlement will be issued once the Government has had the opportunity to consider consultation responses on the Provisional Settlement. This is likely to be late January / early February 2019. Any funding changes will be included in budget estimates upon notification.
- 8.6 The response to the consultation on the settlement was submitted before the deadline of 10 January 2019 and was prepared by the Director of Finance in consultation with the Deputy Leader and Cabinet Member for Finance and Corporate Resources. The consultation paper sought responses to eight questions related to the distribution of Revenue Support Grant, Social Care Support Grant, New Homes Bonus and Rural Services Delivery Grant. The paper also sought views on the distribution of national levy account surpluses, Council Tax Referendum Principles and the issue of negative Revenue Support Grant. The Council has responded from the position of believing that resources where possible should be distributed on the basis of need.
- 8.7 The consultation paper relating to Business Rates Retention reform explores a range of issues associated with resetting the system and moving to 75% local rates retention from 1 April 2020. The consultation paper covers the approach to resetting baselines, proposed revisions to levy and safety net arrangements, tier splits (e.g. between Counties and
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Districts) and pooling incentives. The paper also seeks views on proposals that aim to simplify the administration of the system.

- 8.8 The third paper covering relative needs and resources seeks views on proposals to update and reform the formula for allocating resources as part of the Local Government finance system. From 1 April 2020, the Government is proposing to introduce a ‘foundation formula’ for allocating a proportion of resources on a per capita basis supplemented by service specific formulas for large and/or complex services such as Adults and Children’s Social Care. The formula will continue to take account of the relative ability of councils to raise revenue through local taxation and arrangements are likely to be introduced to smooth transition from the current system to the new system. The key challenge associated with responding to this and the Business Rates Retention consultation is that stakeholders are being asked for views on principles and aspects of design without being provided with illustrations or information as to how these reforms will impact on funding allocations and risk for individual Local Authorities.

### Settlement Funding Assessment

- 8.9 The Settlement Funding Assessment (SFA) is a Government calculated figure which includes the Revenue Support Grant (RSG) and the Baseline Funding Level (BFL). The BFL comprises Business Rates Top Up Grant plus the Government’s assessment of Business Rates that can be collected locally (known as Business Rates Baseline). GM Districts do not currently receive any RSG in lieu of piloting 100% Business Rates retention.

#### National position

- 8.10 The Government is continuing with its spending review commitment to reduce departmental spending and as such the following table shows these reductions in the National SFA. The reduction from £16.943bn in 2018/19 to £15.958bn in 2019/20 represents a 5.8% decrease in national funding.

**Table 8 – National SFA Amounts**

2018/19 £m	SFA for England	2019/20 £m
16,943	Settlement Funding Assessment	15,958
	of which:	
1,379	Revenue Support Grant	653
15,564	Baseline Funding Level	15,305

#### Oldham Council

- 8.11 The position for Oldham, following the submission and acceptance of its Efficiency Plan in 2016 is as anticipated and the reduction in the SFA from £102.816m in 2018/19 to £96.899m in 2019/20 represents a 5.75% decrease, in line with the decrease in overall national funding.

**Table 9 – Oldham SFA Amounts**

2018/19 £000	SFA for Oldham	2019/20 £000
102,816	Settlement Funding Assessment	96,899
	of which:	
0	Revenue Support Grant	0
102,816	Baseline Funding Level	96,899

- 8.12 The SFA figures provided for Oldham compared to the current estimates suggest a small increase of £0.046m for 2019/20. This is due to the updating of the Small Business Rates Multiplier from 48p in 2018/19 to 49.1p in 2019/20, an increase of 2.29%. It is important to note that the change in SFA is not supported by a corresponding increase in grant funding.

**Table 10 – Oldham SFA Changes**

Funding Stream	Current Estimates £000	Settlement £000	Variance £000
Settlement Funding Assessment	96,853	96,899	46

### Core Spending Power

- 8.13 Published alongside the PLGFS was the Government's estimates of Core Spending Power (CSP). This is the Government's assessment of the expected revenue resources available to Local Authorities in 2019/20 using Office of Budget Responsibility estimates.
- 8.14 The Provisional Settlement includes detail by individual Authority and the comparative amounts for 2018/19 and 2019/20 for Oldham are shown in the table below:

**Table 11 – Oldham's Core Spending Power**

2018/19 £000	Core Spending Power for Oldham	2019/20 £000
185,619	Core Spending Power	189,197

- 8.15 Whilst the settlement Core Spending Power implies the Council has £3.578m more resources than in 2018/19, the Government's CSP figures include assumptions as to the growth of the tax base and annual tax increases that are not in line with the Council's own budget assumptions and estimates.

### Business Rates Retention – National Levy Account 2018/19 Surplus

- 8.16 As part of the operation of the Business Rates Retention system, some Authorities pay a levy on the growth in their business rates. This levy is designed to meet the cost of the safety net payments for those Authorities that have seen a decline in their income below 92.5% of their individual baseline funding level in a single financial year. MHCLG, on behalf of the Government, manage levy income and safety net payments.
- 8.17 National Non-Domestic Rates (NNDR3) data published on 21 November 2018 confirmed that, as a result of growth in business rates collected by Authorities in 2017/18 and the associated levy payments, there is a surplus of £195m in the 2018/19 levy account. The Government intends to distribute the majority of this surplus (£180m) to all Local Authorities based on the 2013/14 settlement funding assessment (sum of each authorities RSG and Baseline Funding Level allocations). It is intended that the remainder of the surplus (£15m) be held back to meet potential safety net payments for 2019/20.
- 8.18 The provisional allocation for Oldham is £0.978m which is expected to be received late 2018 for inclusion in 2018/19 accounts, hence it is not included in 2019/20 Core Spending Power calculations. This resource can be carried forward in the 2018/19 accounts and be used to support the 2019/20 budget.

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## Unringfenced Government Grants

8.19 As part of the Provisional LGFS, the Government has published the following funding allocations.

### *Business Rates Top Up*

8.20 Business Rates top up grant for 2019/20 is £40.653m, some £7.322m less than the equivalent figure for 2018/19 which reflects the Government's planned and ongoing reductions in funding support for the Local Government sector. Business Rates Top Up grant funding for 2020/21 and future years reflect the move from 100% to 75% Business Rates Retention (as per the detail in Section 3 of this report) and therefore shows an anticipated increase in top up grant whilst Business Rates income falls.

### *Grants in Lieu of Business Rates*

8.21 Grants in lieu of Business Rates are currently forecast to be £7.716m for 2019/20. This represents compensation for historic Government policy announcements and events that have the impact of reducing the amount of business rates revenue it is possible to collect. These grants are effectively a substitute for Retained Business Rates income. Grant compensation has arisen from policy announcements that have included:

- Caps on increases in the Business Rates multiplier for 2014/15, 2015/16 and post 2018/19;
- The doubling of small business rates relief and threshold changes for 2019/20;
- The cost of providing the recently announced retail discount; and
- Other small reliefs for discretionary schemes and supporting small businesses.

8.22 The compound effect of these changes coupled with the impact of appeals means the calculation of these amounts has become incredibly complex and burdensome. Final figures are derived from the Council's NNDR 1 return which will be submitted by 31 January 2019. On 17 December 2018 Cabinet delegated the decision to vary the final Business Rates forecast and hence the Business Rates Tax base, if required, to the Deputy Leader and Cabinet Member for Finance and Corporate Resources in consultation with the Executive Director of Corporate and Commercial Services and the Director of Finance.

### *Revenue Support Grant and Public Health Grant*

8.23 As part of the arrangements for participating in the GM 100% Business Rates Retention Pilot Scheme, the Council no longer receives separate funding allocations for Revenue Support Grant and Public Health Grant. Furthermore, the ringfence that normally applies to Public Health Grant funding has been removed. This funding has been replaced by a higher level of retained business rates and top up grant. The equivalent level of funding rolled into the 100% Rates Retention Pilot Scheme is Revenue Support Grant of £16.701m and Public Health Grant of £16.445m.



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#### *Improved Better Care Fund Grant*

- 8.24 The Provisional LGFS confirmed the iBCF allocations published as part of the 2015 settlement at a value of £8.150m for 2019/20. The Provisional LGFS also confirmed the additional funding for 2019/20 which was announced in the Spring Budget 2017 at a value of £1.586m. The full detail of the grant and the proposed spending plans are detailed earlier in this report in paragraphs 3.55 to 3.61.

#### *Independent Living Fund (ILF) Grant*

- 8.25 The Council took over responsibility from Government for the functions associated with the former Independent Living Fund during 2015. Independent Living Fund Grant payments were again confirmed as the figures in the multi-year allocations published at the beginning of the 2016/17 financial year. These figures are included in the Council's budget estimates and are £2.580m for 2019/20 and £2.500m for 2020/21. This funding has been passported in full to the service as approved as part of the 2016/17 budget process.

#### *2019/20 Winter Pressures Grant*

- 8.26 The PLGFS confirmed the Winter Pressures Grant announced in the Autumn Budget which provides an additional £240m nationally in 2019/20 for adult social care to help Councils alleviate winter pressures on the NHS. The Council has had its previously notified allocation confirmed at a value of £1.122m in the form of a ringfenced grant. Its use must be agreed with NHS partners and reported to the Department for Health and Social Care.

#### *2019/20 Social Care Support Grant*

- 8.27 The PLGFS also confirmed a further £410m nationally in 2019/20 for adults and children's social care in the form of an unringfenced Social Care Support Grant. This grant has been provided in response to Councils concerns with regard to pressure on adult and children's social care services and the expectation is that Councils will use the funding to meet those pressures. The Council has had its previously notified allocation confirmed at a value of £1.917m and will be used to support Children's Social Care spending pressures.

#### *Housing Benefit Administration Grant*

- 8.28 The Government will continue the payment of this unringfenced grant which compensates Local Authorities for the administration of the Housing Benefit system. The Department for Work and Pensions has given notification that the grant will be £0.759m for 2019/20.

#### *Council Tax Administration Grant*

- 8.29 The Government provides an unringfenced grant which compensates Local Authorities for the administration of the Council Tax system. The MHCLG has given notification that the grant will be £0.362m for 2019/20.

#### *New Homes Bonus Grant*

- 8.30 The 2019/20 Local Government Finance Settlement Technical Consultation Paper issued in July 2018 proposed amendments to the New Homes Bonus Grant through an adjustment to the variable baseline growth element of the grant. The Secretary of State, following consultation feedback, has decided not to implement the proposed adjustment resulting in no change to the calculation methodology. For 2019/20 Oldham Council will receive a New Homes Bonus Grant allocation of £0.961m which is £0.064m less than previously anticipated due to lower than expected house building in 2018/19.

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*Department for Work and Pensions (DWP) – New Burdens Grant*

- 8.31 The Department for Work and Pensions (DWP) provides funding allocations to support the implementation of new incentives in relation to the administration of benefits. The DWP has given notification the grant for 2019/20 will be at a value of £0.104m.

