

REVENUE BUDGET MONITORING REPORT 2020/21

Quarter 3 December 2020

1 Background

1.1 The Authority's 2020/21 revenue budget was approved by Council on 26 February 2020 at a sum of £233.524m incorporating:

- £3.011m of budget reductions approved within the 2020/21 Budget (and £1.776m approved within the 2019/20 Budget)
- £10.008m use of corporate and specific reserves
- £5.150m of other one-off financing measures.

1.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year, as part of this process, a forecast of the year-end position has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 3 together with known commitments, issues and planned management actions. The forecasts include the latest estimates in relation to expenditure arising as a result of COVID-19, incorporating the round 8 position reported to the Ministry of Housing, Communities and Local Government (MHCLG) on 11 December 2020 and the preparatory work for the round 9 submission on 29 January 2021. In addition, provision is now made for all three claims in relation to the loss of income as a result of the pandemic under the income compensation scheme for lost sales, fees and charges (SFC). The first claim (£1.281m) has been accepted and paid in full by the MHCLG on 27 November 2020, the second claim for the four-month period August to November has been calculated as £0.924m and submitted for payment, a provisional estimate of £0.900m for the final claim for December 2020 to March 2021 is included for the first time.

1.3 In considering the projections included in the MHCLG returns and in this report, it is important to note that there is a high degree of estimation in relation to the impact of COVID-19, made even more speculative given the Council, along with the remainder of Greater Manchester was, on 31 December 2020, initially placed under the new, more stringent Tier 4 (stay at home) restrictions which were closely followed by the national lockdown implemented on 5 January 2021. The completion of the returns and the forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure and the income loss recorded to date but also relies on a series of assumptions. Clearly as the year end approaches, there is less likelihood of variation from the assumed position, but it is not until the year end that there will be certainty of the position.

2 Current Position

2.1 Summary Position

2.1.1 The current net revenue budget of £296.762m represents an increase of £63.238m against the originally approved budget and an increase of £3.928m against the financing that was available at Month 8. The increase from the previously reported position is due to the receipt of an additional £2.106m of COVID Additional Restrictions

Support Grant, £0.039m of additional New Burdens funding to support the administration of Government initiatives, a further £0.516m to support Clinically Extremely Vulnerable (CEV) Individuals and £0.006m for Council Tax Relief for Annexes. The balance of £1.261m is in relation to the treatment of Capital Grants that for accounting purposes need to be reflected in the General Fund. A full funding analysis of the net revenue expenditure is shown at Appendix 2.

- 2.1.2 The current position for 2020/21 at Quarter 3 is a projected underspend of £0.522m, an improvement of £8.852m (in line with expectations) compared to the overspend of £8.330m reported at Month 8. A forecast of the year-end position has been prepared by all services. It is based on a comparison of profiled budgets to the actual position as at the end of Quarter 3 together with known commitments, issues and planned management actions in relation to 'business as usual' and the pandemic. The table below shows the year-end forecast position against budget for each Portfolio, including the additional costs anticipated as a result of the COVID-19 pandemic.

Table 1 - Summary Forecast Revenue Outturn

	Budget	Forecast	In Year Transfers To/ From Reserves	Variance Quarter 3	Variance Month 8
	£000	£000	£000	£000	£000
People and Place	62,013	67,152	(211)	4,928	4,676
Community Health and Adult Social Care	64,013	65,628	(27)	1,588	10,232
Children's Services	50,778	59,882	(697)	8,407	8,851
Communities and Reform	35,375	38,675	(1,270)	2,030	2,077
Commissioning	9,764	12,645	(2,047)	834	843
Chief Executive	7,713	7,427	-	(286)	(276)
Capital, Treasury and Corporate Accounting	11,812	22,724	-	10,912	8,912
Discretionary Business Support Grants	11,576	11,576	-	-	-
Covid-19 Funding	17,261	(900)	(7,641)	(25,802)	(24,902)
Additional Section 31 Grant - Business Rate Reliefs	25,456	-	25,456	-	-
Additional Section 31 Grant - Local Tax Income Guarantee	1,000	-	1,000	-	-
Resources Returned by GMCA		(3,133)	-	(3,133)	(2,083)
NET EXPENDITURE	296,762	281,676	14,563	(522)	8,330
FINANCED BY:	(296,762)	(296,762)	-	-	-
NET FORECAST VARIANCE	-	(15,086)	14,563	(522)	8,330

- 2.1.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £14.563m is a favourable variance of £0.522m. A detailed list of the approved and planned use of reserves at Quarter 3 can be found at Appendix 1. The key issues to note are:

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- a) As previously reported, the movement in reserves includes the transfer to reserves of the Section 31 Grant Funding (£25.456m) for Business Rate Relief compensation which will be used to support the 2021/22 budget.
 - b) The final Local Government Finance Settlement confirmed details of a new Section 31 grant to compensate the Council for 75% of the irrecoverable Collection Fund losses. The position reported therefore includes a prudent estimate of the Local Tax Income Guarantee Grant of £1.000m. As the Collection Fund loss will not impact on the finances of the Council until 2021/22, the £1.000m will be carried forward as a reserve and used to support the 2021/22 budget.
 - c) The transfers to reserves are offset by £7.641m of un-ringfenced COVID-19 funding received from Central Government at the end of 2019/20. This was transferred into an Earmarked Reserve at the year-end pending release to offset expenditure in 2020/21. Four tranches of un-ringfenced grant funding have been received, totalling £22.697m
 - d) The Government has provided partial compensation for lost SFC income. Grant of £1.261m has been received, a claim for £0.924m for the second SFC return has been submitted and a further £0.900m is anticipated from the round 3 submission.
 - e) The total Government un-ringfenced COVID support either received or anticipated is £26.802m, of which £1.000m has been transferred to reserves (b, above) and £25.802m has been used to offset COVID expenditure in the current financial year (c and d above).
 - f) The forecast outturn reflects the inclusion of £3.133m of resources returned by the Greater Manchester Combined Authority (GMCA) as explained at 2.1.10 and a £5.900m contribution towards the costs of adult social care from Oldham CCG as explained at 2.1.11.

2.1.4 There are significant variances contained within the projected net underspend. As previously mentioned, the position includes a forecast of all the additional pressures being incurred by the Authority as part of its on-going response to the COVID-19 pandemic, as a direct result of the Governments continually evolving arrangements to mitigate the spread of COVID-19 that commenced on 23 March 2020. These additional in-year COVID related pressures, totalling a net £5.188m include forecasts of both income shortfalls and additional expenditure that have impacted on the Authority's budgets as a result of the pandemic and are a decrease of £3.713m on the £8.901m included in the Month 8 monitoring report. The benefit of additional resources and a large decrease in forecast expenditure within Community Health and Adult Social Care is reduced slightly by moderate increases in Communities and Reform and People and Place. The business as usual pressure has reduced by £7.222m from a £1.512m overspend to the current estimate of a £5.710m underspend. An increase of £2.000m in Capital and Treasury, relating to additional pension costs has been offset by contributions from the GMCA and Oldham CCG as explained above and small reductions in all the other Portfolios with the exception of People and Place. Table 2 below analyses the variance between COVID-19 and 'Business as Usual' operational variances.

Table 2 - Analysis of Variances

	Variance Quarter 3 £000	Council COVID 19 Costs included in forecasts £000	Business as Usual £000
People and Place	4,928	5,633	(705)
Community Health and Adult Social Care	1,588	5,986	(4,398)
Children's Services	8,407	5,130	3,277
Communities and Reform	2,030	3,125	(1,095)
Commissioning	834	1,176	(342)
Chief Executive	(286)	528	(814)
Capital, Treasury and Corporate Accounting	10,912	9,412	1,500
COVID-19 Funding	(25,802)	(25,802)	-
Total before Resources Returned by GMCA	2,611	5,188	(2,577)
Resources Returned by External Partners	(3,133)		(3,133)
Total	(522)	5,188	(5,710)

- 2.1.5 The People and Place Portfolio has a reported a pressure of £4.928m compared to £4.676m at Month 8, an increase of £0.252m with a proposed net use of reserves totalling £0.211m. COVID related expenditure has increase by £0.120m and 'business as usual' expenditure has increased by £0.132m since month 8.
- 2.1.6 Community Health and Adult Social Care (CHASC) is reporting an overspend of £1.588m, including a £0.027m use of reserves. COVID-19 related expenditure has reduced significantly (£2.686m) from the position reported at month 8, likewise the initial 'business as usual' pressure of £1.502m is a decrease of £0.058m compared to that reported at Month 8. This has then been reduced further by a £5.900m contribution from Oldham CCG to support the costs of social care, bringing the total 'business as usual' outturn to £4.398 surplus The adverse variance reported against COVID-19 related expenditure is, in the main due to the demand for care packages following hospital discharges which has increased due to the second wave of the pandemic and which is now funded under revised guidance.
- 2.1.7 Children's Services is forecasting an adverse variance of £8.407m of which £5.130m is related to COVID-19 and with a proposed £0.697m use of reserves, a decrease of £0.444m compared to the previously reported £8.851m. There are still major pressures within two main service areas: Education, Skills and Early Years; at £0.742m and Children's Social Care; at £7.767m.
- 2.1.8 Communities and Reform is reporting an adverse variance of £2.030m which is a decrease of £0.047m compared to that reported at month 8. COVID related pressures have increased by £0.163m whilst operational activities have reduced by £0.210m since month 8. The Commissioning Portfolio is reporting an overall adverse variance of £0.834m. The total variance is comprised of pressures of £0.512m in Procurement and £0.322m in Finance.

