

OVERVIEW AND SCRUTINY PERFORMANCE AND VALUE FOR MONEY

SELECT COMMITTEE

28/01/2021 at 6.00 pm



Oldham
Council

Present: Councillor Ahmad (Chair)
Councillors Phythian (Vice-Chair), Stretton, Salamat, Byrne, Haque, Harkness
and Shuttleworth

Also in Attendance:

Sean Fielding	Leader of the Council and Cabinet Member for Economy and Skills
Abdul Jabbar MBE	Cabinet Member for Finance and Corporate Green
Barbara Brownridge	Cabinet Member for Neighbourhoods and Culture
Amanda Chadderton	Cabinet Member for HR and Corporate Reform
Zahid Chauhan OBE	Cabinet Member for Health and Social Care
Eddie Moores	Cabinet Member for Children and Young People
Shaid Mushtaq	Cabinet Member for Education
Hannah Roberts	Cabinet Member for Housing
Helen Lockwood	Deputy Chief Executive
Rebekah Sutcliffe	Strategic Director Communities and Reform
Mike Barker	Strategic Director of Commissioning/Chief Operating Officer
Mark Warren	Managing Director Community Health and Adult Social Care
Gerard Jones	Managing Director Children and Young People
Anne Ryans	Director of Finance
Emma Barton	Director of Economy
Carol Brown	Director of Environmental Services
Paul Entwistle	Director of Legal Services
Julia Veall	Director of Workforce and Organisational Design
Dominic Whelan	Chief Operating Officer, Unity Partnership
Mark Stenson	Head of Corporate Governance
Jon Bloor	Head of Enterprise and Skills
Sian Walter-Browne	Principal Constitutional Services Officer

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

5 **REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2020/2021 MONTH 8**

The Select Committee gave consideration to a report of the Director of Finance which provided them with an update on the Council's 2020/21 forecast revenue budget position and the financial position of the capital programme as at 30 November

2020 (Month 8), together with the revised capital programme 2020/25.



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

In relation to the Revenue position, Members were informed that the current forecast outturn position for 2020/21 was a projected deficit variance of £8.330m after allowing for approved and pending transfers to and from reserves.

The position also included additional costs and pressures that had been identified by the Authority in this financial year as a direct result of the Governments ongoing arrangements to mitigate the spread of COVID-19 which commenced on 23 March 2020. The additional pressures included forecasts of both income shortfalls and additional expenditure that had impacted on the Authority's budgets as a result of the pandemic

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

Members were informed that the overall corporate position was partly being offset by the application of the £24.902m unringfenced Government COVID related grant funding from the Ministry for Housing, Communities and Local Government (MHCLG), of which £7.641m was received in 2019/20 and held in a specific Earmarked Reserve to underpin the 2020/21 budget. There had been actual, in-year, receipts of £16.337m of COVID Emergency Funding, including £1.282m for the first claim for loss of income in relation to sales, fees and charges under the income compensation scheme (SFC). In addition, provision was made for the second SFC claim, calculated as £0.924m for the period August to November, which had been submitted to the MHCLG but not yet formally agreed for payment. In Appendix 1 to the report, the full Government grant was presented as a single sum so that it highlighted the level of variation across all Council budgets, given that there was still insufficient resource to fully offset the adverse variance. However, the summary report presented the position after applying the Government grant across Portfolio areas.

An update detailing the major issues driving the projections was contained within Annex 1, Section 3.

Section 4 of the report advised the Select Committee of the grants that the Council had received. There had been a number of developments particularly in relation to support for businesses and to provide additional support for the Council. Further grant funding and external contributions were expected, as a result,

both the overall financial position and the application of Government grant would change during the remainder of the financial year.



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As this financial monitoring report reflected the financial position at Month 8, it could be regarded as an indicator of the potential year end position, however, management action had been initiated across all service areas to review and challenge planned expenditure and to maximise income. There was an expectation of increased grant funding and external contributions which, based on current projections should address the £8.330m adverse variance and bring the Council to a balanced position by the year end.

Members noted the worsening position in relation to the course of the pandemic, potentially made more challenging firstly by the Authority, along with rest of Greater Manchester being placed under Tier 4 Stay at Home restrictions from 31 December 2020 and then the full national lockdown effective from 5 January 2021. Financial pressures on the Council could increase even further and therefore, much therefore depended on the future direction of the pandemic, Government action and the response required from the Council.

Information on the latest position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report. There were currently no significant issues of concern in relation to the HRA, however the Collection Fund was forecasting an in-year, deficit of £7.110m directly as a result of COVID-19. This would have a budgetary impact in 2021/22. The DSG continued to be an area which was facing a financial challenge with a revised, projected deficit of £4.559m at the end of the current financial year. Action was being taken with the aim of reducing the cumulative deficit and bringing the DSG towards a balanced position. The projection is that the DSG will be balanced by 2023/24.

In relation to the Capital position, the report outlined the most up to date capital spending position for 2020/21 to 2024/25 for approved schemes. The revised capital programme budget for 2020/21 was £81.013m at the close of Month 8, a net decrease of £66.619m from the original budget of £147.632m. Actual expenditure to 30 November 2020 was £50.566m (62.42% of the forecast outturn).

Members noted it was probable that the forecast position would continue to change before the year end with additional re-profiling into future years.

Members sought and received clarification on the table in paragraph 2.3, which indicated a significant funding gap. They were informed that the Council had received £24M grant support that was not ring-fenced and £17M of ring-fenced grant. Further funding was expected in relation to fees and charges. The figures set out were best estimates and the forecast was subject to change.

The Select Committee **RESOLVED** that the following be noted:

1. Forecast revenue outturn for 2020/21 at month 8 being a £8.330m adverse variance having regard to the action being taken to manage expenditure
2. The forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund.
3. Use of reserves as detailed in Appendix 1 to Annex 1
4. The revised capital programme for 2020/21 to 2024/25 at Month 8 as presented in Annex 2.