*DWP - Implementation of Universal Credit Grant*

- 8.32 The Department for Work and Pensions (DWP) also provides funding allocations to support the implementation of Universal Credit. The DWP has advised that for 2019/20 Oldham will receiving an allocation of £0.068m to support residents moving from Housing Benefits to Universal Credit. This allocation is £0.155m lower than in 2018/19. Although an unringfenced grant it had been passported through to support service provision. In line with the fall in the grant received, service expenditure matched to the grant will therefore be reduced by £0.155m.

*Homelessness Grants*

- 8.33 Homelessness Grants for which funding has been notified currently total £0.256m consisting of £0.194m Flexible Homelessness Support Grant and £0.062m Homelessness New Burdens Grant. These grants are passported to the service.

*Lead Local Flood Authority Grant*

- 8.34 The Council, as a Lead Local Flood Authority also receives a grant from the MHCLG and on 13 June 2017 received confirmation of 2017/18 allocations and provisional funding allocations up to the 2019/20 financial year. The estimates in the MTFS assume funding as per this provisional funding allocations at a value of £0.012m in 2019/20.

**Ringfenced Grants**

- 8.35 The estimates underpinning the Council's MTFS are based on ringfenced grants being allocated to fulfil their intended purpose. Such grants include Housing Benefit Subsidy and Dedicated Schools Grant. Ringfenced grant assumptions are based on the allocations that have been notified by the funding body. 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.

*Dedicated Schools Grant*

- 8.36 The Dedicated Schools Grant is a ringfenced grant payable to Local Authorities by Government for the funding of schools. 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).
- 8.37 There is no requirement for Authorities to move further to the funding allocation methodology introduced by the NFF in 2018/19, however there is a requirement for the Local Authority to consult with schools on the DSG allocation methodology that will be applied.

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

a) The **Schools** block covers funding for:

- Individual mainstream schools and academies
- Growth Funding for planned growth by the Local Authority (LA) in schools

b) The **High Needs** block covers funding for the education of pupils subject to Education, Health and Care Plans from age 0-25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and Council centrally retained expenditure for High Needs. Funding for the High Needs block has over the past few years, not kept pace with demand.

c) The **Early Years** block covers:

- Two Year old Funding
- Early Years Funding in Schools and Private, Voluntary and Independent provision
- Centrally retained expenditure for under 5's

d) The **Central Schools Services** block covers:

- Funding previously allocated through the retained duties element of the Education Services Grant (ESG) which has been discontinued from 2018/19
- Central school services which includes the expenditure related to Schools Forum, Premature Retirements, Admissions service, ICT for schools and School Improvement
- School Licenses
- Statutory and Regulatory duties

8.39 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) calculated the funding that Local Authorities will receive for the Schools Block as if the National Funding Formula had been applied. Yet, for 2019/20 and 2020/21 (a year later than originally announced) it remains the role of the Local Authority to determine the funding to schools and academies via their Local Funding Formula for the Schools Block.

8.40 The former Secretary of State for Education announced, in July 2017, the Schools and High Needs funding formula to Local Authorities would be supported by an additional £1.3bn of funding by 2019/20 (£416m in 2018/19 and £884m in 2019/20). Of this sum, the notional amount for Oldham which was then considered available for schools and High Needs was an increase of £2.177m in 2019/20, which brought the anticipated level of overall DSG resources to £223.874m. This was based on 2017 pupil figures and was subject to update once the 2018 pupil figures were taken into account. The notional allocations did not include any amounts for the Early Years Block.

8.41 As there is a requirement to agree the funding formula with schools, consultation with schools and the Schools Forum was required. A budget paper, based on 2017 pupil numbers and a total funding allocation of £223.874m, was presented to Schools Forum on 28 November 2018. This suggested a funding allocation methodology for schools, which continued to use Oldham's existing funding formula but moved further to the proposed national formula but with a minimum funding guarantee of 0% (protecting schools from any losses on pupil led funding) but a cap on gains of 1.27%. Importantly it also proposed a 1% movement between the Schools and High Needs Blocks which Schools Forum was asked to approve.

8.42 This total 1% movement of funds between blocks was proposed as the outturn DSG position for 2018/19 was a projected deficit of £4.710m, mainly due to additional costs of funding from the High Needs block for Special Schools, the Pupil Referral Unit and additional children with statements in mainstream schools. Subsequently, the projected outturn deficit has reduced due to the notification on 17 December 2018 of £0.622m of additional High Needs funding which will be used to partially offset the position to give a revised projected deficit of £4.088m. However, it still remains a cause for concern.

8.43 It is an important element of the financial management of the Authority that the DSG is not in a deficit position and there has been action to try to address this. However, this has been more than offset by the increasing numbers of children with special needs entering the schools system. Action taken includes

- the revision of Council processes to ensure that education health plans are issued in a more timely manner and reviewed more frequently with regard to the needs of the child
- changes to the process for placement of children out of borough

8.44 The funding formula proposed was approved by Schools Forum and provides a minimum funding level per pupil of £3,500 for primary and £4,800 for secondary schools. Also, for secondary schools the income deprivation affecting children index (IDACI) was included in the proposed funding formula at 10% NFF values (for the lowest two bands) together with a 1% transfer between the Schools Block and High Needs Block. The funding formula and 1% transfer between blocks was reported to and approved by Cabinet on 17 December.

8.45 The Council received the final DSG notification for 2019/20 including an amount for the Early Years Block on 17 December 2018. The 2019/20 DSG for Oldham is at a total value of £245.086m, which includes an additional funding of £1.551m for the Schools Block. The total allocation is analysed over the four funding blocks including comparisons to the indicative allocations in the table below:

**Table 12 – Dedicated School Grant 2019/20**

	Schools block £000	Central school services block £000	High needs block £000	Early years block £000	Total DSG allocation 2019/20 £000
2019/20 Indicative Allocation	188,937	2,984	31,952	0	<b>223,874</b>
2019/20 Actual Allocation	190,488	2,999	32,839	18,760	<b>245,086</b>
<b>Variance</b>	<b>1,551</b>	<b>15</b>	<b>887</b>	<b>18,760</b>	<b>21,212</b>

8.46 Also on 17 December the Secretary of State for Education announced additional funding of £250m over 2 years for the High Needs Block to address the national pressure on High Needs spending and in response to representations made by the Local Government and Schools sectors. As referred to above, this included an allocation for Oldham of £0.622m in each of 2018/19 and 2019/20. The allocation for 2019/20 is included in the above figures. The Secretary of State also advised that Authorities, where movements between the Schools and High Needs blocks had been agreed for 2019/20, may wish to reconsider their funding arrangements.

8.47 In this regard, given the current level of the DSG deficit and that that this will inevitably increase without remedial action, the Council still considers that a movement between

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blocks is necessary. The recommended approach to be presented to the next meeting of Schools Forum on 17 January 2018 is a slight reduction in the movement between the Schools and High Needs blocks from 1% to 0.84% combined with a different approach to the funding available to schools via the formula.

- 8.48 The Schools Forum meeting will therefore receive information on the updated funding allocation together with the proposed DSG budget for 2019/20. Schools Forum will be advised that the additional resources will allow a minimum funding guarantee (MFG) of an increase of 0.1% over 2018/19 pupil led funding with a cap on increases at 1.37%. It will also be advised that individual school budgets include funding for non-pupil led funding i.e. Lump Sum, premises, Private Finance Initiative and split site costs, and these factors do not receive a 0.1% MFG increase. Therefore the percentage change in school budgets between 2018/19 and 2019/20 may not fully equate to 0.1% increase in all instances.
- 8.49 In total therefore after allowing for the 0.84% movement of £1.594m the revised Schools Block is £188.894m and the revised High Needs Block is £34.433m.
- 8.50 Work will be continuing during the remainder of 2018/19 and throughout 2019/20 to address the DSG deficit position building on the work already in train, with the development of a detailed DSG recovery plan in consultation with Schools Forum. However, the Council has advised Schools Forum that if insufficient progress is made in taking forward such a plan then it will, with effect from September 2019, the start of the next academic year:
- Reduce top up funding given to mainstream schools with pupils with education health and care plans
  - Reduce top up funding given to special schools
  - Introduce new funding arrangements for over capacity over occupancy (over capacity) funding for Special Schools
- 8.51 It is important to note that the DfE has recently consulted on the implementation of new arrangements for reporting deficits of the DSG. The consultation document suggested that a report will be required from all Local Authorities that have an overall cumulative DSG deficit of 1% or more at the end of 2018/19. The recovery plan should look to bring the overall DSG into balance within a maximum of three years. Given the current position, Oldham will be required to submit such a report to the DfE and the action proposed within the report should ensure DfE requirements are satisfied.

#### *Housing Benefit Subsidy Grant*

- 8.52 The Council receives Housing Benefit Subsidy Grant funding from the Department for Work and Pensions (DWP). Allocations are determined on the submission of a Local Authority's initial estimate for its anticipated levels of rent allowances and rent rebates within a financial year. A revised estimate takes place mid-year. In addition to these estimates the DWP also allocates an amount for the administration of the scheme which is based on the number of new housing benefit claims and overall caseload. This is presented at paragraph 8.28 of the report.
- 8.53 In 2018/19 the Council is currently forecasting £56.7m of funding for Housing Benefit from the DWP. This allocation is likely to be reduced in 2019/20 as Housing Benefit caseloads fall as a direct result of the transition to Universal Credit (UC). The estimated 2019/20 position will be captured following the Council's submission of updated information in accordance with the statutory deadline of 1 March 2019.

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### *Discretionary Housing Payments (DHP)*

- 8.54 The Council is awaiting notification of allocations for 2019/20. For the 2018/19 financial year, the amount received by the Council was £0.654m and it is expected that the allocation for 2019/20 will be at a similar level. When received, this will be treated as a ringfenced grant as Authorities are required to provide a statement of grant usage and to return any unspent DHP allocation to the Government at the end of each financial year.

## **9 Locally Generated Income**

- 9.1 As Government grant funding continues to diminish, locally generated income from Council Tax and Business Rates is providing an increasing proportion of funding for Council services.