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- 2.1.9 The Chief Executive Portfolio is reporting a favourable variance of £0.286m, whilst Capital, Treasury and Corporate Accounting is showing an adverse position of £10.912m. This is a pension related increase of £2.000m. The overall variance comprises a COVID pressure of £9.412m and a further operational pressure of £1.500m.
- 2.1.10 Anticipated Government un-ringfenced funding, specifically applied to offset pressures in 2020/21, totals £25.802m including the submitted, but as yet unconfirmed second SFC submission of £0.924m plus for the first time an estimated £0.900m for the final 2020/21 claim for the period December 2020 to March 2021. The GMCA has reimbursed the Council £2.083m which has been forecast to offset the increased 'business as usual' expenditure, and a further £1.050m in relation to the Retained Business Rates scheme is anticipated and has been included in the month 9 position. This total additional resource of £3.133m is presented in table above.
- 2.1.11 Mindful of the financial pressures being faced by the Council in relation to Adult Social Care, Oldham CCG is supporting the Council with a contribution towards such costs reflecting the partnership between the organisations. This is being managed via the Section 75 Pooled Funding Agreement which has been established between the Council and the CCG. This £5.900m resource will therefore offset the costs of Adult Social Care spending in 2020/21 and reduce the previously reported variance. There are discussions in relation to the provision of further resources before the year end.
- 2.1.12 A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.1.13 It is important to note that as a result of COVID-19 the following 2020/21 approved budget reductions are still forecast not to be achieved
- Treasury Management (Capital and Treasury) - £1.000m
 - The Direct Payment Review (CHASC) - £0.150m
 - Property Savings and Accommodation Review (People and Place) - £0.163m (part of an approved £0.261m)
 - Service efficiencies approved in 2019/20 of £1.776m including Children's Services at £1.660m

All the above pressures are unchanged and are included within the forecasts.

- 2.1.14 As previously reported, in view of the continued projected adverse variance, management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income, in addition the recruitment of staff to vacant posts and significant items of expenditure continue to be monitored via a corporate process. Such service and corporate actions will continue with the aim of bringing expenditure nearer to the resources available. In addition, further measures are being implemented to ensure non-essential expenditure is avoided unless there is an exceptional business case to support it.
- 2.1.15 The effectiveness of management action has been closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. The local and national position in relation to COVID-19 appears to be improving, with a limited relaxation of the national lockdown being announced on the 22 February 2021 and also the impact of the national vaccine programme. It is still not clear what effect

these measures will have on the local economy and for future funding allocations. The fluctuations in the month-on-month outturn position highlights the continued volatility and potential fragility of the Council in relation to the pandemic and the difficulty in reporting a consistent and settled financial position.

- 2.1.16 There has been a significant improvement in the financial position largely as a result of the confirmed and anticipated contributions that are outlined in sections 2.1.10 and 2.1.11; additional resources totalling £7.850m have been added at month 9, and are the main factor in generating what is now a forecast surplus of £0.522m. All the main grants that are notified and expected are now factored into the current position. Obviously any additional grant received will further improve the 2020/21 financial position. This together with a phased easing of restrictions, particularly with the roll out of a vaccine, will hopefully lead to an improvement in the operating environment and will contribute to the Council being able to report a further improved position at the end of the financial year.

3 Portfolio Summaries

3.1 People and Place

- 3.1.1 The following table shows the forecast position after the approved and planned use of reserves for the Portfolio.

Table 3 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development	1,654	6,806	(295)	4,857
Enterprise and Skills	777	1,425	-	648
Environmental Services	54,064	53,236	84	(744)
ICT	4,152	4,396	-	244
Customer Services	1,366	1,289	-	(77)
Total Forecast Net Expenditure	62,013	67,152	(211)	4,928

Summary

- 3.1.2 The forecast outturn at Quarter 3 for the People and Place portfolio, including all pressures associated with COVID-19 and use of reserves of £0.211m, is an adverse variance of £4.928m.

Economic Development

- 3.1.3 Economic Development Directorate is currently forecasting a pressure of £4.857m compared to £4.425m at Month 8, including a £0.295m use of reserves. The main reasons for the adverse variance are detailed by service area below:

- The Catering and Cleaning service is showing an adverse variance of £1.880m due to lost income as a result of the COVID-19 pandemic which is partially offset by staffing vacancies and reduced food costs.

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- The Car Parking budget is also showing a pressure of £1.009m which relates to the loss of income as a result of COVID-19
 - There is an estimated pressure against the Corporate Landlord/ Investment Estate totalling £1.608m, of which £1.109m relates to COVID-19 with the remainder relating to pre-existing issues in the area
 - The Strategic Housing Service is projecting a pressure of £0.303m due to additional accommodation costs being incurred as a result of COVID-19
 - The Planning Department is projecting a pressure of £0.057m relating to agency staffing costs

3.1.4 There is also a requirement to progress work associated with the Greater Manchester Spatial Framework, the Local Plan and the Creating a Better Place Strategy, as per the 2020/21 Revenue Budget and Medium-Term Financial Strategy. This work will be financed from revenue reserves and the appropriate drawdowns have been now been incorporated in the Quarter 3 monitoring position.

Enterprise and Skills

3.1.5 The Enterprise and Skills Directorate is forecasting a pressure of £0.648m. The Town Centre area, which includes the Market Service is currently forecasting an overall loss for the financial year of £0.775m which includes an anticipated loss of certain rental income due to COVID-19. Offsetting this pressure is an anticipated underspend due to a reduction in staffing costs of £0.127m across the Service area.

Environmental Services

3.1.6 The Environmental Services area is forecasting a £0.744m underspend. The Waste Levy payable to GMCA is currently expected to increase by £0.645m which is in excess of the budget available as a result of additional costs incurred in relation to COVID-19. Variances in the overall GM Waste Disposal budget will be managed by the Combined Authority and the pressure has therefore been excluded from the Directorate forecast. Variances triggering the overall underspend include:

- Public Protection is showing a pressure totalling £0.270m, of which £0.142m relates to loss of income due to COVID-19
- The Highways Operations (Council) is showing a pressure of £0.061m of which £0.093m is lost income as a result of COVID-19
- Waste Management is showing an underspend of £0.164m with £0.048m additional COVID-19 impacts being offset by underspends in staffing vacancies
- Underspends totalling £0.560m consisting of £0.257m in Highways Operations (Unity) and £0.303m in Street Lighting (S.38 / S.278 inspection fees).
- Environmental Services Management is forecast to underspend by £0.351m following a number of requests for voluntary redundancy.

ICT and Customer Services

- 3.1.7 ICT is forecasting an overspend of £0.244m, £0.415m of which is attributable to COVID-19 costs. The overspend is being offset by vacancies within the service. Customer Services is forecasting a small favourable outturn of £0.077m

Achievement of Budget Reductions

- 3.1.8 There is a £0.261m Budget Reduction in place as part of the Creating a Better Place strategy; however, given the effects of the current COVID-19 pandemic it is anticipated that £0.163m of the saving will not be fully achieved in year. The impact of this is included in the figures above.

3.2 Community Health and Adult Social Care

- 3.2.1 The Portfolio provides social care support to adults and carers across Oldham with a key aim of integrating and aligning the work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient. This covers both the commissioning and the provision of services. The following table shows the forecast position for the Portfolio at Quarter 3.