6

COUNCIL TAX REDUCTION SCHEME 2021/22

Consideration was given to a report of the Director of Finance which set out the proposed Council Tax Reduction Scheme for 2021/22.

The Cabinet Member for Finance and Corporate Green, and the Director of Finance presented the report.

Members were informed that there was a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualified for assistance in paying Council Tax. The Local Government Finance Act 2012 placed a requirement that each year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2021/22 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2021. For Oldham, this required the Council to agree a revised 2021/22 scheme at the 4 March 2021 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors, such as the Greater Manchester Combined Authority, and the public.

Since 2015/16, the CTR scheme had limited CTR to a maximum of 85% of Council Tax for a Band A property and removed the second adult rebate for those of working age. Following a public consultation exercise in Autumn 2018, the scheme was then amended from April 2019 to introduce a range of changes to the scheme largely aimed at those CTR claimants who received Universal Credit (UC). These included the application of some earnings disregards and treatment of information received from the Department for Work and Pensions (DWP) about UC as a claim for CTR. There were no changes to the CTR scheme for 2020/21.

The number of CTR claimants of working age had increased during the COVID-19 pandemic and this impacted on the level of Council Tax that could be collected by reducing the Council Tax Tax Base. Local Council Tax Support Grant funding of £3.183m had been allocated for Oldham to offset the impact of increased caseloads on the tax base and this would be allocated to support financial position of the Council for 2021/22.

The economic impact of the pandemic in 2020/21 for those CTR claimants of working age had been partly offset by Government support in the form of the Hardship Fund grant, which offered an

additional reduction in Council Tax bills of up to £150. The Council also used the Hardship Fund grant to ensure CTR claimants were not detrimentally affected by the change in Housing Benefit earning disregard regulations introduced under the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). This Hardship Fund protection would not be in place in 2021/22.

However, there was continued uncertainty about future impacts of the pandemic for residents and the local economy which would impact on the Council's ability to accurately model any proposed changes to the 2021/22 CTR scheme.

Members noted that the Council Tax was accounted for in the Collection Fund and had an impact on the General Fund budget of the Council one year in arrears. The Collection Fund challenges created by the pandemic had been acknowledged by the Government and it had allowed Councils to manage the impact of Council Tax (and Business Rates) losses in the Collection Fund for 2020/21 over 3 financial years rather than one. It had also provided support in 2021/22 in the form of the Local Council Tax Support Grant as well as support for both irrecoverable Council Tax and Business Rates income losses through a Local Tax Income Guarantee for which a sum of £1.000m had been incorporated into the 2021/22 budget. These areas of Government financial support were important in considering the approach to the CTR scheme for 2021/22.

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

The Council would continue to maintain a hardship provision for those residents in most need which was currently funded from the Council's existing revenue budget at a value of £0.144m. The Council would consider its financial position during 2021/22 to assess if further support could be given to those residents in most need and to alleviate the impact of loss of 2020/21 COVID Hardship awards.

Members asked for and received clarification on the following:-

- The gap between the grant and the Hardship Fund – the difference was explained and led to recommendation (b)
- The number of residents entitled to a reduction and the impact – the figures were constantly changing, so it was hard to assess the impact at this time. The impact will hit the 2022/2023 budget.
- Impact of the precepts for Fire Service, Police and Social Care – the GMCA takes a share of the loss that could not be collected in relation to the Fire Service and Police precept. The Social Care precept losses must be addressed by the Council.

RESOLVED that:

- a) The Council Tax Reduction scheme be unchanged in 2020/21.
- b) The financial position during 2021/22 be reviewed to assess whether resources could be found to support additional Exceptional Hardship Payments to support those residents in most need in 2021/22 and to alleviate the impact of the loss of COVID Hardship Fund grant awards.

7

REVENUE BUDGET 2021/22 AND MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2025/26

Consideration was given to a report of the Director of Finance which provided the Select Committee with the forecast budget reduction requirement and the Administration's budget proposals for 2021/22 together with forecast budget reduction requirement estimates for the period 2022/23 to 2023/24 having regard to the Provisional Local Government Finance Settlement published on 17 December 2020.

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

This report set out proposals for the Council's Revenue Budget for 2021/22 and Medium Term Financial Strategy for 2021/22 to 2023/24. The report advised Members of the key financial challenges and issues which would be faced by the Council over the forecast period and set out the Administration's revenue budget proposals for 2021/22 together with updated budget reduction requirement estimates for the period 2022/23 to 2023/24.

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

It also advised of the national policy landscape and economic context in which the Council was setting its revenue budget for 2021/22 and Medium Term Financial Strategy to 2023/24.

The report highlighted the local strategies and policies relevant to the Medium Term Financial Strategy and set out developments in Local Government Finance.

Policy announcements and implications arising from the Government's 2020 Spending Round published on 25 November 2020 and the Provisional Local Government Finance Settlement (LGFS) published on 17 December 2020 were highlighted.

Key items of funding confirmed in the 2021/22 Provisional LGFS were:

- Continuation of the expected Improved Better Care Fund Grant at a value of £10.858m;

- An increase to the Social Care Support Grant of £1.993m taking the total allocated to £8.947m. The £1.993m had been used to support the budget by offsetting assumed pressures in the children's and adults social care budgets;
- A new 2021/22 allocation for Lower Tier Services Support Grant (£0.407m). This new grant had been used to support the 2021/22 budget;
- A Local Tax Income Guarantee grant for 2020/21. A sum of £1.000m was anticipated and would be incorporated into the accounts for 2020/21. This would then be taken forward as a reserve to support the budget for 2021/22;
- The notification of a new Local Council Tax Support Grant at a sum of £3.183m. This had been used in full to support the 2021/22 budget;
- The allocation of unringfenced COVID grant of £7.737m. This had been used to finance COVID related pressures that had been anticipated of £3.741m. The balance offsets anticipated further pressures;
- The continuation of Sales, Fees and Charges grant compensation in 2021/22. The availability of this potential funding stream was part of the budget strategy to address COVID;
- The switching of unringfenced homelessness grant funding of £0.358m to a new ringfenced grant, the Homelessness Prevention Grant of £0.532m; and
- A reduction in the Business Rates Top Up grant of £0.399m, leading to a reduction of Grants in Lieu of Business Rates of £0.697m.