### *Retained Business Rates*

- 9.2 Included within Section 3 of the report is an explanation of the Business Rates system as applicable at present. Section 3 also explains the operation of both the GM 100% Business Rates Retention Pilot Scheme and Business Rates Pooling arrangements for 2019/20. From the figures presented in Section 8, it is also clear that the Government has implemented many policy changes since rates retention was introduced in 2013 that have resulted in a reduction in the amount of Business Rates revenue it is possible to collect. The Government has assured Councils that such policy announcements will continue to be fiscally neutral with Councils being provided with grant compensation in lieu of Business Rates revenue. It has also provided specific assurances to areas like Greater Manchester to ensure the region is no worse off as a result of piloting 100% rates retention.
- 9.3 The 100% rates retention pilot scheme so far is proving to be a success and is generating additional gains for both Oldham, other participating Districts and the GMCA. The forecasts included in this report show a benefit to Oldham of participating in the pilot scheme of some £1.218m which will be carried forward as a reserve from 2018/19 to support the 2019/20 budget. Although Business Rates revenue growth remains uncertain, it is hoped similar gains will be available in the final year of the pilot scheme.
- 9.4 For budget planning purposes, the Council's share of business rate revenues are projected to be £53.468m for 2019/20. This estimate has been revised to take account of the Provisional LGFS, the operation of the GM 100% Business Rates Retention Pilot Scheme and the result of the 2017 revaluation.

### **Council Tax Tax Base**

- 9.5 Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. Council Tax and Adult Social Care Precept income changes each year due to changes in the tax base (increase/decrease in chargeable Band D equivalent properties), fluctuations in collection rates and the Council's annual decisions on the level of the tax.
- 9.6 Each year the Council is required to review its Tax Base by considering the:
- numbers of properties within the boundary of the borough which determines the number of Band D equivalent properties upon which the Council Tax calculations are based; and
  - anticipated level of Council Tax that will be collected known as the Collection Rate.

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9.7 On 17 December 2018 Cabinet considered and approved the calculation of the Council Tax Base for 2019/20. The approved tax base has increased by 1,027 from 55,666 to 56,693. The tax base calculations are summarised in **Appendix 1**.

9.8 The tax base beyond 2019/20 is estimated to increase by around 400 Band D equivalent properties per annum to 2023/24 resulting from the building of new properties, fewer households claiming Council Tax Reduction support and empty properties being brought back into use.

### **Council Tax Reduction Scheme**

9.9 The Council Tax Reduction Scheme for 2019/20 is due to be formally approved at the Council meeting of 27 February 2019. The scheme itself has remained unchanged in recent years. In April 2017, Universal Credit Full Service (UC) commenced its roll out in Oldham. A wider understanding of the impact of this roll out has now presented the Council with an opportunity to reconsider its CTR scheme for 2019/20.

9.10 Proposals to change the CTR scheme have been consulted upon and include the continuation of limiting support to a maximum of 85% of Council Tax of a Band A Property, the disregard of Bereavement Support Allowance, Post Graduate Master's Degree Loan and Special Support payments in the assessment of CTR, the introduction of support for UC/CTR claimants including earnings disregards, use of DWP information as an intention to claim and incorporation of housing costs in the UC maximum award. The CTR scheme for 2019/20 is being considered elsewhere on the agenda. On the basis that the proposed scheme is approved it will reduce the level of Council Tax income available to support the budget. However, the estimated impact has been considered alongside the proposal to increase the level of charges on empty properties set out below and the agreed taxbase.

### **General Increase in Council Tax**

9.11 Within the 2019/20 Provisional LGFS, the Government confirmed the referendum limit for general Council Tax at a maximum increase of 3% for 2019/20 in line with current inflation rates as measured by the Consumer Price Index. This is 1% above previous levels and therefore allows the Council the option of introducing a general Council Tax increase of up to 2.99% without triggering a referendum.

9.12 The current Council Tax policy is for a general Council Tax increase of 1.99% and there is currently no proposal to change this. The total 2019/20 Council Tax generated following this increase will be at a value of £85.399m.

### **Council Tax Empty Property Premium**

9.13 The Council currently applies a Council Tax Empty Property Premium of 50% for properties empty and unfurnished for over two years. This policy was introduced from 1 April 2013 to encourage owners of empty properties to bring properties back into use and to help mitigate the impact of reduced central government funding. However, the Government announced in the Spring 2017 budget, that from 1 April 2019 Local Authorities would be given discretion to increase the Council Tax Empty Property Premium to a maximum of 100%, with the ability from 1 April 2020 to introduce additional premiums for properties empty and unfurnished for over five years and over ten years. This legislation in the form of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on November 1 2018.

- 9.14 The legislation means that for properties empty between 5 years and 10 Years a maximum a premium of 200% can be applied. If a property is empty and unfurnished for over 10 years a premium of 300% can be applied. If the Council were to introduce the maximum allowance premiums from 1 April 2020 the position would be as set out below:

**Table 13 – Council Tax Empty Property Premium**

Length of Time Vacant	Premium %
Less than 5 years	100
Between 5 years and 10 years	200
Over 10 years	300

- 9.15 Initially the Council intends to increase the empty property premium from 50% to the maximum 100% allowed from 1 April 2019. The impact of increasing the premium will be monitored throughout the 2019/20 financial year and increased income will support changes in the CTR scheme as set out above. Due consideration will be given prior to introducing the additional premiums from 1 April 2020 in line with the legislation.

#### **Adult Social Care Precept**

- 9.16 The revenue raised from the Adult Social Care Precept (ASCP) must be ringfenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care. The Government's calculation of CSP assumes this precept is levied by Oldham and by all Councils. It is proposed that the precept, which has to be highlighted separately on the face of the Council Tax bill, will be levied by the Council at a 2% increase. This will generate an additional £1.771m Council Tax income for 2019/20.
- 9.17 To ensure that Councils are using income from the precept for Adult Social Care, Councils are required to publish a description of their plans, including changing levels of spend on Adult Social Care and other services which requires sign off from the Council's Chief Finance Officer (The Director of Finance).
- 9.18 Although Government has only indicated that the Adult Social Care Precept will continue to 2019/20, the MTFs assumes it will continue beyond the current spending review period which ends in 2019/20.

#### **Increased level of Council Tax income**

- 9.19 The proposals set out in this report assume that a 1.99% general increase to Council Tax is applied for 2019/20. Together with the proposed increase in the Adult Social Care Precept detailed in paragraph 9.16, this represents an overall increase of 3.99% in Band D equivalent Council Tax for Oldham Council services. Oldham Council Band D Council Tax for 2019/20 is therefore proposed to be £1,624.36 of which £118.02 relates to the Adult Social Care Precept.
- 9.20 Compared to figures presented in the 2018/19 budget report, the proposed increases and revised Tax Base will generate additional Council Tax of £0.974m and Adult Social Care Precept of £0.089m. The budget gap estimates have been updated to reflect the increase of income in General Council Tax and the Adult Social Care Precept. The Adult Social Care Precept increased income will be passported direct to Adult Social Care services.
- 9.21 Members are however reminded that the Council Tax and Adult Social Care Precept estimates presented in this report are merely an illustration. The actual level of Council Tax and Adult Social Care Precept to be charged is a matter to be decided by Budget Council.



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- 9.22 Members are also reminded that the Council is required to calculate its Relevant Basic Amount (RBA) of Council Tax to determine whether there is a requirement to hold a referendum about a Council Tax increase above a level that the Government considers excessive.
- 9.23 This “excessiveness” is determined annually and for 2019/20 was detailed in ‘The Referendums Relating to Council Tax Increases (Principles) (England) Report 2019/20’ which was published as part of the PLGFS. For 2019/20, the RBA consists of an increase in the RBA of Council Tax comprising a maximum of 3% for general Council Tax plus an element for the Adult Social Care Precept (6% less 2017/18 ASCP increase less 2018/19 ASCP).
- 9.24 As part of the 2017/18 LGFS, the Government allowed Councils to raise an ASCP of up to 6% over a three year period to 2019/20. The precept was permitted to increase by a maximum of 3% in 2017/18 with a further 3% in 2018/19 provided there was no further increase in 2019/20. To help reduce the impact on residents, Oldham Council chose to charge the precept but at an increase of 2% in 2017/18 with a further increase of 2% in 2018/19 and 2019/20.
- 9.25 This means that locally for Oldham the 2019/20 maximum Council Tax increase available is 5% (comprising a maximum 2% for the Adult Social Care Precept and 3% for other services). Any increase below 5% would not therefore be classed as excessive and as such the proposed increase of 3.99% would not trigger a referendum. Members are therefore reminded that Council Tax could increase by a further 1% above the agreed policy and still remain within the referendum limits.

### **Parish Precepts**

- 9.26 Parish Precept income is collected by the Council on behalf of the Saddleworth and Shaw and Crompton Parish Councils. These precepts are included on the Council Tax bills of properties falling within these parish areas. The revenue collected is for the benefit of each parish and thus has no impact on the financial projections presented in this report. The revised 2019/20 Shaw and Crompton Parish Precept, proposed 8 January 2019, and the 2019/20 growth in the tax base for both parishes produces an increase of £0.004m as shown in paragraph 7.36 which increases the total parish precepts to a value of £0.268m.

### **2018/19 Collection Fund Forecast Outturn Position**

- 9.27 The Collection Fund is a statutory fund separate from the General Fund of the Council. The Local Government Finance Act 1992 (as amended) requires that the Council as the Billing Authority calculates a Collection Fund estimate on 15 January each year. This may produce a Council Tax surplus or deficit which can then be distributed to the Council and the GMCA for the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services). In addition, the Business Rates surplus or deficit can be distributed to the Council and the GMCA.
- 9.28 The Collection Fund forecast outturn projection is presented as part of the revenue monitoring reports considered by Cabinet throughout the year. Business Rates are a highly complex and volatile tax and it is exceptionally difficult to forecast movements over the short to medium term with great accuracy. At this stage, for budget setting purposes and for the purpose of notifying the GMCA as major preceptor, it is assumed that the Collection Fund forecast outturn position for both Council Tax and Business Rates for 2018/19 will be a surplus of £2.612m enabling the Council to take its share at a value of £2.269m to support the 2019/20 revenue budget.

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## 10 Other Income Sources

### *Fees and Charges*

- 10.1 The provision of many Council services relies on the collection of revenue from fees and charges. Specific proposals in relation to fees and charges are set out in Section 15 of this report.

### *Flexible use of Capital Receipts*

- 10.2 As part of the Local Government Finance Settlement (LGFS) in March 2016, the Secretary of State for Housing, Communities and Local Government provided Local Authorities with the opportunity to use capital receipts to fund the revenue costs of transformation. This flexibility was then extended to 2021/22 as part of the 2018/19 LGFS. The Council intends to use up to £3m of capital receipts to fund elements of Oldham's transformational agenda in line with the directive guidance and therefore in 2019/20 the first £3m of unfettered receipts will be used to support the revenue budget via the financing of transformational projects.
- 10.3 The flexible use of capital receipts is designed to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners.
- 10.4 In order to take advantage of the change of use to capital receipts, the Council must act in accordance with the statutory guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. The Council's Flexible Use of Capital Receipts Strategy is included in the Capital Strategy presented elsewhere on the agenda.