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

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning	22,232	21,822	-	(410)
Community Business Services	1,664	1,418	-	(246)
Community Health & Social Care	28,003	28,333	-	330
Director Adult Social Care	(8,916)	(15,900)	(27)	(7,011)
Learning Disability	12,149	14,622	-	2,473
Mental Health	7,847	8,410	-	563
Safeguarding	1,034	937	-	(97)
Adult Social Care - COVID 19	-	5,986	-	5,986
Total Forecast Net Expenditure	64,013	65,628	(27)	1,588

Summary

- 3.2.2 The pandemic is having a significant impact on the Portfolio, with a projected budget pressure of £1.588m, including a £0.027m use of reserves, which is a favourable variance of £8.644m to that reported at Month 8. The predominant factor contributing to the overspend is the COVID-19 related expenditure of £5.986m, there has however been a favourable movement of £2.686m compared to the Month 8 position. The two main contributing factors to the reduction in COVID costs are firstly a slower than anticipated transfer of costs back to the Council that have previously been funded by the NHS and an improvement in the amount of income that the Portfolio was estimating to have lost as a result of the pandemic. Adult Social Care is one of the services most affected by the virus and for this reason the financial forecasts may be subject to further revision.

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- 3.2.3 'Business as usual' variances have reduced by £0.058m against that reported at month 8 and were forecast to overspend by £1.502m. However, as explained previously, the CCG has contributed £5.900m to the cost of adult social care, bringing the overall 'business as usual' forecast to a surplus of £4.398m.

Commissioning & Community Business Services

- 3.2.4 Commissioning is forecasting an underspend of £0.410m due to a reduction in core payments made to Supported Living care providers in the independent care sector. This is considered to be a temporary position influenced not only by the effect COVID-19 has had on the client base but also the small increase of people becoming eligible for Continuing Health Care funding.

Community Business Services is forecasting a £0.246m underspend for the year due to vacant posts.

Community Health & Social Care

- 3.2.5 This area is forecasting an overspend of £0.330m, an adverse variance of £0.551m compared to that at month 8, as previously reported care costs for people with physical, sensory, memory and cognitive need continue to present financial challenges, commissions for rehabilitation and short stay packages for Physically Disabled clients are also now showing a predominant increase.

Director of Adult Social Care

- 3.2.6 The Director of Adult Social Care Service area is forecasting a favourable variance of £7.011m compared to £0.459m at month 8. The increase of £6.552m is due to the additional contribution from the CCG of £5.900m to support social care and also as a result of reduced and delayed expenditure in relation to community estates and preventative services. The remaining surplus is due to the uplift in the Better Care Fund allocation being consistent with previous years agreements.

Learning Disability

- 3.2.7 Learning Disability is forecasting an overspend of £2.473m compared to £2.411m at Month 8. Additional budget which has previously been re-aligned from Community Health and Social Care has, in part, helped to reduce the overspend within this area. The revised variance is related entirely to increases in care costs, both in terms of client numbers and to a greater extent the complexity of care and as previously reported the Transforming Care Programme which continues to present a considerable financial challenge.

Mental Health

- 3.2.8 Mental Health is forecasting an overspend of £0.563m. With the general population living longer and surviving other illnesses, the number of people developing dementia is increasing and therefore attracting the dementia premium when placed in care homes. A working group has been created to identify high cost and/or out of borough support which aims to optimise value for money when reviewing and procuring appropriate care packages.

Safeguarding

- 3.2.9 Safeguarding is reporting an underspend of £0.097m; a slight favourable variance to that reported at reported at Month 8.

Achievement of Budget Reductions

- 3.2.10 There is one Budget Reduction for the Portfolio in 2020/21; £0.150m relating to a review of Direct Payments. As previously mentioned, this is currently forecast to be unachievable as a result of COVID-19 and the impact of this is reflected in the information presented above.

Progress Against Locality Plans

- 3.2.11 A key element of the Health and Social Care devolution agenda is the submission of a Locality Plan setting out the joint vision of the Council and Oldham Clinical Commissioning Group (CCG) for the greatest and fastest possible improvement in the health and wellbeing of our residents by 2021. This improvement will be achieved by supporting people to be more in control of their lives by having a health and social care system that is geared towards wellbeing and the prevention of ill health; access to health services at home and in the community; and social care that works with health and voluntary services to support people to look after themselves and each other.
- 3.2.12 The financial performance against the latest version of the 2020/21 Locality Plan, as reported to the GM Health and Social Care Partnership, is shown in the table below:

Table 5 – Locality Plan

	Revised Budget £000	Forecast £000	Variance £000
Community Health and Adult Social Care	61,360	62,948	1,588
Public Health	18,114	17,958	(156)
Children and Families	41,550	49,317	7,767
Total	121,024	130,223	9,199

- 3.2.13 Although the headings in the Locality Plan do not completely align with the Council's Directorate reporting arrangements, the reasons for the variances against budget are consistent with those reported within Community Health and Adult Social Care, Public Health and Children's Social Care. This includes forecast overspends that are a result of additional activity due to COVID-19. At this stage this shows the gross cost before the allocation of a share of the Government grant that has been paid to compensate the Council for COVID-19.

3.3 Children's Services

- 3.3.1 The following table shows the forecast position after the approved and planned use of transfer to reserves for the Portfolio.

Table 6 – Children’s Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	35,069	42,862	(26)	7,767
Education, Skills & Early Years	12,222	13,526	(562)	742
Preventative Services	3,526	3,533	(109)	(102)
Schools	(39)	(39)	-	-
Total Forecast Net Expenditure	50,778	59,882	(697)	8,407

Summary

3.3.2 The Portfolio has a projected overspend of £8.407m, a favourable movement of £0.444m compared to that at Month 8. The overspend includes costs of £5.130m that are related to the impact of COVID-19 and incorporates the use of reserves totalling £0.697m. The principal underlying reasons are detailed below.

Children’s Social Care

3.3.3 This area is projecting a £7.767m overspend, a favourable movement of £0.164m to that reported at Month 8. Closer working with the Children’s Commissioning Team has enabled the development of a more accurate reporting method to capture on-going variations to commissions and transfer of care packages. Of this overspend, £2.894m is due to anticipated cost relating to COVID-19, in the main relating to the provision of placements, particularly children placed outside of the borough, staffing costs and in-house residential care. The national trend for children’s placements shows increases in foster and residential costs resulting from factors including fewer placements ending when anticipated, increases in fee requests from providers and demand spikes following the re-opening of schools which has impacted on the number of safeguarding referrals. Further investigative work will be required to fully assess the financial implications of these factors in Oldham and to evaluate any longer-term financial impact. Unachievable savings of £1.660m are also a contributor to the overspend in 2020/21 and bring the estimated COVID related pressure to £4.554m.

3.3.4 There are other additional overspends included within the forecasts, firstly there are one off pressures in relation to restructuring costs and the anticipated loss of contractual income which account for £0.531m of the adverse variance.

3.3.5 There is a further forecast operational deficit of £2.682m as a result of increased costs again in the main relating to social care placements including Out of Borough and to a much lesser extent certain elements of staffing costs.

Education, Skills and Early Years

3.3.6 The Directorate is estimating a £0.742m overspend, this includes £0.576m of costs associated with COVID-19; the main contributing factors in relation to which are as follows:

- £0.91m - Home to School Transport; anticipated impact from September 2020 due to social distancing measures, reduced by financial assistance of £0.270m received from the GMCA.

- £0.260m - Out of Borough, half term opening costs related to COVID-19, SEN Home Tutoring and Lost Learning and Get Oldham Working
- £0.225m - Loss of Income; Service Level Agreement (SLA) income to the QEST service and Post16 parental fines

3.3.7 Further additional pressures in relation to 'business as usual' total £0.166m and are mainly due to staffing pressures across the Directorate.

Preventative Services

3.3.8 Preventative Services includes Early Help, Targeted Youth, Tackling Troubled Families and the Multi-Agency Safeguarding Hub (MASH), plus following a re-allocation of services, the Family Support service which has transferred from Children's Social Care, the Directorate is predicting an underspend of £0.102m for the year, there is a £0.109m use of reserves to support the activity of the MASH.

Achievement of Budget Reductions

3.3.9 The Budget Reductions for Children's Services are solely in relation to the Portfolio's target of achieving efficiencies, linked to previous allocated resources for a new operating model; £1.660m in total, all of which is currently forecast to be unachievable as a result of COVID-19 and is included as part of the overall pressure above.

3.4 Communities and Reform

3.4.1 The following table shows the forecast position for the Communities and Reform Portfolio after the approved and planned use of reserves and includes additional costs for COVID-19.

Table 7 – Communities and Reform

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
People	2,558	2,414	-	(144)
Public Health & HLA	23,827	24,011	(369)	(185)
Youth, Leisure & Communities	6,214	8,955	-	2,741
Transformation and Reform	938	1,136	(332)	(134)
Communications and Research	934	885	-	(49)
Policy	40	629	(569)	20
Strategy and Performance	864	645	-	(219)
Total Forecast Net Expenditure	35,375	38,675	(1,270)	2,030

3.4.2 The forecast outturn at Quarter 3 is an overspend of £2.030m compared to £2.077m at Month 8, a decrease of £0.047m. This is after the approved use of £1.270m reserves. COVID related pressures have increased by £0.163m and now stand at £3.125m. A favourable variance of £1.095m relates to 'Business as Usual' and is an improvement of £0.210m on the position reported at Month 8. The paragraphs below outline the main movements within the Portfolio.