Members noted the Provisional LGFS confirmed referendum limits for a general purpose Council Tax increase and the Government would permit rises of up to 2% per annum for 2021/22 without the need to hold a referendum.

The Government had also confirmed the continued ability to charge an Adult Social Care Precept allowing a combined increase of up to 3% in Council Tax across 2021/22 and 2022/23 (ringfenced for use for Adult Social Care).

The Council Tax referendum limits for 2021/22 applicable to the Council therefore allowed an overall increase of 4.99% without requiring a referendum.

Members recalled that the Council Tax policy approved within the 2020/21 budget was that for 2021/22, the Council would revert to its previous policy. The Council would therefore increase Council Tax by 2% for the Adult Social Care Precept (ASCP) and 1.99% for general purposes; an overall increase of 3.99%. The referendum limits for 2021/22 as advised above would permit this approach. However, mindful of the financial position of the Authority but also the impact of a further increase in Council Tax on the citizens of Oldham, a revision to Council Tax policy was therefore proposed. Whilst the 2% increase in relation to the ASCP would continue, Council Tax for general

purposes would increase by 0.99% rather than 1.99%. Subject to confirmation at the Council meeting on 4 March 2021, in overall terms the Oldham Council Tax would increase by 2.99%.



The Government proposed not to set Council Tax referendum principles for Mayoral Combined Authorities in 2021/22 but did intend to set referendum principles for Police and Crime Commissioners (including the GM Mayor) capped at a value of £15. As such, Mayoral intentions with regard to the Police and Crime Commissioner and Mayoral General precept were yet to be notified.

The report advised of the proposal to leave the Council Tax Reduction Scheme for 2021/22 unchanged from 2020/21. However, during 2020/21, working age Council Tax reduction recipients had benefitted from support of £150 from a Government Hardship fund. This scheme would not continue in 2021/22 and it was recommended that the Council reviewed its financial position during 2021/22 to determine if it was able to provide any additional hardship relief.

The report summarised the Month 8 2020/21 revenue budget forecast outturn position and highlighted a current adverse projected variance for 2020/21 of £8.330m (including COVID pressures). A reduction in this overspend position was anticipated as a result of further funding being provided by Central Government and contributions from partners alongside management actions. Members noted that any remaining overspending at the end of 2020/21 would need to be funded by the use of reserves.

Key budget adjustments and expenditure pressures underpinning the forecasts that provided the backdrop for the Council's Medium Term Financial Strategy including the mid-year adjustment to estimates from a budget reduction requirement of £23.251m to £29.940m (rounded to £30.000m) were detailed. The major elements of this adjustment were addressing budget reduction proposals for 2020/21 (some approved in the budget for 2019/20) that could not be achieved (£2.089m), reduced treasury management income of £6.600m and an assumption that Flexible Use of Capital receipts at a value of £2.000m would support the budget. Key expenditure adjustments following the mid-year review and key income pressures were set out. A Collection Fund deficit of £25.463m was noted that must be charged to the General Fund.

Members were informed that, based on the latest estimates, the budget reduction requirement for 2021/22 has decreased from the previously reported figure of £29.940m to £27.908m, increasing to £53.371m after the technical adjustment.

The report detailed the Administration's budget reduction proposals. There were a total of 43 proposals expected to deliver savings of £8.920m (of which one was a use of reserves), leaving recurrent budget reductions of £8.793m.

In 2021/22, if approved in full, these recurrent proposals further reduced the budget reduction requirement to £44.578m for 2021/22.



The report explained the approach to balancing the 2021/22 budget. Importantly, the budget strategy of using £29.000m of reserves to support the budget over a two year period (2021/22 and 2022/23) was outlined together with the use of the opportunities provided by the ability to use Capital Receipts to support spending on transformational projects up to a value of £2.000m in 2021/22.

A number of specific and corporate reserves would be used to address the balance and there was a reserve held at a value of £12.012m to support the 2022/23 budget if required.

Approval of the proposals set out in the report in full by Budget Council would deliver a balanced revenue budget for 2021/22.

Other key sections in the report:

- summarised 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
- detailed the Council's Pay Policy Statement (as required by sections 38 to 43 of the Localism Act 2011).

The final section of the report set out the Councils MTFS covering the period 2021/22 to 2023/24, a shorter timeframe than was usual practice given the uncertainties created by COVID and the lack of clear direction of Government funding intentions for future years.

Members noted that, as the Government had only provided grant funding notifications for 2021/22, the MTFS estimates for 2022/23 to 2023/24 were based on a series of assumptions and therefore must be considered indicative only. This had generated significant uncertainty and hindered effective planning by the Council both financially and operationally, as future Government funding intentions were difficult to assess. This position, together with the transformational and organisational plans for change that the Council would implement to address the financial challenge, were outlined in Section 17 of the report.

Having addressed the £27.908m (adjusted for the technical Business Rates issue), the budget reduction requirement for subsequent years was forecast to be £32.185m for 2022/23 and £21.564m for 2023/24.

The MTFS highlighted the plan to deliver significant savings from 2022/23 onwards. Whilst it was anticipated that the Council would continue to rely on the use of reserves to support the revenue budget in 2022/23 at a value of £12.012m, additional budget reductions were expected to be achieved as part of the Council's transformation programme. The 2021/22 budget reductions had implications for future financial years, with

savings of £6.050m (2022/23) and £4.756m (2023/24) already assumed.

Having allowed for the use of reserves and already assumed budget reductions, the targets to be addressed were £14.123m for 2022/23 and £16.808m for 2023/24.