## 11 Revised Budget Gap Forecast

- 11.1 Since the 2018/19 budget was set on 28 February 2018, a number of developments have meant it is necessary to adjust future years base budget estimates and revisit a number of expenditure pressure calculations.
- 11.2 Bringing together all of the assumptions and information set out earlier in this report the budget gap for 2019/20, presented to Council on 28 February 2018 at £17.986m has increased by £4.710m to £22.696m.
- 11.3 The impact of revisions to assumptions for the period 2019/20 to 2020/21, compared to the position reported on 28 February 2018 is presented in Table 14 below and is summarised in the following paragraphs.

**Table 14 – Change to Budget Gap since 28 February 2018**

Estimated revenue position 2019/20 to 2020/21	2019/20 £000	2020/21 £000
<b>Budget Reduction Requirement as at 28/02/2018</b>	<b>17,986</b>	<b>7,817</b>
Reversal of indicative future years savings submitted 2018/19	3,231	3,846
Reversal of Approved Use of Reserves 2016/17	250	
<b>Revised total after 'roll-forward' adjustments</b>	<b>21,467</b>	<b>11,663</b>
<b>Adverse changes to estimates</b>		
<b>Government and other external agencies</b>		
Grants in lieu of Business Rates	928	
DWP Grants	37	172
Homelessness Support	194	
New Homes Bonus Grant	64	
Environment Agency Levy	2	2
<b>Demand and other pressures</b>		
Children's Social Care - Additional Demand	4,586	(989)
Early Help	1,100	(1,100)
New Business Developments	1,534	200
Pension Contributions		1,000
<b>Favourable changes to estimates</b>		
Investment Fund (Debt Charges)	(1,500)	1,500
Pay and Price Inflation	(726)	(1,508)
GMCA Levy - Transport Element	(322)	(328)
Business Rates Recalculation	(214)	72
Revised Business Rates Grant	(9)	2,387
Revision to Council Tax Tax Base Growth Estimates	(963)	(169)
Housing Benefit Admin Grant	(367)	(236)
Council Tax Admin Grant	(4)	
Homelessness	(194)	
Lead Local Flood Authority Grant		(12)
Development Fund	(1,000)	
<b>Revised Gap / Budget Reduction Requirement</b>	<b>24,613</b>	<b>12,654</b>
<b>Government Resources Payable in 2019/20</b>		
2019/20 Winter Pressures Expenditure	1,122	
2019/20 Winter Pressures Grant	(1,122)	
2019/20 Social Care Support Grant	(1,917)	1,917
<b>Revised Gap / Budget Reduction Requirement</b>	<b>22,696</b>	<b>14,571</b>

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## Reversal of Future Years Indicative Budget Reduction Proposals

- 11.4 Members will recall that within the Revenue Budget 2018/19 and Medium Term Financial Strategy 2019/20 to 2021/22 presented to Council on 28 February 2018 included £3.231m of Indicative Budget Reduction Proposals for 2019/20 with a further £3.846m for 2020/21. As detailed plans for the delivery of the savings had yet to be developed these proposals have been removed from the revised estimates. This provided the opportunity to reconsider the feasibility of these proposals and if appropriate they have been resubmitted as new budget reduction proposals for 2019/20.

### Adverse Changes to Estimates

#### Government and other external agencies

##### *Grants in lieu of business rates*

- 11.5 Members will recall that on 20 March 2018 the Secretary of State announced that an “historic error” had been found in the way that Section 31 grants had been calculated for all 100% Rates Retention pilot scheme areas. As a consequence, the calculation of payments made to all Local Authorities piloting 100% business rates retention were adjusted. For Oldham, this resulted in a reduction in grant of £0.928m which had to be made good by reserves in year. This has therefore to be addressed as a budget pressure in 2019/20.

##### *DWP Grants*

- 11.6 The Council has received confirmation of grant levels from the DWP in relation to Universal Credit and New Burden administration (detailed in Section 8 of this report). The net effect of changes in grant increase the budget reduction requirement in 2019/20 by £0.037m with an additional expected reduction of £0.172m in 2020/21.

##### *Homelessness Support*

- 11.7 The Council has been notified of a 2019/20 Flexible Homelessness Support Grant after the 2018/19 budget was approved at a value of £0.194m. It is assumed that this grant will be passported to services in 2019/20.

##### *New Homes Bonus*

- 11.8 Following the 2018/19 introduction of baseline growth adjustments and lower than anticipated house building in 2018/19, it is now estimated that the Council will receive a reduced level of grant at a value of £0.961m in 2019/20. This is £0.064m lower than previous estimates.

##### *Environment Agency Levy*

- 11.9 This levy is assumed to continue to increase by 2% per annum. The previous assumption was cash standstill. The revised assumption increases the Budget Reduction Requirement by £0.002m per annum from 2019/20.

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## Demand and other pressures

### *Children's Social Care*

- 11.10 As detailed in paragraph 7.7 Children's Social Care remains an area of considerable pressure. In 2019/20 the service requires funding of £4.586m more than the £0.025m already allowed for. The estimate for 2020/21 is a net reduction of £0.989m due to service efficiencies of £1.660m offset by the full year effect of staffing costs at a value of £0.671m.

### *Early Help Funding*

- 11.11 Paragraph 7.25 provides detail on Early Help funding for 2019/20. To allow a full service review to take place £1.100m has been included as a one year only budget allocation pending the agreement of revised delivery arrangements.

### *New Business Developments*

- 11.12 As detailed in paragraph 7.34 there have been a number of new developments in year that have required additional resource and increased the budget reduction requirement. The total resource requirement of these new business developments is at a value of £1.534m for 2019/20 and £0.200m for 2020/21.

### *Pension Contributions*

- 11.13 As part of the Council's budget setting requirement In 2017/18, Council approved a budget reduction proposal of £1.000m derived in the main from making an upfront payment for all employer pension contributions for the current triennial pension period. 2019/20 is the final year of this triennial period and as such the approved proposal expires prior to the 2020/21 financial year. The Greater Manchester Pension Fund has yet to confirm whether it will offer similar terms for the next triennial period (2020/21 to 2022/23). Furthermore, it would be necessary to secure Member approval to enter into a continuation of the pre-payment arrangement. Consequently, it is necessary to reflect in the estimates a reversion to the previous 'pay monthly' arrangements that were in place prior to 2017/18. By 2020/21, it is estimated that the cost of reverting to these arrangements will be around £1.000m per annum.

## **Favourable Changes to Estimates**

### *Investment Fund – Debt Charges*

- 11.14 The budget estimates included an allocation of funding in 2019/20 to account for the ongoing revenue resource implications of the Capital Programme (entitled 'Investment Fund') at a value of £4.653m for 2019/20. Following the completion of the annual review of the Capital Programme, recently reported to the Capital Investment Programme Board (CIPB) and as a result of revisions to the profiling of major capital projects, the estimated required resource in relation to capital financing charges for 2019/20 can now be reduced by £1.500m

### *Pay and Price Inflation*

- 11.15 Revised NJC pay arrangements (detailed at paragraph 3.34) and the Councils commitment to the Living Wage Foundation Living Wage have led to an increased employee pay budget requirement which is within current estimates however the decision not to allocate contractual inflation to general supplies and services has led to a reduction in the budget gap at a value of £0.726m in 2019/20 and £1.508m in 2020/21.

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### *GMCA Levy - Transport Element*

- 11.16 The Transport Element of the GMCA Levy for 2019/20 is detailed in paragraph 7.18 and the 2019/20 budget requirement is estimated to be fixed at 2018/19 levels. Previous assumptions were based on an annual 2% increase and the revision allows the estimates to be reduced at a value of £0.322m in 2019/20,

### *Business Rates Recalculation*

- 11.17 Business Rates have been recalculated in year based on the most up to date information available which has allowed the Council to reduce the budget reduction requirement for 2019/20 at a value of £0.214m.

### *Revised Business Rates Top Up Grant and Grants in Lieu of Business Rates*

- 11.18 Revisions to the Government's calculations on Business Rates and the Business Rates Multiplier have allowed for a small reduction to the 2019/20 budget reduction requirement at a value of £0.009m. The estimates for 2020/21, as detailed at paragraph 8.21 contain a high level of uncertainty at this time and although the Government has announced that the austerity regime is coming to an end the estimates remain prudent and assume that Business Rates Top Up Grant will reduce at a similar level as over recent years. This results in an annual average decrease of approximately 7.5% and increase the 2020/21 budget reduction requirement by £2.403m.

### *Revision to Council Tax Tax Base Growth Estimates*

- 11.19 As explained in Section 9 of the report, improved Council Tax Base projections will result in an increase in general Council Tax revenues of £0.963m in 2019/20, together with a further £0.033m Adult Social Care Precept (ASCP) passported to the service.

### *Housing Benefit Administration Grant*

- 11.20 Paragraph 8.28 details the Housing Benefit Administration Grant for 2019/20 which is £0.367m higher than previous estimates and reduces the forecast budget gap for 2019/20.

### *Council Tax Administration Grant*

- 11.21 Paragraph 8.29 details the Council Tax Administration Grant for 2019/20 which is £0.004m higher than previous estimates and again reduces the forecast budget gap for 2019/20.

### *Homelessness*

- 11.22 As per paragraph 8.33, the Council has been notified of a 2019/20 Flexible Homelessness Support Grant after the 2018/19 budget was approved at a value of £0.194m. It is assumed that this grant will be passported to the service in 2019/20.

### *Lead Local Flood Authority Grant*

- 11.23 The Council, as a Lead Local Flood Authority also receives a grant from the MHCLG and on 13 June 2017 received confirmation of 2017/18 allocations and provisional funding allocations up to the 2019/20 financial year. The estimates in the MTFs assume funding as per this provisional funding allocations at a value of £0.012m in 2019/20.

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### *Development Fund*

- 11.24 A funding allocation of £1.000m was previously included in the budget estimates to facilitate the funding of business developments which may be identified subsequent to or during the budget process. Following the identification and agreement to fund such pressures this has been fully utilised.

### **Government Resources**

#### *2019/20 Winter Pressures Grant*

- 11.25 Paragraph 3.63 of this report provides detail on the 2019/20 Winter Pressures Grant which was introduced in the 2018 Autumn Budget and confirmed within the 2019/20 PLGFS. The Council will receive £1.122m of ringfenced grant for 2019/20, which in line with the grant conditions will be passported direct to Health and Adult Social Care Community Services.

#### *2019/20 Social Care Support Grant*

- 11.26 Paragraph 3.64 of this report provides detail on the 2019/20 Social Care Support Grant which was also introduced in the 2018 Autumn Budget and confirmed within the 2019/20 PLGFS. The Council will receive £1.917m of grant for 2019/20, however, unlike the Winter Pressures Grant the Social Care Support Grant is unringfenced and will be used to contribute to the investment in Children's Services detailed in paragraph 8.6.