3.4.3 Youth, Leisure and Communities is showing an overall overspend of £2.741m. The main driver being the Leisure Centre closures due to the COVID-19 pandemic

generating an overall pressure of £3.067m against the Leisure contract which is an increase of £0.695m from month 8 and reflects the impact of the third national lockdown. The Council has received confirmation of its successful bid for £0.532m grant (plus a subsequent £0.036m top up) from the National Leisure Recovery Fund, which is being administered by Sport England.

3.4.4 There are several lower value variances, as follows:

- People Services is showing a favourable variance of £0.144m which relates to income pressures against HR Advisory and Occupational Health and interim and exit payment costs which are offset by reduced license costs and vacant posts mainly in Organisational Development.
- Public Health and Heritage Libraries and Arts (HLA) are together showing a joint favourable variance of £0.185m. There are income pressures for the Music Service and Theatre Workshop due to COVID-19 and reduced service provision, which is offset with underspends on staffing and non-pay costs.
- Transformation and Reform is showing an underspend of £0.134m at Quarter 3
- Communications and Research is forecasting a small favourable variance of £0.049m.
- Policy is showing an overspend of £0.020m - there are pressures on income and supplies and services offset in part with vacant posts
- Strategy and Performance is showing an underspend of £0.219m at Quarter 3.

Achievement of Budget Reductions

3.4.5 There are no approved budget reductions in this area for 2020/21.

3.5 Commissioning

3.5.1 The table below shows the forecast position after the approved and planned use of reserves for the Portfolio.

Table 8 - Commissioning - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	288	800	-	512
Finance	9,476	11,845	(2,047)	322
Total Forecast Net Expenditure	9,764	12,645	(2,047)	834

Summary

3.5.2 The forecast outturn position at Quarter 3 after a £2.047m use of reserves is an overspend of £0.834m, a small favourable variance to that reported at Month 8. A sum

of £1.176m of the adverse variance is attributable to the pandemic, leaving a 'business as usual' underspend of £0.342m.

Commissioning and Procurement

3.5.3 Commissioning and Procurement is reporting an overspend of £0.512m. The service is continuing to experience difficulties in recruiting to permanent posts, resulting in a more expensive temporary staffing solution costing an additional £0.235m above current budget levels. The service is also reporting a pressure of £0.277m against the Early Payment scheme which is in part due to Government guidance in response to COVID-19 in that suppliers move to immediate payment terms (£0.081m) and the remainder (£0.196m) relates to an existing budgetary pressure against the Early Payment Scheme income budget.

3.5.4 Finance is showing an overspend of £0.322m. The pressure in relation to summons cost recoveries has reduced to £0.896m at Quarter 3 due to COVID19. This is offset in part by vacancies in the Finance division and a forecast reduction in non-pay costs.

Achievement of Budget Reductions

3.5.5 The 2020/21 Budget Reductions for the Commissioning portfolio of £0.400m are forecast to be fully achieved.

3.6 Chief Executive

3.6.1 The table below shows the forecast position including additional cost associated with COVID-19.

Table 9 – Chief Executive

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive	2,202	2,081	-	(121)
Chief Executive Management	1,648	1,558	-	(90)
Legal Services	3,275	3,233	-	(42)
Executive Office	588	555	-	(33)
Total Forecast Net Expenditure	7,713	7,427	-	(286)

Summary

3.6.2 The Portfolio is showing an underspend of £0.286m a favourable movement of £0.010m compared to the £0.276m underspend at Month 8, 'business as usual' underspends totalling £0.814m are offset by estimated pressures of £0.528m due to the impact of COVID-19.

Chief Executive

3.6.3 Chief Executive is reporting an underspend of £0.121m at Quarter 3. Additional mortuary costs due to COVID-19 are in part offset by a reduction in contributions to GMCA for regionally provided services and a reduction in costs for the Coroners Service in 2020/21.

Chief Executive Management

- 3.6.4 Chief Executive Management is reporting an underspend of £0.090m as at Quarter 3 which relates to a contribution from the NHS Test and Trace service.

Legal Services

- 3.6.5 The service is reporting an underspend of £0.042m at Quarter 3. There is an impact of COVID-19 with an anticipated reduction in income in Registrars and Land Charges and the recovery of court costs. There are staffing pressures due to COVID-19 as external expertise is required regarding contractual issues and to deal with the backlog of schools' admission appeals. This is in part being offset by an anticipated underspend within the Elections budget due to the postponement of the local election in May 2020.

Executive Office

- 3.6.6 The Service is reporting an underspend of £0.033m at Quarter 3.

Achievement of Budget Reductions

- 3.6.7 There are no Budget Reductions for the Chief Executive Portfolio in 2020/21.

3.7 Capital, Treasury and Corporate Accounting

- 3.7.1 The following table shows the forecast position, without the use of any reserves.

Table 10 – Capital, Treasury and Corporate Accounting – Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	11,812	22,724	-	10,912
Total Forecast Net Expenditure	11,812	22,724	-	10,912

Summary

Capital, Treasury and Corporate Accounting

- 3.7.2 The Portfolio includes the budgets associated with the Council's Treasury Management activities including interest payable on loans and interest receivable on investments
- 3.7.3 The adverse variance within the Capital and Treasury service area is £10.912m; being £9.412m of COVID expenditure as a result of the anticipated loss of income from approved treasury management investments, increased by a further re-assessment of the extent to which capital receipts will be available to support transformation change as outlined in Section 9 of the report. There is a further 'business as usual' pressure of £1.500m, a £0.500m favourable business as usual variance arising from capital programme reprofiling, is offset by £2.000m of unbudgeted pension costs; £1.300m being a top up to the pension prepayment made at the start of the 2020/21 financial year and also £0.700m of pension strain costs mainly as a result of the recent Voluntary Redundancy programme (an invest to save initiative that is delivering recurrent budget reductions in 2021/22 and future years).

Housing Benefits

- 3.7.4 Included in the above is an anticipated overspend of £0.280m due to the temporary suspension of not recovering benefits overpayments as per Local Government Association (LGA) bulletin 6.4 as part of the Government's response to the COVID-19 outbreak.

Achievement of Budget Reductions

- 3.7.5 The 2020/21 Budget Reductions for Capital, Treasury and Corporate Accounting total £2.200m. Within this is £1.000m for Treasury Management which will not be achieved due to global pandemic and is included within the pressure noted above.

4 Other Grants/Contributions Received by the Council

- 4.1 Members will recall that in addition to the un-ringfenced grants highlighted in the report, including the COVID-19 funding which now totals £26.802m (£3.105m of which is in relation to SFC) that has already been or is scheduled to be received and which has increased the net revenue budget of the Council, the Government has also provided a range of mostly ringfenced grants. These total £21.588m and support the response to COVID-19 (unlike the other COVID grants, all rounds of Local Authority Support of Clinically Extremely Vulnerable Individuals are classed as un-ringfenced). Whilst the ringfenced grants are included in the budget, the increased expenditure is offset by grant within the relevant service area, so does not increase the net revenue budget.
- 4.2 Furthermore, the Council has, and continues to receive contributions from the NHS via Oldham CCG (as prescribed in NHS Guidance) to support Adult Social Care provision including hospital discharges to a social care setting, the full year projection for this funding is currently £10.419m.
- 4.3 A full list of the grants and contributions with a grand total of £58.809m, is attached as Appendix 3.
- 4.4 New COVID related ringfenced grants notified since the last report; also incorporated in Appendix 3 are as follows:

a) Adult Social Care Workforce Capacity Fund (£0.561m)

This grant is aimed at increasing staffing in the adult social care sector and can be allocated to:

- provide additional care staff where shortages arise
- support administrative tasks so experienced and skilled staff can focus on providing care
- help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs

b) Adult Social Care Rapid Testing Fund (£0.577m)

The main purpose of this funding is to support additional rapid testing of staff in care homes, and to support visiting professionals and enable indoors, close contact visiting where possible. There is 80% direct distribution (£0.462m) to care homes

allocated on a registered bed basis and 20% discretionary (£0.115m) element which can provide targeted support to care providers as required.

c) Contain Outbreak Management Fund (new funds of £2.844m)

Three further rounds of Contain Outbreak Management Fund grant in the sum of £0.948m per allocation (totalling £2.844m) have been received or notified for receipt before 31 March 2021. This funding will be utilised in accordance with the grant terms, but any unspent resources will be carried forward into 2021/22.