The Council's approach to balancing its budget was the transformation programme which would deliver savings over four programme areas:

- Place Based Working/Communities
- Children's Services
- Health and Care
- Economy

In addition, there were a range of Cross Cutting initiatives that had been identified that would complement the transformational programmes and support the achievement of the significant financial challenge.

Indicative targets had been assigned although there had to be some flexibility given the uncertainty that underpinned financial planning for the future years.

Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2021/22, there would be a regular review of the progress of existing change programmes against the delivery milestones and financial targets. It would also ensure that there was continuous emphasis on the delivery of change and the achievement of the budget reductions required in line with the three year strategy.

Members sought and received clarification on the following:

- At what point would the Council run out of reserves – the programme proposed would deliver a three-year balanced position. It was accepted that a lot would change and Members would be updated. This was a robust plan and balanced budget for now. It was noted that the increasing pressure for adult social care, for which there was no additional funding, could only be managed by reducing other services.
- How did residents pay for adult social care – if 1% was added to the Council Tax, it raised £957K, but there was no current provision for this precept to continue beyond the 2021/2022 financial year. The Council passported the precept to social care and this gave additional funding.
- Covid support for businesses – no support beyond 31st March 2021, but this was a flexible situation. The Council operated as the Government's agent in this and there was no impact on the budget. The Council had received some support for the loss of business rates. Whilst it was unknown if this would continue, the deficit relating to Council Tax and Business Rates could be carried across 3 financial years.

The Select Committee examined the budget reduction proposals.

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



- CSA-BR1-423 Maximising independence through alternative models of care
- CSA-BR1-424 CHASC Workforce Reduction
- CSA-BR1-425 Out of Hours Call Centre Support for Community Health Services
- CSA-BR1-426 Carers Personal Budgets
- CSA-BR1-427 Brokerage
- CSA-BR1-429 Keyring
- CSA-BR1-430 Achieving Better Outcomes: Supported Living & Learning Disabilities
- CSA-BR1-431 Wellbeing Service
- CSA-BR1-433 Adult Social Care Sheltered Housing
- CSA-BR1-434 Adult Social Care Prevention and Early Intervention Service
- CSA-BR1-435 Residential Enablement Redesign (Medlock Court)
- CSA-BR1-436 To cease the funding of the Men in Sheds service

Members were informed that it was a difficult balance between supporting the vulnerable, performing statutory duties and cost. It was accepted these were difficult times and hard decisions had to be made. The savings were set in a national context of integrated provision and a need to redesign the way services were provided, whilst meeting statutory requirements.

Members asked for and received clarification on the following:-

- Were the savings deliverable – there could be no guarantee as circumstances were beyond the Council's control, however there was a commitment to ensure delivery. There was a need to change the conversation with Oldham residents. The Council had a legal duty to ensure its residents were safe. It may not be able to achieve all the savings and the needs of the residents came first.
- How could savings be delivered without having a huge impact on service users in assisted living – the Council was committed to ensuring service users were not disadvantaged. Outdated commissioning models prevented the achievement of potential and supported housing models especially needed to be revised. People placed out of the area needed to be brought back, support for children at transition needed to start earlier, the enablement offer needed to be improved. The Council had developed a great housing with care facility at Holly Bank, which could provide an emergency response

facility in Oldham rather than having to pay for a facility elsewhere.

- Cessation of Grass Roots project – day services are going through a revolution in terms of learning from Covid. Digital platforms were being used effectively and many people now wanted a different type of day service. Going forward, the Council needs to look for cost-efficient and effective way to offer daytime occupation. Those currently using Grass Roots would have the opportunity to transfer to Chadderton Park if they wished. There would also be funding for those who wanted to connect with communities and undertake meaningful daytime occupation in different ways.
- Loss of personal budgets for carers may reduce number of people willing to be carers – there had been a huge increase in the number of carers accessing support. With 2,200 carers being supported, the current model was not sustainable and the Council was looking at different approaches to bring sustainable support to carers. Some of these approaches would run alongside a personal budget and occasionally a payment may be increased to enable independence rather than paid-for care.

The Select Committee gave consideration to proposals REF-BR1-422 Sport Development and REF-BR1-428 School Swimming, on which there were no questions.

The Cabinet Member for HR and Corporate Reform, the Strategic Director Communities and Reform, and the Director of Workforce and Organisational Design were in attendance to introduce the following proposals on which the Select Committee had no questions:-

REF-BR1-416 Districts Realignment
REF-BR1-418 Reduction in Members Ward Budgets
REF-BR1-432 Review of Elected Member Reserves
REF-BR1-438 HR Staffing Review

The Cabinet Member for HR and Corporate Reform and the Managing Director of Children and Young People (DCS) were in attendance to introduce the proposal CHS-BR1-445 Early Help Remodelling. The savings would come forward in future years and this was remodelling the service around the five clusters, with a front door service integrated with Children's Services. The numbers were put forward with caution as the demand for Children's Services was very high and there may be a lot of issues to come out of Covid, especially hidden safeguarding issues. There were no questions.

The Cabinet Member for Neighbourhoods and Culture and the Director of Environmental Management were in attendance to introduce the following proposals on which Members had no questions:-

- PPL-BR1-408 To re-align grounds maintenance to support core service functions and reduce the traded offer
- PPL-BR1-407 Transfer of client officer to Unity
- PPL-BR1-406 Review of Street Lighting Contract
- PPL-BR1-409 Restructure of Neighbourhood Enforcement Team



Members asked for and received clarification of the following:-

- Details of the street lighting savings – there had been over-provision in the budget and the position was better than previously, so the saving was offered.

The Cabinet Member for Children and Young People, the Strategic Director Communities and Reform and the Assistant Director Youth, Leisure and Communities were in attendance to introduce the proposals:-

- REF-BR1-415 Mahdlo Funding Reduction
- REF-BR1-417 Youth Service Kerching

Members asked for and received clarification of the following:-

- Long-term commitment to funding for MAHDLO – commitment made in 2012 for 3 years.
- Previous reduction since 2012 – reductions had been put forward and not been taken before. Due to the major challenge this year, the saving was being taken now.
- Discussed with MAHDLO – officers had met with MAHDLO and discussed with them how support could be offered in the future.