### **Summary Position**

- 11.27 The adjustments to estimates detailed in the paragraphs above revise the budget gap for 2019/20 and result in a change from £17.986m (approved by Council on 28 February 2018) to a revised amount of £22.696m (an increase of £4.710m)
- 11.28 An overall summary of the Council's revenue budget gap forecast for 2019/20 and 2020/21, including the adjustments detailed above, is presented at **Appendix 2**.

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## 12 Budget Proposals

- 12.1 The approach used by the Administration for balancing the budget by completing an exercise for the period 2019/20 to 2021/22, followed on from the successful processes adopted in previous years. Using the well-established forum of Leadership Star Chamber there has been a review of the extent of financial pressures facing the Council and consideration given to budget reduction proposals to bridge the budget gap.
- 12.2 The budget has been reviewed by Portfolio area with proposals put forward for consideration. The Portfolio areas are as follows:
- Health and Adult Social Care Community Services
  - People and Place
  - Reform
  - Chief Executive
  - Corporate and Commercial Services (including Capital & Treasury)
- 12.3 Work has also been undertaken to prepare cross cutting budget proposals where possible. Member support for Portfolio specific and cross cutting proposals has been demonstrated by proformas bearing the signatures of the relevant Cabinet Member.
- 12.4 A total of 35 Budget Reduction Proposals (BR1's) at a cumulative 2019/20 value of £7.829m with an FTE impact of 24.88 are now recommended for scrutiny. These can be seen in summary at **Appendix 3** and in detail at **Appendix 4**. The proposed budget reduction values by Portfolio are shown in the table below.

**Table 15 – Summary of Proposed Budget Reductions**

Portfolio	2019/20 £000	2019/20 FTE	2020/21 £000
Health and Adult Social Care Community Services	(82)	0	(13)
People and Place	(869)	(1.00)	(2103)
Reform	(513)	(12.88)	(250)
Chief Executive	(75)	0	0
Corporate & Commercial Services (including Capital & Treasury)	(6,290)	(11.00)	(2,250)
<b>Total Budget Reductions</b>	<b>(7,829)</b>	<b>(24.88)</b>	<b>(4,616)</b>

- 12.5 Three proposals (over and above the 35 proposals in this report) were originally issued for consultation. However following review and consideration of initial comments, these three proposals have been withdrawn and are not presented for scrutiny by the Select Committee as follows;
- CCS-BR1-246: Cessation of the Employee Assistance Programme (£0.022m):- Consultation with the trades unions highlighted considerable concern in regard to the impact this proposal would have had on employees, particularly at a time when there is continued change across the Authority.
  - PPL-BR1-206: Funding of Officer from S106 Contributions (£0.035m):- Further review of this proposal has led to concerns about its viability and it was therefore withdrawn.
  - REF-BR1-224: Reduction in staffing resources at Chadderton and Limehurst Libraries (£0.007m):- Following consultation the negative impact on residents was deemed disproportionate to the level of proposed savings.



- 12.6 Assuming that Members are content to accept all the 35 Budget Reduction proposals presented alongside this report, the effect on the budget gap would be as summarised in the following table:

**Table 16 – Revised Position after Budget Reduction Proposals**

Estimated revenue position 2019/20 to 2020/21	2019/20 £000	2020/21 £000
<b>Revised Gap / Budget Reduction Requirement</b>	<b>22,696</b>	<b>14,571</b>
Budget Reduction Proposals	(7,829)	(4,616)
<b>Revised Gap after Budget Reduction Proposals</b>	<b>14,867</b>	<b>9,955</b>

- 12.7 This shows that the revised gap after the 35 proposed Budget Reductions is at a value of £14.867m for 2019/20 with an estimated gap of £9.955m for 2020/21.

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

- 12.8 As detailed in Section 10 of the report, the Authority is intending to utilise the flexibility of financing transformational projects by capital receipts up to the value of £3.000m.

#### **Collection Fund Surplus**

- 12.9 As detailed in Paragraph 9.27 the Council will be using a surplus on the Collection Fund of £2.269m as a one off resource to support the 2019/20 budget.

- 12.10 Having applied the Flexible use of Capital Receipts and the Collection Fund Surplus to the budget gap, the resources required to balance the 2019/20 reduce to £9.598m as shown below however as one-off measures they increase the 2020/21 budget gap:

**Table 17 – Revised Position after Budget Proposals**

Estimated revenue position 2019/20 to 2020/21	2019/20 £000	2020/21 £000
<b>Revised Gap after Budget Reduction Proposals</b>	<b>14,867</b>	<b>9,955</b>
Flexible Use of Capital Receipts	(3,000)	3,000
Collection Fund Surplus	(2,269)	2,269
<b>Revised Gap / Budget Reduction Requirement</b>	<b>9,598</b>	<b>15,224</b>

### 13 Use of Reserves

13.1 It is proposed to balance the revenue budget for 2019/20 by utilising additional reserves at a value of £9.598m as follows (all of which will increase the savings requirement for 2020/21)

- £0.250m of reserves approved as part of the budget setting process in 2016/17
- £0.978m of reserves relating to Business Rates Retention Reserve – National Levy Account – Funding Returned in 2018 (see para 8.16)
- £0.500m of resources made available by the 2017/18 100% Business Rates Pilot
- £1.218m of resources, the anticipated benefit of the 2018/19 100% Business Rates Pilot
- £6.652m to be funded by a one off use of corporate reserves.

**Table 18 – Use of Reserves**

<b>Estimated revenue position 2019/20 to 2020/21</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
<b>Revised Gap / Budget Reduction Requirement</b>	<b>9,598</b>	<b>15,224</b>
Approved Use of Reserves 2016/17	(250)	
Business Rates Retention Reserve - National Levy Account 2018/19 Surplus	(978)	978
Business Rates 2017/18 Pilot Scheme Gain	(500)	500
Business Rates 2018/19 Pilot Scheme Gain	(1,218)	1,218
Business Rates 2019/20 Pilot Scheme Gain		(1,689)
<b>Revised Budget Gap after Specific Use of Reserves</b>	<b>6,652</b>	<b>16,231</b>
Use of Corporate Reserves	(6,652)	6,652
<b>Revised Gap / Budget Reduction Requirement after all proposals</b>	<b>0</b>	<b>22,883</b>

- 13.2 The following table summarises all the actions proposed to balance the 2019/20 Budget using a combination of revisions to estimates of £3.146m, one-off Government resources at £1.917m, budget reductions totalling £7.829m, Capital Receipts at a value of £3.000m, one off Collection Fund surpluses of £2.269m, £0.250m use of reserves agreed in 2016/17, £0.978m use of reserves from the 2018/19 National Levy Account surplus, Business Rates Pilot Scheme Gains (£0.500m from 2017/18 and £1.218m from 2018/19) and the use of Corporate Reserves totalling £6.652m.

**Table 19 – Revisions to Estimates, Budget Reductions and Use of Reserves**

Budget Reductions / Use of Reserves	2019/20 £000
<b>Budget Gap as at 28 February 2018</b>	<b>17,986</b>
Reversal of indicative future years savings submitted 2018/19	3,231
Reversal of Approved Use of Reserves 2016/17	250
<b>Revised Gap / Budget Reduction Requirement</b>	<b>21,467</b>
Adjustments to Estimates	3,146
<b>Revised Gap after adjustments to estimates</b>	<b>24,613</b>
Government Resources Payable in 2019/20	(1,917)
<b>Revised Gap / Budget Reduction Requirement</b>	<b>22,696</b>
Budget Reduction proposals	(7,829)
<b>Revised Gap after Budget Reduction Proposals</b>	<b>14,867</b>
Flexible Use of Capital Receipts	(3,000)
Collection Fund Surplus	(2,269)
<b>Revised Gap / Budget Reduction Requirement</b>	<b>9,598</b>
Approved Use of Reserves 2016/17	(250)
Business Rates Retention Reserve - National Levy Account 2018/19 Surplus	(978)
Business Rates 2017/18 Pilot Scheme Gain	(500)
Business Rates 2018/19 Pilot Scheme Gain	(1,218)
<b>Revised Gap after Specific Use of Reserves</b>	<b>6,652</b>
Proposed use of Corporate Reserves 2019/20	(6,652)
<b>Revised Gap / Budget Reduction Requirement after all proposals</b>	<b>0</b>

- 13.3 It is acknowledged that the 2019/20 revenue budget is underpinned by the deployment of reserves. However, there are sufficient reserves to support this contribution to balancing the 2019/20 budget and thereby protecting services for as long as possible without exposing the Council to undue financial risk.
- 13.4 This approach also provides additional time to develop strategies to address the cumulative budget gap for 2020/21 and future years which will be challenging as pressures on vital services such as Children's Social Care increase and Government funding continues to reduce.

## 14 Reserves and Balances

- 14.1 The forecast year-end earmarked reserves position presented below reflects the estimated closing balance for 2018/19 and hence the total reserves available for the financial year 2019/20. However, this is before the proposed use of reserves of £9.598m as highlighted at Table 18.

**Table 20 – Reserves Position**

Earmarked Reserves	2018/19 Opening Balance  £000	2018/19 Estimated Closing Balance  £000
Adverse Weather Reserve	(1,500)	(1,500)
Balancing Budget Reserve	(7,264)	(9,598)
Council Initiatives	(5,178)	(3,470)
Demand Changes	(2,000)	(2,000)
Directorate Reserves	(4,477)	(2,498)
District Executives Reserve	(735)	(735)
Emergency and External Events	(2,671)	(2,616)
Fiscal Mitigation	(17,158)	(5,153)
Insurance Reserve	(14,933)	(12,933)
Integrated Working	(4,333)	(3,067)
Levy reserve	(560)	(560)
Life Cycle Costs	(6,611)	(6,611)
Regeneration Reserve	(3,580)	(5,634)
Taxation/Treasury Reserve	(625)	(625)
Transformation Reserve	(11,104)	(8,439)
<b>Total</b>	<b>(82,729)</b>	<b>(65,439)</b>

- 14.2 Although the estimated level of reserves at the end of 2018/19 is £65.439m, this will be reduced by resources to balance the 2019/20 budget of £9.598m. In addition the call down of some of these reserves is committed into future financial years and so they are not available for alternative uses. However the final 2018/19 position will not be determined until the accounts are closed and traditionally the outturn revenue position has been healthier than the forecast.
- 14.3 As detailed within the Month 8 revenue monitoring report, which is elsewhere on this agenda a revenue surplus of £0.145m is forecast at the end of 2018/19, therefore the level of general fund balances is anticipated to increase by £0.145m to £14.136m. However, the final recommendation with regard to balances will ultimately depend on the budget and Council Tax proposals approved by Council on 27 February 2019. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. Members are reminded, therefore, that any budget proposals presented at Budget Council have been subject to a risk assessment undertaken by the Director of Finance.
- 14.4 Members of PVFM will recall that at its meeting of 13 December 2018 a paper was presented which discussed the importance of financial resilience within Local Government. It should be noted that the level of reserves and balances anticipated to be available for 2019/20 is deemed sufficient to underpin the financial resilience requirements of the Authority.