d) Community Champions Fund (£0.500m)

The Council has been successful in a bid for grant from the Community Champions Fund, which has been set up to support people shown to be most at risk from COVID-19 including those from an ethnic minority background, disabled people and others to follow safer behaviours and reduce the impact of the virus on themselves and those around them. The Council is ensuring this resource is targeted to maximise the benefit to Oldham.

e) National Leisure Recovery Fund (total funding of £0.568m)

The Council has been successful in a £0.532m bid to the National Leisure Recovery Fund which provides financial support to enable eligible public sector leisure centres to reopen to the public and has recently been notified of top up funding of £0.036m. The Council will use this grant to support leisure provision in the borough.

f) Test and Trace Support payments (total funding of £0.866m)

Two additional grant allocations have been received bringing the total to £0.866m, split between funding for mandatory payments of £500 in the event of a positive COVID test and eligibility criteria being met (a total of £0.549m), discretionary payments (a total of £0.224m) and support for administrative costs of operating the scheme, totalling £0.093m

g) Additional Dedicated Home to School and College Transport (total funding of £0.270m)

The Government has provided funding to the Greater Manchester Combined Authority /Transport for Greater Manchester (as the Local Transport Authority) to support transport to school or college for pupils of compulsory school age and students in 16-19 education (those aged 16-18 and those aged 19 if they are on a course they started before their 19th birthday). Oldham had previously been awarded £0.180m of grant to support the costs of additional transport provision for the two halves of the Autumn term. A further award of £0.090m has been provided to support costs during the Spring term 2021, bringing total funding to £0.270m

h) COVID Winter Grant (£0.338m)

The Government has announced a further round of COVID Winter Grant funding which will enable the Council to provide support over the Easter Holiday period. It is important to note that in order to support Easter initiatives, the expenditure will

be incurred in 2020/21 but the grant funding will not be received until 2021/22. Hence the grant is not included in the 2020/21 schedule of grants at Appendix 1.

4.5 Unringfenced grants received since the last report are as follows:

- a) Local Authority Support for Clinically Extremely Vulnerable (CEV) Individuals- allocation 2, 3 and 4 (£0.516m)

A second round of grant funding of £0.140m has been received so that the Council can provide support to CEV individuals who, since the third national lockdown was introduced, have been advised to take extra shielding measures to protect themselves. A further two rounds of grant at £0.188m each have also been notified. Although these are unringfenced grants, the Government expects the Council to utilise the grant in accordance with the Government's Shielding Framework. This grant allocation is presented within the COVID grants at Appendix 3 and also, given its un-ringfenced nature, on Appendix 2 as it increases the net revenue budget of the Council.

- b) New Burdens funding of £0.039m to support the additional administrative costs associated with the new grant initiatives the Government requires the Council to implement
- c) A sum of £0.006k to compensate the Council for the costs of providing a Council Tax discount to properties that have an Annex to the family home that is classed separately for Council Tax purposes.
- d) A sum of £2.016m of Additional Restrictions Support Grant as explained at 4.9(g).

Grant Support for Businesses – Small Business, Retail, Leisure, Hospitality and Discretionary Grants

4.6 Members will also recall that Cabinet on 23 April was advised that the Council had been awarded grant funding of £54.738m to provide support for small businesses and those in the retail, hospitality and leisure sectors in the form of two grant funding schemes, the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RLHGF). The Government subsequently announced that this funding allocation would also provide Discretionary Grant support for those businesses not qualifying for the other categories of grant.

4.7 The funding had been ringfenced but in accordance with accounting guidance, because the Council was acting as an agent in the administration of the SBGF and RLHGF grant regimes, these payments were to be netted off the grant received and are not required to be shown gross in the budget. The Local Authority Discretionary Grants Fund is required to be included in the 2020/21 revenue budget as additional external funding matched by expenditure.

4.8 The grant schemes closed on 28 August and all final payments have been made and a full reconciliation undertaken. Government was notified in accordance with the deadline of 30 October that in total payments of £47.845m were made under the SBGF and RLHGF grant regimes to 4,232 businesses and £2.501m (the maximum allowable) of discretionary grants paid to 267 businesses. The Council's net budget has been increased by £2.501m to reflect the finalised payment of Discretionary Grants. The

Council has now repaid the Government £4.392m representing the excess of grant received over that paid out. The total payments made to businesses in this initial round of funding is therefore £50.346m. Further details are provided at Appendix 4.

Grant Support for Businesses - Local Restrictions Support Grant (LRSG) and Additional Restrictions Grant (ARG)

- 4.9 Previous reports have advised of the range of Government grants which the Council is administering that have been put in place to support businesses that have been legally required to close due to the restrictions in place to manage coronavirus. The notifications received since the last report are as follows with the full list at Appendix 3.
- a) Local Restrictions Support Grant (Closed) Addendum – Tier 4 at £0.699m - grants payable under this scheme are to businesses required to close as a result of the Tier 4 restrictions which ran from 31 December to 4 January. Paid on a pro rata basis this supports businesses as follows:
- Businesses with a rateable value of exactly £15,000 or less will receive a payment of £667 per 14 day qualifying period i.e. £238.21
 - Businesses with a rateable value over £15,000 and less than £51,000 will receive a payment of £1,000 per 14 day qualifying period i.e. 357.14
 - Businesses with a rateable value of exactly £51,000 or above will receive a payment of £1,500 per 14 day qualifying period i.e. £535.71
- b) Local Restrictions Support Grant (Closed) Addendum at £5.276m – grants payable under this scheme are to businesses required to close as a result of the third national lockdown. The grant payments to eligible businesses cover the period 5 January to 15 February 2021 (42 days). The following thresholds apply:
- Businesses with a rateable value of exactly £15,000 or less will receive a payment of £2,001
 - Businesses with a rateable value over £15,000 and less than £51,000 will receive a payment of £3,000
 - Businesses with a rateable value of exactly £51,000 or above will receive a payment of £4,500.
- c) Local Restrictions Support Grant (Closed) Addendum at £5.527m – grants payable under this scheme are to businesses required to close as a result of the third national lockdown. The grant payments to eligible businesses cover the period 16 February to 31 March 2021 (44 days). The following thresholds apply:
- Businesses with a rateable value of exactly £15,000 or less will receive a payment of £2,096
 - Businesses with a rateable value over £15,000 and less than £51,000 will receive a payment of £3,143
 - Businesses with a rateable value of exactly £51,000 or above will receive a payment of £4,714
- d) Additional Christmas Support Payment grant for “wet led” pubs to enable a £0.001m grant to qualifying pubs, for which a further £0.102m has been received from Government.

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- e) Local Restrictions Support Grant (Open) to fund discretionary payments to businesses that have suffered losses during the period from 17 December to 30 December 2020 for which a grant reduction of £0.004m has been notified. A sum of £0.025m has been received rather than the £0.029m initially notified.
- f) Local Restrictions Support Grant: Closed Business Lockdown Payment - for which grant of £10.548m has been received. This supports businesses with a one-off cash grant as follows:
- Businesses with a rateable value of exactly £15,000 or less will receive a payment of £4,000
 - Businesses with a rateable value over £15,000 and less than £51,000 will receive a payment of £6,000
 - Businesses with a rateable value of exactly £51,000 or above will receive a payment of £9,000
- g) Additional Restrictions Grant (ARG); round 2 at £2.016m – this grant regime is to support businesses impacted by COVID-19 and there is flexibility as to its use. The grant payments to eligible businesses reflect the discretionary nature of the scheme.

4.10 To date, the Council had received £28.520m in grant directly from the Government to support businesses under the Local Restrictions Support Grant regime, with an additional £7.123m received via the GMCA for the Additional Restrictions Grant, as outlined in Appendix 4.

4.11 More funding may follow, in relation to top-up funding for some of the above grants and in the form of new grants. The Council is and will adhere to the detailed guidance issued by Government in the administration of these grant regimes and is developing its approach to the two discretionary schemes.

5 Schools

5.1 The Council's expenditure on schools is funded primarily by grant provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance (England) Regulations 2020. The Schools' Budget includes elements for a range of educational services provided on an Authority wide basis and for the Individual Schools Budget which is divided into a budget share for each maintained school.