The Cabinet Member for Children and Young People and the Managing Director of Children and Young People (DCS) were in attendance to introduce the following proposals:-

- CHS-BR1-442 Early Help Staffing Efficiencies
- CHS-BR1-443 External Placements Cost Avoidance
- CHS-BR1-440 Quality and Effectiveness Support Team - Service Efficiency/Review
- CHS-BR1-441 Special Educational Needs & Disability (SEND) Education Provision

Members asked for and received clarification of the following:-

- Accommodation for currently out of borough placements – the Council was looking to remodel the residential estate to place children appropriately locally. There were no guarantees the savings could be fully realised but it was believed substantial savings could be made.

The Leader of the Council and Cabinet Member for Economy and Skills, the Head of Lifelong Learning, Employment and Skills Service, the Director of Legal Services and the Director of Economy were in attendance to introduce the following proposals:-

CHS-BR1-437 Reduction in Traineeship Programme
CEX-BR1-410 Corporate Priorities - CEX
CEX-BR1-420 Legal Staff Reductions & Reduction of post in Democratic Services
CEX-BR1-447 Registrars Service Restructure
PPL-BR1-403 Digital Mail
PPL-BR1-401 Creating a Better Place - Projects & Assets
PPL-BR1-402 Creating a Better Place - Service Review

Members were informed that the reduction in funding for the Traineeship Programme would be mitigated by additional funding to the Kickstart programme, which was successful in creating new jobs for young people. A number of staff in the Creating a Better Place team had come forward with proposals about being redeployed to use their expertise in other ways to support the efficiency programme.

Members asked for and received clarification of the following:-

- The confidence surrounding the achievement of £8.2M savings in relation to Creating a Better Place – Members noted that the details had been brought to the Select Committee previously. The Committee had helped establish the principles and the findings had been brought back in detail. Much of the saving would be achieved by making better use of assets, enabling brownfield land to be brought forward to be redeveloped to create jobs and opportunities.

The Cabinet Member for Housing and the Director of Economy were in attendance to introduce the following proposal on which there were no questions:-

PPL-BR1-404 Printing Reduction - Digital Platform Roll Out

The Cabinet Member for Finance and Green, the Deputy Chief Executive, the Chief Operating Officer Unity Partnership, the Strategic Director Commissioning/Chief Operating Officer and the Director of Finance were in attendance to introduce the following proposals:-

PPL-BR1-439 Internal Efficiency Initiatives (Unity Partnership)
PPL-BR1-421 Transformation of the Contact Centre
COM-BR1-411 Procurement Staffing Reduction
COM-BR1-412 Financial Services Redesign

Members were informed that, apart from the Transformation of the Contact Centre, these were back office functions. There was confidence that these could be delivered with no impact on frontline services. The proposal in relation to the Contact Centre was a radical move and assurance had been given about this proposal.

Members asked for and received clarification of the following:-

- In relation to the Contact Centre, how would equal levels of service and access be ensured - Access Oldham had been closed due to the pandemic and different ways of offering the service had been found. The proposed way forward was to take the face-to-face element to the localities as part of place-based working. For the public, this would be an improvement in the service, as it could be accessed locally and could be offered as an appointment or phone call. The online provision would also be much smoother and relevant to public needs.
- Would updates be provided – the Committee would be updated in six months.

RESOLVED that the Select Committee accepted and commended to Cabinet:-

1. The policy landscape and economic context in which the Council was setting its revenue budget for 2021/22 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 2021/22 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 proposal that the Council reviews its financial position during 2021/22 to determine if it is able to provide additional Council Tax hardship relief.
6. The reaffirmation of the Council's commitment to the modified Housing Benefits scheme, a discretionary local scheme which allows the Council to disregard the value of any War Disablement Pension or War Widows Pension over and above statutory disregard limits.
7. The recurrent 2021/22 Budget Reduction Proposals at a value of £8.793m.
8. Flexible Use of Capital Receipts at a value of £2.000m.
9. The proposed use of £42.578m of reserves to balance the 2021/22 budget including £0.127m for a one off budget reduction.
10. The proposed use of £12.012m of reserves to support the 2022/23 budget.
11. The approach to managing the budget during the COVID pandemic and the continuation of budget management measures introduced in 2020/21 as outlined in Paragraphs 12.6 to 12.11.
12. The proposed fees and charges schedule included at Appendix 7.
13. The draft pay policy statement included at Appendix 10.
14. A proposed 2021/22 Council Tax increase of 2.99% for Oldham Council services resulting in the charges set out at paragraph 15.3 and Table 29 of the report.
15. The proposal to draw on the Collection Fund for major preceptors of £115.669m for Borough Wide services and £98.552m for Council services.

16. The proposed net revenue expenditure budget for 2021/22 for the Council set at £253.944m.
17. Revised estimated budget reduction targets of £32.185m for 2022/23 and £21.564m for 2023/24 before any use of reserves and indicative budget proposals.

8

HOUSING REVENUE ACCOUNT ESTIMATES FOR 2021/22 TO 2025/26 AND PROPOSED OUTTURN FOR 2020/21.

Consideration was given to a report of the Director of Finance which set out the latest Housing Revenue Account (HRA), the detailed budget estimates for 2021/22, the strategic estimates for the four years 2022/23 through to 2025/26 and outturn estimate for 2020/21. The report also set out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2021.

The Cabinet Member for Housing presented the report.

The Select Committee noted the report set out the HRA proposed 2021/22 original budget and the forecast outturn for 2020/21 along with the provisional strategic budgets for 2022/23 through to 2025/26.