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## 15 Fees and Charges

- 15.1 Attached at **Appendix 5** is the proposed fees and charges schedule for the 2019/20 financial year. An element of the charges have been uplifted following discussions with the Heads of Service and Cabinet Members, however a number are proposed to remain at the same level as the 2018/19 financial year. The proposed value and percentage increase for 2019/20 where applicable for each charge is included within the Appendix.
- 15.2 At this stage where services have proposed to increase fees and charges, due to volatility, any increases generated will mostly be used to offset inflationary pressures within that service. In addition, the take up of services is unknown and therefore is a variable which cannot be quantified at this time. The income targets overall will be increased by a modest sum of £0.020m as outlined in the budget reduction proposal CCS-BR1-240: Fees and Charges Additional Income. This position will be monitored throughout the 2019/20 financial year so any pressures or surpluses will be noted and addressed for 2020/21.
- 15.3 As with previous years there are a number of exclusions to the schedule. The following services set their charges based on current legislation and market conditions – planning, markets, hoardings rental, leased out buildings, lifelong learning accreditation fees, adult care charges and Oldham Leisure services.
- 15.4 Areas for consideration for 2019/20 are:
- New charges for groups at the Music Centre, new wheeled bins and waste admin charges, non-legal wedding services and food safety.
  - Environmental services charges have been increased by the labour RPI rate of 3.4% as a basis. The additional charge for larger coffins has also been removed.
  - Room Hire charges for the Link Centre have been revised to reflect the changes to the centre.
  - Animal Licences legislation changed on 1st October 2018, therefore all charges have been revised in line with the new legislation.
  - Recycling increase – the charge for domestic waste has been increased by the 2.4% inflation rate but the additional charges for trade waste recycling have increased by 5%. Compared to alternative providers, the charge is still very competitive without being discouraging.
  - Taxi Vehicle and Drivers Licences – the cost of the licences are based on the number of licences issued and likely to be renewed. Charges have been increased to be above inflation with an average increase of 5%.
  - Private Hire licencing - as with the vehicle and drivers licences these are based on the number issued and likely to be renewed. Charges for 2019/20 will remain as the 2018/19 price
  - Commercial Pest Control – there are a range of annual contracts for commercial premises all of which have had an increase above inflation at an average of 7%.
  - Legal Certificates – there will be a change in legislation in February 2019 whereby the birth, death, marriage and civil partnership certificates will have a statutory charge of £11 and the same day certificate will have a statutory charge of £35. Council charges will reflect this change.
- 15.5 As usual, the fees and charges relating to educational establishments and schools e.g. lifelong learning, outdoor education, music, adult and child school meals and swimming will be reviewed in line with the academic year and any resulting changes will commence from September 2019. The changes for these areas included within the Appendix relate to charges from September 2019.

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15.6 Members will recall that on 18 September 2017, as detailed in paragraph 4.19, the Income Strategy 2018/19 to 2021/22 was approved by Cabinet. Traded Services and other chargeable activities form part of this strategy with a Traded Services review underway looking at the following areas:

- the extent to which costs are recovered from fees and charges;
- which services are subject to income generation targets and to establish whether such targets are achievable and sustainable;
- the rationale behind specific tariff structures, charges and concessions and whether this remains appropriate; and
- whether alternative delivery models need to be considered in order to modernise service provision and fully recover costs through charging.

15.7 Included within the budget proposals is a budget reduction for 2019/20 which anticipates the benefit arising from the outcome of the Traded Services review.

## **16 Pay Policy Statement**

16.1 Included at **Appendix 6** is the Council's Pay Policy Statement. This Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011, which requires approval of the Statement through full Council. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees, with particular emphasis on the level of remuneration for our most senior staff.

16.2 Oldham Council, Oldham Clinical Commissioning Group (CCG), Pennine Care Foundation Trust (PCFT) and Royal Oldham Hospital (and the wider Northern Care Alliance) are working together to develop, introduce and operate an integrated system of health and social care to improve wellbeing and healthy life expectations in Oldham. The Oldham Locality Plan was agreed in March 2016 and sets a vision for an integrated system for Oldham, built on a number of core principles. Since then, significant work has been carried out to develop the structures and processes that need to be in place to deliver this vision.

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## 17 Proposed Council Tax and Adult Social Care Precept Levels

- 17.1 Section 9 sets out the current planning assumptions in relation to Council Tax and the Adult Social Care Precept.
- 17.2 It is proposed that a 1.99% general increase to Council Tax is applied for 2019/20 together with a 2% increase in the Adult Social Care Precept. This represents an overall increase of 3.99% in Band D equivalent Council Tax for Oldham Council services.
- 17.3 Oldham Council Band D Council Tax for 2019/20 is therefore recommended to be £1,624.36 of which £118.02 relates to the Adult Social Care Precept.

### **Impact of Decisions of Precepting Authorities**

- 17.4 Whilst the spending decisions of precepting Authorities do not affect the level of resources available to the Council, they do affect the amount of Council Tax that is charged to Oldham citizens. The major preceptor is the GMCA which precept for two components:

#### Mayoral Police and Crime Commissioner Precept

- 17.5 The Mayoral Police and Crime Commissioner precept will be considered by the Police and Crime Panel in January 2019. The precept will be determined at the GMCA meeting in mid-February 2019. As detailed in paragraph 8.3, the GM Mayor as Police and Crime Commissioner, will have the ability to propose an increase to the Police precept by up to £24 in 2019/20 (double the amount allowed in 2018/19). As the Mayors approach has not been determined, for reporting purposes, the precept is shown as remaining static at a value of £174.30.

#### Mayoral General Precept (including Fire Services)

- 17.6 The Mayor will also propose the Mayoral General Precept in mid-February 2019 (this will incorporate funding for Fire and Rescue Services as well as other Mayoral functions). Again, the Mayors intention has yet to be determined so at this stage the only position that has been assumed is a static level at a value of £67.95.

#### Parish Precepts

- 17.7 The Shaw and Crompton Parish Council recommended its 2019/20 budget and parish precept at a meeting on 8 January 2019 which will then be considered at a full parish council meeting on 11 February 2019. It proposes to increase its Band D equivalent charge by £0.10 (0%) to £16.31 resulting in a total precept of £88,670. This equates to a 2019/20 increase of £0.001m.
- 17.8 Saddleworth Parish Council is due to agree its budget and precept on 28 January 2019. At present no change is assumed in the level of precept.
- 17.9 The Parish Precept income will also increase as a result of an increase in respective tax bases, currently estimated to be at a value of £0.003m. The total increase for all Parish elements for 2019/20 is £0.004m.

## Anticipated Draw on Collection Fund

### Council Tax

- 17.10 Subject to confirmation from all precepting bodies, taking account of the approved Council Tax Base of 56,693 for 2019/20 and the Council Tax and Adult Social Care Precept proposals set out in Section 9 of the report, the sums anticipated to be drawn from the Collection Fund for Council Tax in 2019/20 are:

**Table 21 – Anticipated Draw on the Collection Fund**

Precepting Body	2019/20 £000
Oldham Council including Social Care Precept	92,090
Mayoral Police and Crime Commissioner Precept	9,882
Mayoral General Precept (including Fire Services)	3,852
Saddleworth Parish Council	179
Shaw & Crompton Parish Council	89
<b>TOTAL</b>	<b>106,092</b>
Less: contribution from Parish Taxpayers	(268)
<b>TOTAL Draw on Collection Fund for Major Preceptors</b>	<b>105,824</b>

- 17.11 For Oldham Council services and for Shaw and Crompton Parish Council the anticipated 2019/20 Band D Council Tax is clearly shown in the table below. It is important to note that the Mayoral precepts are likely to change but the values will not be known until formally set by the respective bodies:

**Table 22 – Anticipated Band D Council Tax (SUBJECT TO CONFIRMATION)**

Council Tax Raising Body	2018/19 £	2019/20 £	Change %
Oldham <b>(subject to confirmation)</b>	1,562.04	1,624.36	3.99%
Mayoral Police and Crime Commissioner Precept <b>(subject to confirmation)</b>	174.3	174.3	0%
Mayoral General Precept (including Fire Services) <b>(subject to confirmation)</b>	67.95	67.95	0%
<b>TOTAL BAND D COUNCIL TAX</b>	<b>1,804.29</b>	<b>1,866.61</b>	
Saddleworth Parish Council <b>(subject to confirmation)</b>	20.76	20.76	0%
Shaw & Crompton Parish Council <b>(subject to confirmation)</b>	16.21	16.31	0.62%



## 18 Overall 2019/20 Revenue Budget Strategy

18.1 The key elements of the 2019/20 revenue budget strategy are:

- The revised budget gap of £22.696m for 2019/20;
- The budget reduction proposals set out in Section 12 of the report;
- The approach to reserves and balances set out in Section 13 of the report; and
- Proposed Council Tax and Adult Social Care Precept levels set out in Section 17 of the report.

18.2 Having regard to the issues outlined at 18.1, the overall budget strategy for 2019/20 can be summarised as follows:

**Table 23 – Overall Budget Strategy**

Budget Strategy	2019/20	
	£000	£000
Directorate budget requirements	231,768	
Budget Reduction Proposals excluding use of reserves	(7,829)	
Budget for 2019/20 before use of reserves		223,939
<u>Less Government Funding</u>		
- Business Rates Top Up	(40,653)	
- Grants in Lieu of Business Rates	(7,716)	
- Improved Better Care Fund Grant - Settlement 2015	(8,150)	
- Improved Better Care Fund Grant - Spring Budget 2017	(1,586)	
- Independent Living Fund (ILF) Grant	(2,580)	
- 2019/20 Winter Pressures Grant	(1,122)	
- 2019/20 Social Care Support Grant	(1,917)	
- Housing Benefit Administration Grant	(759)	
- Council Tax Administration Grant	(362)	
- New Homes Bonus Grant	(961)	
- Department for Work and Pensions (DWP) - New Burdens Grant	(104)	
- DWP - Implementation of Universal Credit Grant	(68)	
- Flexible Homelessness Support Grant	(194)	
- Homelessness New Burdens Grant	(62)	
- Lead Local Flood Authority Grant	(12)	
		157,693
<u>Less</u>		
Retained Business Rates	(53,468)	
Collection Fund Surplus	(2,269)	
Parish Precepts	(268)	
		101,688
<u>Add Precepts</u>		
Mayoral Police and Crime Commissioner Precept	9,882	
Mayoral General Precept (including Fire Services)	3,852	
Total Council Tax including Levies (A)		115,422
Current Council Tax, adjusted for Tax Base (B)		105,824
Difference (A-B)		9,598
This additional expenditure is being funded by resources from appropriations from earmarked reserves		

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18.3 If the proposals in this report are approved, the revised revenue budget position for 2019/20 and 2021/22 would be as set out in detail at **Appendix 7** and the summary for 2019/20 to 2023/24 is set out at **Appendix 8**. This presents a balanced position for 2019/20, a budget gap of £22.883m for 2020/21, and budget gaps of £10.889m for 2021/22, £6.859m for 2022/23 and £4.160m for 2023/24.