5.2 Members will recall the DSG is made up of the following 4 blocks of funding as follows;

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

5.3 Members will also recall that there is considerable pressure on the DSG, particularly the High Needs block. The pressure in the High Needs area is due to expenditure exceeding the High Needs budget available each year with key contributors being the:

- Increasing high needs population, such as special school places, resourced provision and post 16 Further Education provision.
- Increasing number of Education Health Care Plans requiring high needs top up funding within mainstream schools
- Cost of providing local Pupil Referral Unit capacity to ensure that the Local Authority fulfils its statutory role.
- High cost of external placements

The Schools Forum has historically agreed transfers between Schools Block and High Needs Blocks in 2018/19 (1%) and 2019/20 (0.84%). A further 0.5% has been agreed for the current financial year (£1.009m). At the Schools Forum meeting in November members agreed a further 0.5% movement for 2021/22. The amount for 2021/22 is £1.049m

- 5.4 The position remains as reported at month 8; with the continued support from the Schools Block, the High Needs Block has an in-year deficit of £0.464m. This contributes to a cumulative deficit forecast of £15.343m as at 31 March 2021. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £5.380m (as illustrated in the table below). This in turn is a significant element of the overall deficit on the DSG.

Table 12 – DSG High Needs Block

DSG Key Issues	£000
Original Budget Allocation including adjustment for imports/exports	39,190
Contribution from Schools Block (Schools Forum approval)	1,009
2020/21 Total Budget Available	40,199
Estimated Expenditure	(40,663)
Projected in Year Deficit	(464)
Deficit Brought Forward 01/04/2020	(14,879)
Cumulative Deficit	(15,343)
Offset by;	
- Virement from Schools Block- 2016/17 to 2019/20	6,237
- Savings in Schools and Early Years Block- 2015/16 to 2019/20	3,726
Projected Deficit 31/03/2021	(5,380)

Overall DSG Position and Recovery Plan

- 5.5 There is a requirement that the DSG is brought back into balance and a DSG Financial Recovery Plan was submitted to the Department for Education in 2019. As previously reported to Members the financial elements of the recovery plan have been continuously updated to take account of estimated additional cost pressures, formal notification of additional funding and the agreed funding methodology for 2020/21 (including the reduced 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2020/21) that was approved by Cabinet on 16 December 2019.

- 5.6 In addition, as previously advised, a report was presented to Schools Forum on 18 November 2020 providing an update in relation to the DSG highlighting the outcome of the school's consultation on the funding formula for 2021/22. The report included a recommended 0.5% transfer from the Schools Block to the High Needs Block of £1.049m which was subsequently agreed by Cabinet on 14 December 2020.
- 5.7 A further report was presented to Schools Forum on 13 January 2021 providing a further update in relation to the DSG. The DSG recovery plan has been updated accordingly to take account of the most recent funding announcements, the latest expenditure predictions and their impact on the projections from the current financial year through to 2023/24. The table below shows the latest Recovery Plan, which has not changed from month 8 and illustrates that with the increased funding anticipated and the planned actions to address new operating arrangements to generate efficiencies, the DSG should be brought into a position where there is a small surplus in 2023/24.

Table 13 - Overall DSG Position

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Opening Balance - Surplus/(Deficit)	(4,916)	(4,559)	(3,548)	(1,879)
Movements per original plan	1,048	5,081		
Original Forecast Variance	(3,868)	522	(3,548)	(1,879)
Estimated Adjustments including Additional (Pressures)/ Savings	(691)	(4,268)	185	123
Estimated Savings Out of Borough	0		286	928
Additional High Needs Funding	0		1,000	1,000
Estimated adjustment re imports/exports	0	198	198	198
0.5% Movement Agreed by Schools Forum				
Revised Net Forecast (Deficit)/Surplus	(4,559)	(3,548)	(1,879)	370

- 5.8 The new 2020 Regulations mean that there will no longer be an automatic 1% trigger for the production of a DSG deficit recovery plan, instead the DfE will focus on those Authorities requiring help through a more measured and targeted approach. As the current recovery plan has been agreed with the Schools Forum, and it is appropriate to present information in this format at this time. It is proposed that the Authority will continue to use the recovery plan arrangements as an effective means of monitoring the DSG position and returning the deficit to a surplus and will continue to liaise with the Schools Forum accordingly.

6 Housing Revenue Account (HRA)

- 6.1 The current HRA position is presented in Table 14 and compares the initially approved HRA position to the current estimated outturn. The actual closing balance for 2019/20 at £21.795m was £0.045m better than the estimate of £21.750m. The original HRA forecast was for a planned in-year decrease in balances of £3.520m, mainly to support housing related expenditure in the Capital Programme.
- 6.2 The current forecast, unchanged from month 8 is for a reduced in year deficit of £2.181m, a net favourable movement of £1.339m. The variance is attributable to the

reprofiling of several capital projects, which is partially offset by additional anticipated expenditure on dwellings for the disabled and other essential adaptations and increased contributions to General Fund activity.

Table 14 - Housing Revenue Account Forecast Position

HRA Income & Expenditure Account	Original Budget £000	Latest Forecast £000	Variance to Budget £000
HRA Balances Brought forward	(21,750)	(21,795)	(45)
Deficit on HRA Services	3,520	2,181	(1,339)
HRA Balances Carried Forward	(18,230)	(19,614)	(1,384)

7 Collection Fund

7.1 The tables below show the forecast outturn position for the Collection Fund and the forecast position in relation to the share of balances.

Table 15 - Collection Fund Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	(185)	(3,112)	(3,297)
Surplus Released In Year	410	1,060	1,470
Prior Year Balance Carried Forward	225	(2,052)	(1,827)
(Surplus)/ Deficit for the Year	3,278	29,288	32,566
Additional Section 31 Grant **	0	(25,456)	(25,456)
Net (Surplus)/Deficit for the Year	3,278	3,832	7,110
Collection Fund Balance pre-2020/21 3-year Deficit Spread	3,503	1,780	5,283

**Compensatory Section 31 Grant as referred to at Section 2.1.3

Table 16 - Collection Fund – 2021/22 Share of Balances; Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000	2/3 Spread of Deficit	Share of C/fwd. Surplus	21/22 Net Total
Share - Oldham Council	2,783	3,794	6,577	(4,385)	(1,839)	353
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	344	-	344	(229)	24	139
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	151	38	189	(126)	(10)	53
Total (Surplus)/Deficit	3,278	3,832	7,110	(4,740)	(1,825)	545

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- 7.2 Council Tax and Business Rates remain a significant source of funding for Council services. However, these areas can be volatile, particularly for the 2020/21 financial year with the impact of COVID-19, as such the financial position of the Collection Fund is under constant review. In recent months it has become apparent that it is not only reduced collection rates that are affecting the Council's Collection Fund balances but also the increased amount of reliefs given thus reducing the overall tax base. This has been most evident in relation to Council Tax with an increased number of individuals becoming eligible for the Council Tax Reduction Scheme and subsequently benefitting from the £150 bill discount as made available by the Government through the award of the COVID-19 Hardship Fund Grant.
- 7.3 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2020/21. Unlike previous years, as a direct result of the coronavirus pandemic there are no anticipated benefits of the pilot in 2020/21.
- 7.4 After discounting the Business Rates loss due to the extension of 100% reliefs to retail, hospitality, leisure and nursery businesses which will be fully compensated by Government grant, the forecast Collection Fund in-year deficit of £7.110m is unchanged from the position reported at month 8.
- 7.5 The November 2020 Spending Review advised that there would be grant compensation for 75% irrecoverable Collection Fund losses incurred in 2020/21. This was confirmed together with information on the arrangement for the compensation in the Final Local Government Finance Settlement. This grant will be paid to the General Fund rather than the Collection Fund and, as outlined earlier at 2.1.3 (b), a prudent estimate of the Local Tax Income Guarantee Grant of £1.000m is anticipated. As the Collection Fund loss will not impact on the finances of the Council until 2021/22, the £1.000m will be carried forward as a reserve and used to support the 2021/22 budget
- 7.6 The Government has recently passed legislation that allows Councils to spread the deficit of the Collection Fund over three years. This has been applied to both Council Tax and non-domestic rates. This will mean that 2020/21 Collection Fund deficits will still be recovered but allowing the longer time frame reduces the impact on the 2021/22 budget setting process. This spreading of the deficit has produced a charge of £0.353m which will impact on the 2021/22 Council budget

8 Use of Reserves

- 8.1 Members will recall that at the Council budget meeting of 26 February 2020, it was agreed that Earmarked Reserves of £10.008m be used to support the 2020/21 budget.
- 8.2 At the end of the 2019/20 financial year, funding was received from Central Government to support the Council in its response to COVID-19. This funding was at a value of £7.641m. Due to the timing of the receipt of these funds, it was deemed appropriate to hold these resources in a specific Earmarked Reserve to fund the additional expenditure to be incurred in 2020/21 in this regard. Hence this reserve is required to underpin the budget in 2020/21.
- 8.3 Within the Council's approved Reserves Policy for 2019/20 to 2020/21 are details regarding the requirements for a specific Earmarked Reserve to hold any Business Rates gains that have been generated through the Business Rates Retention Pilot and that are required to be transferred to the GMCA. For 2020/21, the amount to be

passported to GMCA is £2.047m. The Business Rates Retention Piloting agreement requires the Council to pay the GMCA the £2.047m in 2020/21 as approved in the month 3 monitoring report.