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

After taking all relevant issues into account, the projected financial position for 2020/21 was estimated to be a £1.384m positive variance when compared to the original budget forecast for 2020/21 approved at the Budget Council meeting, 26 February 2020. Most of this variance was attributable to the re-profiling of HRA funded capital schemes into later years due to revisions to planned spending profiles. The balance at the end of 2020/21 was projected at £19.614m.

The financial position for 2021/22 showed an estimated HRA closing balance of £17.463m which was sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2021/22 position had been presented after allowing for an increase in dwelling rents of 1.5%, an increase in non-dwelling rents in line with individual contracts, the freezing of all service charges and the setting of Extra Care Housing concierge charges to fully recover costs.

Members noted that the Government had previously advised that PFI properties were exempt from Central Government's 1% Social Rent Reduction policy. This policy ended on 31 March 2020. Since this date, Central Government had reverted to its pre-2015 guidance for the period 2020-2025 for all properties, confirming all rents were calculated based on the Consumer Price Index (CPI) rate at September of the preceding year plus

1%. All Oldham's budget projections for the 2021/22 budget would follow the rent setting guidance of CPI plus 1%, resulting in an increase of 1.5% (CPI was taken as at September 2020).

The financial projections for the HRA over the period 2020/21 to 2025/26 showed an overall reduction in the level of balances from £19.614m at the end of 2020/21 to £3.906m at the end of 2025/26. HRA resources were to be used to support several major approved housing capital projects including development within the town centre and on numerous smaller sites around the borough. There was also a commitment to purchase currently empty properties owned by private sector landlords to increase the number of Council owned housing stock.

The HRA detailed budget for 2021/22 and strategic estimates for the four years 2022/23 to 2025/26 and the outturn estimate for 2020/21 were presented to the Select Committee for consideration and comment.

Members were informed that, as set out in paragraph 2.10, homes had been acquired at Primrose Bank. The Council had now taken possession of seven of the new homes at Primrose Bank, which had the benefit of additional energy-saving measures under the Red Wolf Programme and these had now been let. It was anticipated that the remaining eleven would be handed over by mid-February.

Members noted that paragraph 2.15 showed the projection for the HRA moving forward. Income for the HRA was interest and investment income, and also included the rents paid to the Council by tenants. It was projected that the balances would reduce in 2023/2024, to reflect the investments being made as part of Creating a Better Place initiative to provide new homes through implementing the Housing Strategy. This would provide much-needed homes for residents.

RESOLVED that the following be accepted:

1. Forecast HRA outturn for 2020/21 (as per Appendix A)
2. Proposed HRA budget for 2021/22 (as per Appendix B)
3. Strategic estimates for 2021/22 to 2025/26 (as per Appendix D)
4. Proposed increase to dwelling rents for all properties by 1.5%.
5. Proposed increase to non-dwelling rents as per individual contracts.
6. Proposal that service charges were unchanged.
7. Proposal to set Extra Care Housing concierge charges to fully recover actual costs; and
8. That the report be commended to Cabinet.

CAPITAL PROGRAMME & CAPITAL STRATEGY FOR 2021/22 TO 2025/26

Consideration was given to a report of the Director of Finance which set out the Capital Strategy for 2021/22 to 2025/26 and thereby the proposed 2021/22 capital programme, including

identified capital investment priorities, together with the indicative capital programme for 2022/23 to 2025/26, having regard to the resources available over the life of the programme.

The Director of Finance introduced the report.

The Council's Capital Strategy and capital programme were set over a five-year timeframe. The proposed Capital Strategy and programme for 2021/22 to 2025/26 took the essential elements of the 2020/25 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2021/22.

The Strategy included a longer-term vision, a forward look at those projects that were likely to run beyond the five-year strategy and programme period or be initiated subsequently. This covered a timeframe for the 10 years from 2026/27 to 2035/36.

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

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

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

The Strategy incorporated the refreshed and updated elements of the Creating a Better Place Strategy, the Medium-Term Property Strategy and Housing Strategy. Following a review of the Capital Programme, as a result of the unprecedented economic circumstances due to the impact of the COVID-19 pandemic and the revised terms for PWLB borrowing, the principles established to complement the Capital Strategy as contained in the Commercial Property Investment Strategy and Fund and the Income Generation Strategy had been removed from the Capital Programme.

The Capital Strategy section (section 1) highlighted the impact of COVID-19 and the way this had shaped capital spending plans for 2021/22 and future years. During 2020/21, the COVID-19 pandemic had a major impact on the borough, its residents and the economy. The financial year 2021/22 would begin, at least, with a COVID-19 influence, however, it was expected, now that several vaccines were available, that normal activities would be resumed and the Councils capital spending plans which had inevitably been interrupted in 2020/21, could get back on track during 2021.

The pandemic had presented significant challenges for the feasibility, design and delivery of capital projects. As well as practical issues associated with maintaining safe working arrangements, supply chains and similar issues, it had been necessary to revisit significant elements of the strategy to ensure the priorities for capital investment remained appropriate in the context not only of the Council's challenging financial position but having regard to the potential longer-term impact of pandemic on the economy and the potential for behavioural changes in work and transport needs as well as retail and leisure pursuits.

In preparing the Capital Strategy for 2021/22, it was important to consider the publication by HM Treasury in March 2020 of a consultation document seeking views on proposed changes to the lending terms of the Public Works Loan Board (PWLB). The Government launched the consultation as it was concerned that PWLB resources were being used to fund commercial investments solely for income generation purposes and carried a significant degree of risk.

Alongside the 2020 Spending Review in November 2020, the Government largely confirmed the proposals set out in the original consultation meaning there would be stricter conditions associated with the approval of PWLB loans to Local Authorities. The PWLB would now no longer provide loans to a Local Authority if their Capital Strategies included any plans to buy investment assets primarily for income generation. These new terms applied to all loans arranged on or after 26 November 2020. This Capital Strategy had been prepared to ensure that the Council was able to access PWLB funds despite the significant change to the lending criteria.