## **19 Budget Strategy and Medium Term Financial Planning for Future Years**

19.1 As the Council prepares a Medium Term Financial Strategy spanning five financial years, currently 2019/20 to 2023/24, it requires continuous review as local, regional and national policies develop. In addition, existing financial challenges are subject to change and new issues emerge. Each new issue or change has an impact, sometimes on a one off basis, but in more commonly, a multi-year effect. Estimates are prepared based on the best information currently available and after the 2019/20 budget has been finalised, the cycle of reviewing the budget reduction requirement for 2020/21 and future years will begin again.

19.2 It is anticipated that based on established working practices budget reduction proposals will be developed and brought forward for detailed review and scrutiny during 2019/20.

19.3 As the report highlights, there is a significant budget reduction target for 2020/21. Six budget reduction proposals totalling £4.616m have an impact on the financial position for 2020/21 leaving a balance of £22.883m to be addressed. As the 2020/21 financial planning cycle progresses, a key task will be to review these proposals to ensure that the suggested level of saving still remains deliverable. This budget reduction requirement in part reflects the use of reserves and other one off measures to balance the 2019/20 budget

19.4 The overarching challenge in preparing a MTFS is that Central Government has only advised of guaranteed funding allocations on major funding streams until the end of 2019/20, in line with the submission by the Council of an Efficiency Plan in September 2016. This is disappointing but not unexpected and it does make it extremely difficult to confidently predict the budget reduction requirement for financial years beyond 2019/20. Estimates have therefore been prepared based on a number of assumptions as set out below.

### Government Funding beyond the Current Spending Review period

19.5 The current four year Comprehensive Spending Review (CSR) period comes to an end in 2019/20. The Government has provided virtually no indication of the level of funding Local Authorities can expect to receive for 2020/21 and beyond. Recent announcements by the Chancellor advising that the austerity period was drawing to a close have given some hope that Local Government may start to receive additional resources or to have a reduced level of funding cuts. The PLGFS has not demonstrated this to any great extent.

19.6 The period covered by the next CSR is unclear (three or four years), but its details will be issued before 2020/21 and this will include information about the funding envelope for the public sector as a whole and Local Government in particular. To date the only certainty is that there will be a:

- Move to 75% Business Rates retention nationally from 2020/21;
- Resetting of baselines from which Business Rates funding allocations will be determined; and
- Fair Funding Review which will examine the relative needs and allocation of resources between Authorities.

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19.7 This clearly means that the development and provision of longer term financial forecasts is extremely challenging. Therefore whilst this report includes forecast budget reduction requirements of £22.883m for 2020/21, £10.889 for 2021/22, £6.859m for 2022/23 and £4.160m for 2023/24, Members must consider these forecasts as indicative only and should also note the Government has provided no information on:

- The future of Business Rates Top Up Grant and how this could be impacted by 75% Business Rates Retention or the fair funding review;
- Whether Grants in lieu of Business Rates will continue to be provided or rolled into Top Up grant which will likely increase funding for some Councils and reduce it for others;
- Whether major funding support for Adult Social Care in the form of Adult Social Care Precept and Improved Better Care Fund resources will continue beyond 2019/20;
- The continuation of the Social Care Grant which Government has provided to support either Adults or Children's Social Care, or if the national issues around the funding of Children's Social Care will be addressed
- Intent with regard to Council Tax, particularly in terms of the Adult Social Care Precept, future referendum criteria and longer term plans for reform.

19.8 The cessation of some of these funding streams and restrictions on the ability to raise revenue through local taxation could significantly worsen the projected budget reduction requirements for 2020/21 and future years.

19.9 Through the austerity programme, the Government has encouraged Councils to become financially self-sufficient through efficiency measures and local income generating initiatives. The estimates included in this report reflect a continuation of this approach, and so baseline funding levels and associated top up grant payments are assumed to continue to fall in line with reductions over recent years. However it is recognised that the CSR and changes to the Local Government finance regime could reset this position.

#### Impact of Brexit

19.10 Brexit is the most significant current national issue that could impact on the future level of resources available to Councils. Similarly there may be costs arising from Brexit. It is impossible to factor this into budget planning, albeit that the Council, as discussed below, will ensure that reserves are available to support any in-year changes to funding allocations or unexpected expenditure.

#### Other Challenges to Forecasting

19.11 Inflation and interest rates in particular will influence the level of cost pressure the Council will face in the medium term; something which is always challenging to deal with in an uncertain economic environment.

19.12 At the local level, Business Rates revenue continues to present specific forecasting challenges due to general volatility surrounding Business Rates income, the impact of appeals and changes in Government policy around Business Rates reliefs.

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## Local Policies and Strategies

- 19.13 Despite the challenges, the Council has developed a range of medium term strategies (detailed in Section 4 of this report) which are designed to make a positive contribution to the Council's financial standing and support the Oldham Plan and Corporate Plan also set out in Section 4. These include the:
- Capital Strategy
  - Treasury Management Strategy
  - Income Strategy
  - Commercial Property Investment Strategy
  - Medium Term Property Strategy
  - Procurement Policy
  - Housing Strategy
  - Get Oldham Working Initiative
  - Oldham Work and Skills Strategy
  - Education Provision Strategy
  - Strategy for Children and Young People aged 0-25 with Special Educational Needs and Disabilities (SEND)
  - Oldham Education and Skills Commission (OESC)
  - People Strategy
  - IT Strategy
  - Climate Change Strategy
  - Local Flood Risk Management Strategy
- 19.14 Alongside the above strategies, there are several key service developments which will inevitably impact on the Council's medium term budget strategy and associated financial planning. A summary of these developments is set out in the following paragraphs.

## Town Centre Vision and Borough Wide Regeneration

- 19.15 The regeneration of Oldham town centre is a Council priority with a number of major schemes either having been completed or are currently in train. During 2018/19 the vision for the town centre was revisited and in 2019/20 work will be taken forward with the Oldham Museum of Arts / Archives (OMA) and the Tommyfield market as priorities. The finalisation of the town centre vision will determine specific projects, and the extent of the resources required.
- 19.16 There are also ambitious plans for the regeneration of the borough as a whole with a first phase of investment in Royton and projects in train at Hollinwood and Foxdenton.
- 19.17 The Council will work within the wider context of the Greater Manchester Strategic Investment Framework and other initiatives, such as One Public Estate to ensure that it is in an optimal position to obtain any available grant funding to support development in Oldham.
- 19.18 There is funding within the capital and revenue budgets to support the regeneration across the borough and the town centre. This investment will bring future benefits to Oldham through additional Business Rates and Council Tax revenue derived from economic and housing growth. Financial resource implications will be developed as plans progress and will be included in the MTFs as and when information is available.

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### Developing the Co-operative Agenda

- 19.19 Oldham has been a Co-operative Council since 2011 and the Council remains committed to delivering a co-operative future where everybody does their bit and everyone benefits. Delivering Co-operative services is one of the three aspects to the Oldham Model. The MTFs anticipates the ongoing development of this agenda representing a real commitment to change and will work closely with residents, partners and our wider communities to create a confident and ambitious borough.

### Bids for External Funding

- 19.20 The Council will aim to maximise external funding for both revenue and capital projects to supplement investment by the Council in priority areas.

### Future Operating Model

- 19.21 The developments set out above coupled with the enhancement of revised working arrangements between the Council and its strategic delivery partners will have implications for the structure of Council and the operating model the Council adopts to deliver services in the future. As well as being prompted by policy and service developments, continuing the transformation of the Council's operating model will be necessary to support the delivery of future savings requirements and a sustainable balanced budget position.

### The approach to Transformation and Identifying Budget Reductions

- 19.22 The significant financial challenge the Council is facing means that there will need to be an acceleration of the existing programme of transformation to deliver a sustainable balanced budget with a reduced reliance on one off measures. This transformation agenda will continue to focus on a number of key areas of the operating model:

### Property and Assets

- 19.23 Developing the existing programme of work on the use of property and assets which is already planned to generate budget reductions in 2019/20 and future years will support service transformation. In particular this will take forward the approved Medium Term Property Strategy to maximise the benefit from the corporate estate by developing property disposal and procurement routes that will ensure the Council is able to shape and maintain a property portfolio that will support service delivery and contribute a sustainable income stream.
- 19.24 In addition the rationalisation of the Councils office accommodation will be enhanced. Where possible, co-locating staff with partners to maximise efficiencies and realise the potential of 'One Public Estate' for Oldham and Greater Manchester but also to drive forward integrated working across the public sector, building on the achievements made with Oldham Cares partners.

### Joint Working and Integration

- 19.25 As advised earlier in the report, and linked to the property and assets issues above, good progress continues to be made with regard to Health & Social Care Integration. Oldham Council and Oldham CCG are working under a joint leadership structure and together with other health partners are operating as Oldham Cares. There are ambitious plans for the improvement of the delivery of health and social care with structure implementation arrangements and this aims to ensure the future financial sustainability of the local health and social care economy.

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- 19.26 Linked to the health and social care devolution agenda is the opportunity to develop closer working arrangements with other partners including other GM Authorities and the GMCA. The Council will look to build on the existing collaborative working arrangements and sharing of services as a means to deliver future financial and operational efficiencies. Locally a model of integrated delivery continues to be developed to complement health and social care integration in neighbourhoods, where closer working with police, housing providers, Voluntary, Community, Social, Faith and Enterprise (VCSFE) organisations and others is improving operational efficiency and effectiveness whilst also strengthening local engagement and enabling communities to contribute more significantly to improving outcomes.
- 19.27 It is inevitable that change of the magnitude envisaged will take time to be developed. So far therefore the MTFS does not rely on any significant financial benefits arising from the integration agenda, however, this is a key strand for development over the life of the MTFS.

#### Use of New Technology

- 19.28 The opportunity to utilise the advantages provided by new technology is the foundation upon which much of the Council's change agenda will be driven including integrated working arising from health and social care devolution. The Council's IT strategy is determining the direction of travel and is supported by £11.377m of Capital Programme investment. This investment will enable new and more efficient ways of working and will improve citizens' access to Council services. It also improves the business intelligence supporting service delivery decisions.
- 19.29 A key strand of this investment is the Resident First programme which is aligned to improving the Council's digital offer to the people of Oldham which in the first phase has concentrated on the on-line service offer. There are three key strands to the programme:
- Design and plan what would work better
  - Buy, upgrade or adapt systems and processes
  - Implement change with support for users and communicate change to residents
- 19.30 Over the next couple of years the 'digital by design' platform will be expanded by:
- Reducing mediated service costs across the whole organisation by 50%
  - Reducing service costs by 20% through digitalisation of the lines of service that make up 80% of the requests from residents

- 19.31 As outlined in the budget reduction proposal (CCS-BR1-227 – Digital by Design), the intention is to remove £2m of costs within the next two years. However, the digital agenda will continue to be rolled out so that new technology will support residents to be independent and in control and to continue to make the Council more efficient through the effective use of technology. The ambition is to make Oldham a digital destination for business.