- 8.4 As outlined at section 2.1.3 (a), a further £25.456m is to be transferred to reserves. This is additional Section 31 Grant Funding paid to the Council's General Fund in 2020/21 and having been transferred to reserves will be released to reimburse the corresponding element of the Collection Fund deficit in 2021/22. A further £1.000m representing the anticipated Section 31 grant for irrecoverable 2020/21 Collection Fund losses (Local Tax Income Guarantee Grant) will also be transferred to reserves and will be used to support the 2021/22 budget to align with the impact of the Collection Fund losses. Discussions have so far confirmed that given the financial pressures being faced by the Council in relation to Adult Social Care, Oldham CCG will support the Council with a contribution towards such costs reflecting the partnership between the organisations. This is being managed via the Section 75 Pooled Funding Agreement which has been established between the Council and the CCG. This £5.900m resource will therefore offset the costs of Adult Social Care spending in 2021/21 and reduce the previously reported variance. There are discussions with the CCG to determine whether further NHS support can be provided to the Oldham health and care system which may lead to increases of reserves at the end of 2020/21. Such reserves would be used to support the health and social care system in 2021/22.
- 8.5 Previous monitoring reports have incorporated a net Service use of reserves totalling £2.229m; being £2.313m released from reserves netted down by a £0.084m transfer back into reserves.
- 8.6 The current report includes an adjustment of £0.025m to the previously requested amount of £0.190m drawn down against the Oldham Model Reserve to reflect the deferral of the Strengths Based Approach model. The Service requests for actual drawdowns therefore total £2.288m at Quarter 3.
- 8.7 Therefore, the total planned use of reserves as at Quarter 3 is £11.976m (excluding the £25.456m, £0.084m, £1.000m transfers to reserves). When this is added to the £10.008m which underpins the 2020/21 budget, earmarked reserves of £21.392m and £0.591m of Revenue Grant Reserves (a total of £21.983m) have already been applied and requested in this financial year. The 2019/20 accounts were closed with £79.360m of Earmarked Reserves and £7.934m of Revenue Grant Reserves. Assuming new requests are approved, current levels (excluding the £26.540m total transfer to reserves) are £57.968m and £7.343m although there are some commitments against the reserves.
- 8.8 In line with the Council's reserves policy, the recommended use of reserves to fund spend during the year have been initially approved by the appropriate officers prior to consideration by Cabinet. However, as there is a need to minimise the use of reserves in order to support the financial resilience of the Council, only those reserves supporting essential business will be utilised this year.
- 8.9 The availability of reserves is a demonstration of the financial resilience of the Council and as such the reserves must be carefully managed. However, the use of reserves is also a means by which the Council can support the 2021/22 budget setting process and Medium-Term Financial Strategy. Therefore, a reprioritisation of reserves has been undertaken and this has identified a total of £28.000m of existing reserves plus the £1.000m related to irrecoverable Collection Fund losses that are available to

support the 2021/22 and future years budgets. In total therefore, it is planned to use £29.000m of reserves to support the budget setting process over the life of the Medium-Term Financial Strategy, 2021/22 to 2023/24.

9 Flexible Use of Capital Receipts

- 9.1 Members will recall that at the Council meeting of 26 February 2020, it was approved that up to £3.750m of capital receipts would be used to underpin the revenue budget in line with the flexibilities agreed by Secretary of State for Housing, Communities and Local Government in March 2016.
- 9.2 A number of schemes in support of the transformation programme were identified which met the qualifying expenditure requirements as detailed within the statutory guidance issued by the MHCLG. Following a further review, it is now estimated that only £2.320m of capital receipts will be available within the current financial year, therefore £1.430m of the anticipated transformational work cannot be financed in-year by the anticipated means. The position is and will continue to be closely monitored for the remainder of the year and may therefore change again.

10 Conclusion

- 10.1 The current projected position, after adjustment for reserves and receipt of additional Government funding to support COVID pressures and additional financial support for social care from Oldham CCG, is for the first time showing an underspend. This is largely as a result of the receipt of one-off refunds and contributions from external partners but also from a reduction in the forecast COVID expenditure within Community Health and Adult Social Care. Despite the significant favourable movement, the non-COVID related pressures within Community Health and Adult Social Care and the Children's Services Portfolios are still a cause for concern. As outlined in Section 2, management action has been taken to control expenditure in all areas (particularly those that are not subject to demand changes), in order to offset expenditure over which the Council has little control; especially in attempting to mitigate the impact of COVID-19 on the day to day operations of the Council.
- 10.2 Although this is the final formal monitoring report it is anticipated that by the year end the financial position will reflect the outcome of such management activities and will potentially show a further improved final outturn position for 2020/21. The Director of Finance has put in place appropriate measures to attempt to reduce the impact of the overspend which include detailed reviews of all revenue and capital budgets.
- 10.3 In relation to demand led pressures; work, in the form of mitigations and alternative delivery solutions will continue, there will, however, be an inevitable lead in time for these benefits to be realised. The implications arising from the 2020/21 in year position have been factored into financial planning estimates for 2021/22 and future years as appropriate.
- 10.4 As demonstrated throughout the report, the Council has attributed the deficit between COVID and 'business as usual' activities, there will however be a COVID legacy where certain of those costs, including those currently being reimbursed by the NHS, will remain in the cost base of the Authority for a number of years. Estimates of these costs are reflected in the approved 2021/22 revenue budget.

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- 10.5 Members should note that if there are any unaddressed in-year pressures, they will have to be balanced by the use of reserves. At this stage, particularly given the current forecast position, this is now considered unlikely and based on the latest financial projection, the Council holds sufficient levels of reserves to address any financial shortfall in 2020/21 although any utilisation of reserves in 2020/21 will reduce the Council's financial resilience. Should there be a significant reduction in reserves, it would also limit the ability of the Council to support the implementation of programmes of service transformation and the setting of future years' budgets. Much therefore hinges on the course of the pandemic, the response the Council is required to instigate, and any further support received from Central Government and partner agencies.