The National Infrastructure Strategy (NIS) published alongside the Chancellor's 2020 Spending Review contained a range of Government capital spending announcements. The announcements contained little specific detail, and in some cases represented initiatives previously announced, however the NIS set out a considerable investment intention focussed on:

- Boosting growth and productivity across the whole of the UK;
- Driving recovery and rebuilding the economy;
- Levelling up between regional areas and strengthening the Union;
- Putting the UK on the path to meeting its net zero emissions target by 2050 by decarbonising the economy and adapting to climate change;
- Supporting private investment in infrastructure; and
- Accelerating and improving the delivery of infrastructure projects.

The Council would aim to access the maximum level of NIS resources to support projects in Oldham and the wider Greater Manchester region, working with the Greater Manchester

Combined Authority (GMCA) and other GM Authorities as necessary.



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Annex C of Appendix 1 set out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2021/22 to 2025/26.

The Strategy also advised that the Council was proposing to continue the use the flexibility provided by the Ministry of Housing, Communities and Local Government (MHCLG) to use capital receipts to fund the revenue cost of transformation. The 2021/22 revenue budget would rely on up to £2.000m of such funding from capital receipts. Annex D set out the required Flexible Use of Capital Receipts Strategy which advised of the summary of planned receipts, use and savings.

Capital Programme 2020/21 to 2024/25

The 2020/21 month 8 capital monitoring position included projections which were a key determinant of the 2021/22 programme. As many schemes spanned more than one year, the anticipated level of reprofiling between years set the underlying position.

The projected outturn spending position for 2020/21 was £81.013m. The People and Place Directorate which managed all of the major regeneration projects, constituted the main area of expenditure. Grants and Other Contributions (£20.150m) followed by Prudential Borrowing provided the main source of financing (£53.553m).

Actual expenditure to 30 November 2020 was £50.566m (62.24% of forecast outturn). This spending profile was in line with that in previous years, however the position would be kept under review and budgets would continue to be managed in accordance with forecasts.

Capital Programme 2021/22 to 2025/26

The Council had set out its capital programme for the period 2021/22 to 2025/26 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy had been influenced by the level of resources considered available. The level of prudential borrowing included reflected the financing available in the revenue budget, capital receipts aligned with forecasts and grant funding and other contributions were based on already notified allocations or best estimates at time of preparation. If additional resources became available, projects that met the Council's strategic capital objectives would be brought forward for approval.

Due to the impact of the COVID-19 pandemic on a number of schemes, over the summer months the capital programme for 2020/21 was significantly re-phased. On 24 August 2020, Cabinet approved a revised vision and strategic framework for 'Creating a Better Place' which had associated with it a

significant level of investment. The revised vision placed more emphasis on economic recovery and accelerating the potential for generating revenue budget savings. The report was the culmination of a fundamental review of the programme which commenced in April 2020 close to the start of the pandemic. Following the review and in anticipation of the PWLB consultation outcome the Creating a Better Place Strategy was reduced by approximately £90.000m.

As at the month 8 capital monitoring position, the anticipated expenditure over the five year life of the 2020/21 to 2024/25 strategy was £404.630m, taking 2020/21 aside (£81.013m) left £323.617m for the remainder of the approved 2021/22-2024/25 capital programme. Following the refresh of existing strategies including Creating a Better Place, and moving forward the planning period by one year, the Capital Strategy for 2021/22 to 2025/26 totalled £340.289m.

The capital programme included proposed expenditure for 2021/22 of £84.099m, with the largest area of expenditure being on regeneration, schools, transport and infrastructure projects within People and Place Directorate. Total expenditure increased to £94.765m in 2022/23, then decreased to 71.418m, £62.553m and £27.454m in 2023/24, 2024/25 and 2025/26 respectively.

Resources Available to Support the Capital Programme

The Government was continuing to provide significant levels of grant funding. The main sources of grant income were the Highway Maintenance Grant at £12.204m, along with Education-related Basic Need Capital grant provision of £10.677m over the life of the programme. There were also considerable resources allocated to the Council via the GMCA including the Mayors Cycling and Walking Challenge Fund (£11.273m in 2021/22).

The grant funding provided by Government could be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy. The majority of capital Government Grant funding was un-ringfenced. Resources classified as ringfenced had to be utilised to finance particular categories of expenditure and therefore were restricted in their use. The 2021/22 capital programme relied on £11.793m of unringfenced and £21.973m of ringfenced grants.

As in previous years, a major source of financing remained prudential borrowing. The amount required in 2021/22 (£42.871m) included borrowing attributed to schemes that had slipped from prior years as well as new borrowing associated with the regeneration programme. The timing of the borrowing was linked to the cash position of the Council and might therefore not mirror the spending/financing profile.

On-going Review of the Capital Programme

Members noted there would be a continued review of capital spending requirements as the Council had further regeneration ambitions, but affordability and deliverability would be a key consideration in this regard. It was, however, possible that the capital position may change prior to the start of 2021/22 and during the year as:

- There may be further Government funding allocations announced prior to the start of 2021/22 including those related to the Towns Fund.
- The outcome of specific grant bids would be announced during 2021/22.
- It was also likely that there would be new initiatives announced later in the financial year.
- There may also be the opportunity to bid for additional funding.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

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

RESOLVED that the following be accepted and recommended to Cabinet:

1. The Capital Strategy for 2021/22 to 2025/26 at Appendix 1 of the report and summarised at section 2.1.
2. The capital programme for 2021/22 and indicative programmes for 2022/23 to 2025/26 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of the report.
3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1.

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**TREASURY MANAGEMENT STRATEGY STATEMENT
2021/22**

Consideration was given to a report of the Director of Finance which presented the strategy for 2021/22 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Director of Finance introduced the report.

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

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2017 (the

Code) required the receipt by full Council of a Treasury Management Strategy Statement.



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The Strategy for 2021/22 covered two main areas.

Capital Issues

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

Treasury Management Issues:

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

The report outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and made recommendations with regard to the Treasury Management Strategy for 2021/22.