#### Commercial Activities

- 19.32 Developing the existing work stream will ensure that the Council and partners continue to maximise funding opportunities including through commercial activities. This will ensure that the strands of the income strategy and corporate property investment strategy are delivered, especially with regard to the priority of diversifying the Council's income stream.

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19.33 Underpinning these areas of work will be:

- An approach to service delivery where the Council (and its partners) will be making new strategic choices based on the characteristics of Oldham, its people and communities within the borough, thus constantly striving for new opportunities for collaboration and new ways of working between organisations that share a common footprint.
- A review of the provision of discretionary services and also the level at which statutory services are delivered. This is in part shaped by recent statements emanating from evidence at the House of Commons Public Accounts Committee indicates that Government is focussing on ensuring that the Government provides enough resources to enable Councils to deliver statutory services.

### Reserves and Balances

19.34 In the light of these risks and uncertainties, it is important to maintain a healthy and robust level of reserves and balances to manage uncertainty in both the current and next spending review period. Based on the level of reserves disclosed in Section 14 of the report, the Council meets this requirement. If there is a continued call on reserves to support future budget processes, then this position may change and this may require additional attention.

## **20 Options/Alternatives**

20.1 The options as follows:

- Option 1 – PVFM accept the assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 2.
- Option 2 – PVFM propose amendments to the assumptions which will change the resulting budget gap and financial forecasts.
- Option 3 – PVFM can recommend all the budget reduction proposals included in this report to the value of £7.829m for approval and the approach to the use of reserves and balances and as well as Council Tax and Adult Social Care Precept increases.
- Option 4 - PVFM can request that further work is undertaken on some or all of the budget proposals and the approach to reserves and balances and that Cabinet considers a revised position.

## **21 Preferred Option**

21.1 Options 1 and 3 are the preferred options. Assumptions are based on objective research and the latest available information. The Council has a statutory duty to set a balanced budget and the budget reductions included in this report along with the proposed use of reserves fulfil that requirement.

## **22 Consultation**

22.1 Presentation of this report to the PVFM Select Committee is a key stage in the budget consultation process. A total of 35 proposals have fully progressed through the process of which four required public consultation which is ongoing. The remaining 31 proposals are made up from in-house savings which negates the need for any formal public consultation. As a matter of course, we ensure local businesses are kept informed of our budget saving requirements and this was carried out via the Council's monthly business update newsletter.

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- 22.2 The Schools Forum has been consulted on the proposed allocation of resources via the Schools Funding Formula and has agreed the recommended approach.
- 22.3 The Council has submitted a consultation response to the MHCLG on the Provisional LGFS and will submit responses to other key consultation documents.

## **24 Financial Implications**

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

## **25 Legal Services Comments**

- 25.1 Legal issues are addressed in the body of the report. The Council has a legal obligation to pass a resolution to agree its budget and Council Tax resolutions by 11 March 2019.

(Colin Brittain)

## **26 Co-operative Agenda**

- 26.1 The revenue budget projections have been prepared so that they embrace the Council's co-operative agenda with resources being directed so that the aims, objectives and co-operative ethos of the Council are enhanced.

## **27 Human Resources Comments**

- 27.1 High level union and staff engagement on corporate budget options commenced on the 5 November 2018 in order to give an overview of where savings were being considered and the Council's initial thoughts on how these may be delivered.
- 27.2 The S188 document starting formal consultation on the budget reduction proposals was issued to the recognised trade unions on the 14 November 2018, indicating a potential 24.88 FTE reductions within a rolling 90 day period during 2019. As such there is a requirement for the Council to consult for a minimum of 45 days in relation to potential redundancies arising from the corporate budget reduction programme.
- 27.3 Consultation will have to end by the 14 February 2019 in order to allow for full consideration of any comments or alternatives submitted by unions or staff in advance of, and where relevant presented to, Council on the 27 February 2019 prior to any final decisions.
- 27.4 Proper and meaningful consultation will have to be exhausted in advance of the approval and subsequent implementation of any new arrangements. This is currently on track with consultation having commenced on all but one of the budget options. The exception is BR1 229 "Review of Design and Assurance" with 10 FTE potential job losses within the Reform Directorate. It is appreciated that the savings are part year and not expected to be achieved before September 2019, as such the proposals are still being developed. The trades unions are aware of this and have been assured of early engagement as the proposals are developed in advance of the commencement of formal consultation. Council will be required to make a decision on the savings to be achieved within this directorate but the method by which this will be achieved must be subject to separate and meaningful consultation and amendment.
- 27.5 People Services and the HR Advisory Service within Unity will continue to work with the Directorates to ensure that the proper process is followed and that the staff and unions have the opportunity to share their views and have input on the final outcomes.

(Sally Blackman)



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## **28 Risk Assessments**

- 28.1 There are a wide range of issues which could impact on the MTFs and projections. A regular review of projections will ensure that any key changes are highlighted immediately.

(Mark Stenson)

## **29 IT Implications**

- 29.1 Any specific IT implications associated with the proposals included in the report are detailed within the individual budget reduction proformas included at Appendix 4.

## **30 Property Implications**

- 30.1 Any specific property implications associated with the proposals included in the report are detailed within each individual budget reduction proformas included at Appendix 4.

## **31 Procurement Implications**

- 31.1 Any proposals that 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.

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

- 32.1 Environmental and Health and Safety implications will be taken into account when dealing with the individual proposals as appropriate.

## **33 Equality, community cohesion and crime implications**

- 33.1 In taking financial decisions the Council must demonstrate that it has given “due regard” to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

- 33.2 Demonstrating that “due regard” has been given involves:

- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision making process - so that it informs the development of policy and is considered before a decision is taken; and
- ensuring that decision makers are aware of the equality duties and any potential equality issues when making decisions.

NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that we must be clear where this is the case, and must be able to demonstrate that we have consulted, understood and mitigated the impact.

- 33.3 To ensure that the process of impact assessment is robust, it needs to:

- Be specific to each individual proposal;
- Be clear about the purpose of the proposal;
- Consider available evidence;
- Include consultation and involvement with those affected by the decision, where appropriate;
- Consider proposals for mitigating any negative impact on particular groups; and
- Set out arrangements for monitoring the actual impact of the proposal.

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- 33.4 The Equality Act 2010 extends the public sector equality duties to cover nine protected characteristics, namely:
- age,
  - disability,
  - gender,
  - gender reassignment,
  - marriage and civil partnership,
  - pregnancy and maternity,
  - race,
  - religion and belief and
  - sexual orientation.
- 33.5 In December 2010, the Government announced that it would not be taking forward the socio-economic duty for public bodies. Despite this we have continued to consider people on low incomes as part of our equality impact assessment process.
- 33.6 Assessing the potential equality impact of proposed changes to policies procedures and practices is one of the key ways in which public authorities can show 'due regard'. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.
- 33.7 Oldham's EIA form is based on the experience of previous years and incorporates elements from good practice elsewhere. The main aims of our current EIA are to:
- strengthen the process through improved accountability – identifying a lead officer for each EIA;
  - stimulate a more rigorous and overt analysis of the impact and possible mitigations; and
  - implement a stronger equality monitoring and management process to ensure that we follow through on what we said we would do. This includes identifying risks to implementation and how these will be managed.
- 33.8 The EIAs attached to the budget proposals are the final EIAs as no public consultation is required for those options.
- 33.9 The equality impact assessment process undertaken for the Council's budget process involves:
- An initial equality impact screening – The budget proposal action plan forms completed by each Director / Service Manager incorporate an initial equality screening to identify whether any proposal has the potential for significant disproportionate adverse impact in respect of any protected characteristic i.e. whether the impact of the proposal falls disproportionately on any particular group – such as people with a disability.
  - The initial screenings are then independently reviewed by a small group with knowledge of the equality legislation, comprising of the Cabinet Member for Social Care and Safeguarding, and officer representatives from Health and Wellbeing and Corporate and Commercial Services.

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33.10 The key aims of this review process are to:

- assess the potential equality impact of each proposal using the information provided.
- provide challenge to those where the Group feel the initial screening does not accurately identify those equality groups potentially affected and that a further screening process needs to be completed.

33.11 Full equality impact assessment – An equality impact assessment is carried out if the initial screening identifies that the proposal could have a potential significant, disproportionate adverse equality impact.

33.12 A key element to assessing the equality impact has been the involvement of elected members. This involvement has included:

- The Cabinet Member for Social Care and Safeguarding who sits on the Equality Challenge Group.
- Consideration of equality impact throughout the Leadership Star Chamber process, including through the initial screenings on the proposal forms and a briefing paper.
- Briefings between Executive Directors and Cabinet Members during development of proposals and working together to consider the equality impacts and identify any mitigating actions.
- Both the EIA screening information contained with the budget proposals and the EIA forms themselves, where available, are submitted to, and considered by PVFM Select Committee. NB: Where public consultation is required and is ongoing, the EIA forms are still in draft form at this stage.
- Final EIAs are made available to Members alongside the budget proposals in the Council papers.

33.13 The Council in adhering to the legal requirements is already completing EIAs and progress will be reported on these throughout the budget preparation as it was last year.

(Jonathan Downs)

## **34 Key Decision**

34.1 Yes

## **35 Key Decision Reference**

35.1 FCR-15-18

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## 36 Background Papers

36.1 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: Background papers are contained in Appendices 1 to 8  
Officer Name: Anne Ryans / Neil Stott  
Contact No: 0161 770 4902 / 5060

## 37 Appendices

- Appendix 1 - Council Tax Tax Base 2019/20
- Appendix 2 - Current Budget Position 2019/20 to 2020/21
- Appendix 3 - Full Summary – Budget Reductions
- Appendix 4 - Detailed Budget Reduction Proposals and Draft Equality Impact Assessments
- Appendix 5 - Proposed 2019/20 Fees and Charges Schedules
- Appendix 6 - Pay Policy Statement 2019/20
  - 6a – Table 1: Senior management remuneration
  - 6b – Chart 1: Family tree of officers earning over £50k
  - 6c – Table 2: Salaries expressed as a ratio of the Chief Executive as at December 2018
- Appendix 7 - Budget Position 2019/20 to 2020/21 post Budget Proposals
- Appendix 8 - Summary MTFs Position 2019/20 to 2023/24 post Budget Proposals