The report included an economic background commentary which had been updated to reflect the latest position, especially in relation to the UK leaving the EU on 31 December 2020.

The proposed Treasury Management Strategy was presented to the Overview and Scrutiny Performance and Value for Money Select Committee to enable scrutiny of the report so that any comments could be incorporated into the report before it was considered by Cabinet on 23rd February 2021.

RESOLVED that the following be accepted and recommended to Cabinet:

1. Capital Expenditure Estimates as per paragraph 2.1.2;
2. MRP policy and method of calculation as per Appendix 1;
3. Capital Financing Requirement (CFR) Projections as per paragraph 2.2.4.
4. Projected treasury position as at 31 March 2021 as per paragraph 2.3.3.
5. Treasury Limit's as per section 2.4.
6. Borrowing Strategy for 2021/22 as per section 2.6
7. Annual Investment Strategy as per section 2.10 including risk management and the creditworthiness policy at section 2.11.
8. Level of investment in specified and non-specified investments detailed at Appendix 5.

STATEMENT OF THE CHIEF FINANCIAL OFFICER ON RESERVES, ROBUSTNESS OF ESTIMATES AND AFFORDABILITY AND PRUDENCE OF CAPITAL INVESTMENTS IN THE 2021/22 BUDGET SETTING PROCESS

Consideration was given to a report of the Director of Finance which recommended that the Overview and Scrutiny Performance and Value for Money Select Committee considered the level of balances necessary to support the 2021/22 budget underpinned by the agreed policy on Earmarked Reserves, setting a properly balanced revenue budget which included the financing of capital investments within the present investment proposals.

The Director of Finance introduced the report.

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

There had been several reports issued on the subject of the financial resilience of Local Authorities alongside the publication by the Chartered Institute of Public Finance & Accountancy (CIPFA) of a Local Authority Financial Resilience Index and the implementation of a Financial Management Code. These issues were highlighted in Section 5 of the report but were largely prompted by the financial challenges at Northamptonshire County Council during 2018 followed by both Nottingham City Council (NCC) and the London Borough of Croydon Council (LBC) in 2020 and the raising of significant concerns about the financial stability of other Local Authorities.

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

Since 2016/17, reserves of £32.945m had been used to underpin the Council's revenue budget alongside a number of one-off measures. In 2020/21, £10.008m of reserves and £5.150m of one-off measures were used to support the revenue

budget. Included within the Medium Term Financial Strategy was the required use of reserves of £29.000m over the next two financial years. For 2021/22, it was proposed to use corporate reserves of £16.988m and specific reserves of £0.127m together with £25.463m to offset the Collection Fund deficit arising from the awarding of business rates reliefs in 2020/21 (this is a technical accounting adjustment) combined with one-off measures totalling £2.000m. The remaining corporate Balancing Budget reserve of £12.012m would be used to support 2022/23. There was, therefore, a considerable reliance on the use of reserves to balance the budget in 2021/22 and also 2022/23.

The continued use of reserves and one-off measures had the impact of deferring the changes that were required to balance the revenue budget by on-going sustainable means. The implementation of the next phase of the transformation programme in 2021/22 was expected to begin to address this challenge although this had been impacted by the global pandemic. The expected benefits of the transformation programme would be phased over several financial years and would be supported by the use of reserves over the short term.

As detailed within the Council's Audit Completion Report, presented alongside the Statement of Accounts, the External Auditors concluded that for 2019/20 the Council had made proper arrangements to deliver financial sustainability in the medium term. However, it was also pointed out that "The Council has significant levels of Earmarked Reserves as at 31 March 2020, but these are not sufficient to sustain the Council's financial position over the medium term". It was important to note that the public findings into both NCC and LBC indicated Councils were at risk of not being able to agree balanced budgets as their reserves were insufficient to mitigate either in year or 2021/22 estimated shortfalls in resources.

Financial resilience depended in part on the Council maintaining an adequate level of reserves which were set out in the report. In order to scrutinise the level of reserves held by the Council the policy on Earmarked Reserves was considered by the Audit Committee in July 2020 and it was proposed to action the same review again in 2021/22 after the closure of the accounts for 2020/21.

Whilst the Council was utilising a number of reserves to support the 2021/22 revenue budget and anticipated a use of reserves in 2022/23, Members were assured that Oldham Council currently remained financially resilient. Work was taking place to address the on-going financial pressures that the Council was facing. At the start of 2021/22 it continued to be well placed to meet the difficult financial challenges ahead. The strategy relied on the delivery of the transformation programme over the short to medium term, so the comments made by the external auditor to support the value for money conclusion for the financial year-end 2020/21 were fair. However, transformational change at pace was required. Public findings reported elsewhere had shown that some Authorities had not, in a small number of

cases, been able to deliver the level of transformational savings required.

In conclusion, the Chief Finance Officer was able to advise Members of the robustness of the estimates and the affordability and prudence of capital estimates for 2021/22. Despite the use of reserves over recent years, the level of reserves remained adequate to support the 2021/22 financial position and demonstrated financial resilience. However, this was only the case provided that action was taken to ensure that the balances were set at the level of £15.641m for 2021/22 as calculated in the report and that all budget options, or in year alternatives, were delivered as planned and monitored.



RESOLVED that the following be accepted:

1. The proposed General Fund Balance currently calculated for 2021/22 at £15.641m.
2. The initial estimate of General Fund Balances to support the Medium Term Financial Strategy was as follows:
 - £17.349m for 2022/23 and
 - £18.602m for 2023/24.
3. The intended report to be presented to the Audit Committee on Earmarked Reserves to ensure this area was subject to appropriate scrutiny.
4. The actions necessary to secure a properly balanced budget as presented in paragraph 3.6.
5. The actions necessary to ensure the prudence of the capital investments as noted in Section 4.

The Select Committee asked that their thanks be recorded to the Director of Finance and all her team for all of their hard work and achievements in the last year.

The meeting started at 6.00 pm and ended at 8.10 pm