Planned Use of Reserves to 31 December 2020 - Quarter 3

Reserve Name	Balance as at 01 April 2020	Forecast use/ creation of reserves 2020/21 - up to Mth 8	Forecast use / creation of reserves 2020/21 - Quarter 3	Anticipated Closing Balance 31 March 2021	Reason for Use of Reserve
	£000	£000	£000	£000	
Earmarked Reserves					
Integrated Working Reserve					
GMSF/Local Plan	(200)	200		0	To fund the Local Plan and GM Spatial Framework in order to deliver the Local Plan and ensure that Oldham feeds into GM Spatial Planning
Strategic Planning and Information	(40)	40		0	The reserve is to support delivery of the Greater Manchester Spatial Framework (GMSF) and review of Oldham's Local Plan
Devolution	(140)	20		(120)	To support the Devolution agenda
The Oldham Model	(555)	190	(25)	(390)	To fund the Strengths Based Approach Model
Directorate Reserves					
Homelessness	(188)	35		(153)	The Council is committed to support the Mayor of Greater Manchester and the "A Bed Every Night" project to end rough sleeping across the county and is now up to phase 3 of the project. This reserve will support the programme in 2020/21
Council Initiatives Reserve					
Learning & Attainment Reserve	(605)	250		(355)	To fund the Oldham Education and Skills commission over a four year period
Northern Roots	(475)	475		0	To support delivery of the Northern Roots project as approved by Cabinet on 28 January 2019
Corporate Plan Priorities	(260)	76		(184)	This funding will support the Wrigley Head Solar Panel Project in this financial year
Transformation Reserve					
Transformation Reserve	(2,421)	163		(2,258)	Cultural Strategy
DSG Recovery Plan	(1,000)	245		(755)	SEND Annual Review Team
Social Care Budget Reserve	(455)	27		(428)	To provide resources to fund the MOSAIC Business Analyst post within 2020/21 and support the MOSAIC programme of works
Fiscal Mitigation					
COVID-19	(10,000)	7,641		(2,359)	This funding was provided by Government to support Local Authorities with additional costs incurred as part of the COVID-19
Business Rates	(2,617)	2,047		(570)	Detailed within the Reserves Policy for 2019/20 to 2020/21 is the requirement to transfer an element of the Business Rates gains across to the GMCA as part of the Business Rates Retention pilot agreement. The amount to be transferred across in 2020/21 which relates to 2019/20 is £2.047m
Sub Total	(18,955)	11,409	(25)	(7,571)	
Balancing Budget Reserve					
Corporate Reserve to balance budget	(4,182)	4,182		0	
Waste Levy Refund 2019/20	(3,113)	3,113		0	As agreed by Council on 26 February 2020, £10.008m of Earmarked Reserves are required to support the 2020/21 budget
2019/20 Business Rates Pilot Scheme Gain	(1,413)	1,413		0	
Business Rates Retention Returned Funding	(1,300)	1,300		0	
Sub Total Balancing Budget Reserve	(10,008)	10,008	0	0	
Total Planned use of Earmarked Reserves 2020/21	(28,963)	21,417	(25)	(7,571)	
Planned Increase / Creation of Earmarked Reserves					
Mercury Emissions	0	(84)		(84)	The transfer of a contribution made by via each cremation for the purchase of new Mercury abatement equipment
Business Rates - Collection Fund Deficit Compensation	0	(25,456)		(25,456)	This transfer to reserves reflects the payment of additional Section 31 Grant Funding of £25.456m for the extension of 100% business rates reliefs to retail, hospitality leisure and nursery businesses. It is paid to the in to the Council's General Fund in 2020/21 and will be transferred to reserves and released in 2021/22 to reimburse the corresponding element of the Collection Fund deficit in 2021/22
Collection Fund Irrecoverable Losses - S31 Grant Compensation	0	(1,000)		(1,000)	Anticipated S31 Grant compensation for irrecoverable Collection Fund Losses - transfer to reserve to support the 2021/22 Budget
Total Planned Increase / Creation of Earmarked Reserves 2020/21	0	(26,540)	0	(26,540)	
NET Use/Increase of Earmarked Reserves	(28,963)	(5,123)	(25)	(34,111)	
Revenue Grant Reserves					
Well North Growing Oldham Feeding Ambition	(339)	339		0	To continue the Growing Oldham Feeding Ambition project in 2020/21
Communication, Speech and Language	(67)	67		(0)	To fund the Communication, Speech and Language Campaign
Thriving Communities	(252)	51		(201)	To support the Northern Roots Project
Tackling Troubled Families	(1,291)	55		(1,236)	To fund staffing support for the multi agency safeguarding hub
Reform Investment Funding	(2,035)	39		(1,996)	To fund additional temporary capacity to support the integration of the MASH team across Children's Social Care and Early Help
Children's Social Care and Accreditation System	(93)	25		(68)	To fund the costs associated with delivering the National Assessment and Accreditation System (NASS) for children's social workers
GMCA Targeted Children's Review	(353)	15		(338)	The reserve relates to adopting and adapting the Stockport Team Around the Family model. This is part of the wider development of the Council's approach to Early Help. The use of this reserve for 2020/21 will provide staffing resource to support this programme
Total Planned use of Revenue Grant Reserves 2020/21	(4,430)	591	0	(3,839)	
NET Use/Increase of Reserves Earmarked and Grant Reserves	(33,393)	(4,532)	(25)	(37,950)	
Represented by:					
Increase to Reserves	0	(26,540)	(25)	(26,565)	
Total Use of / change to Earmarked and Revenue Grant Reserves	(33,393)	22,008	0	(11,385)	Use of a total of £21.983m of reserves in 2020/21 (£22.008m offset by £0.025m returned reserves). Movement of £26.540m to reserves (£25.456m to address the Collection Fund shortfall in 2021/22, £1.000m or irrecoverable Collection Fund losses and £0.84m mercury emissions)

Appendix 2				
FINANCING OF THE 2020/21 BUDGET AT QUARTER 3	Original Budget	Prior Months	Additions to Quarter 3	Revised Budget
	£'000	£'000	£'000	£'000
Net Expenditure Budget	(233,524)			(233,524)
Financed by:				
Business Rates Top-up Grant	(41,048)	(606)		(41,654)
Grants in Lieu of Business Rates	(11,230)	(25,459)		(36,689)
Improved Better Care Fund Grant	(10,858)			(10,858)
Independent Living Fund Grant	(2,580)			(2,580)
Adult Social Care Support Grant	(6,954)			(6,954)
Opportunity Area Grant (Year 4)		(1,580)		(1,580)
Housing Benefit & Council Tax Administration Grant	(1,138)			(1,138)
New Homes Bonus Grant	(598)			(598)
Flexible Homelessness Support Grant	(194)			(194)
Homeless Reduction Grant	(164)			(164)
Rough Sleeping Initiative Grant	(37)			(37)
Lead Local Flood authority grant	(12)			(12)
Department for Works and Pensions (DWP) New Burdens	(122)			(122)
Verify earnings and Pensions service		(30)		(30)
School Improvement Monitoring & Brokerage Grant		(259)		(259)
Capital grants		(2,459)	(1,261)	(3,720)
Extended rights to Free Travel		(38)		(38)
Transport Grant		(9)		(9)
SEND Regional Co-ordinator		(24)		(24)
New Burdens Funding - Business Grants Round 1		(170)		(170)
New Burdens Funding - Business Grants Round 2		(76)	(39)	(115)
Local Housing Allowance Changes		(2)		(2)
Local Reform and Community Voices		(161)		(161)
War Pensions Disregard		(45)		(45)
Local Authority Emergency Assistance Grant		(361)		(361)
COVID-19 Tranche 2		(6,531)		(6,531)
COVID-19 Tranche 3		(2,466)		(2,466)
COVID-19 Tranche 4		(6,058)		(6,058)
COVID-19 Sales, Fees and Charges Grant		(2,206)		(2,206)
COVID-19 Discretionary Grants - Round 1		(2,502)		(2,502)
COVID-19 Local Restrictions Support Grant (Open) - to December		(1,884)		(1,884)
COVID-19 Local Restrictions Support Grant (Open) - December		(61)		(61)
COVID-19 Additional Support Grant		(5,017)	(2,106)	(7,123)
Wellbeing for Education Return		(38)		(38)
Staying Put Grant		(116)		(116)
External Personal Adviser Duty Implementation Grant		(8)		(8)
Support to Clinically Extremely Vulnerable (CEV) Individuals		(144)	(516)	(660)
Council Tax Relief for Annexes			(6)	(6)
S31 Grant Compensation - Irrecoverable Collection Fund Losses		(1,000)		(1,000)
Total Government Grant Funding	(74,935)	(59,310)	(3,928)	(138,173)
Council Tax Income - General	(88,078)			(88,078)
Council Tax Income - Adult Social Care Precept	(8,679)			(8,679)
Collection Fund Surplus	(1,400)			(1,400)
Retained Business Rates	(50,424)			(50,424)
Total Locally Generated Income	(148,581)			(148,581)
Total Grant and Income	(223,516)	(59,310)	(3,928)	(286,754)
Balance to be addressed by Use of Reserves	(10,008)			(10,008)
Total Financing	(233,524)	(59,310)	(3,928)	(296,762)

Appendix 3- General Grants in Support of COVID-19		
Unringfenced COVID-19 Grant Received/ Claimed from the Ministry of Housing, Communities and Local Government (MHCLG)	£	£
MHCLG Grant - Tranche 1 (received in 2019/20 and carried forward as a reserve)	7,641,407	
MHCLG Grant - Tranche 2	6,531,353	
MHCLG Grant - Tranche 3	2,465,938	
MHCLG Grant - Tranche 4	6,058,246	
Sales, Fees and Charges Compensation Round 1	1,281,413	
Sales, Fees and Charges Compensation Round 2	924,000	
Total MHCLG Unringfenced Grant - Received / Claimed		24,902,357
Unringfenced COVID-19 Grant Anticipated from the MHCLG	£	£
Sales, Fees and Charges Compensation Round 3	900,000	
Local Tax Income Guarantee	1,000,000	
Total MHCLG Unringfenced Grant - Anticipated		1,900,000
COVID Grant Received from the various Government Departments	£	£
Hardship Fund Grant	3,015,434	
Infection Control Grant - Round 1	2,316,598	
Infection Control Grant - Round 2	2,275,868	
Local Authority Test and Trace Service Support Grant	1,560,230	
Local Authority Emergency Assistance Grant for Food and Essential Supplies	361,208	
Coronavirus (COVID-19) Rough Sleepers Contingency	1,650	
Reopening High Streets Safely Fund	210,417	
Local Authority Support for Clinically Extremely Vulnerable (CEV) Individuals - allocation 1	144,029	
Local Authority Support for CEV Individuals - allocation 2	140,659	
Local Authority Support for CEV Individuals - allocation 3	187,850	
Local Authority Support for CEV Individuals - allocation 4	187,850	
Enhanced Response to COVID Grant	300,000	
Next Steps Accommodation Programme	147,114	
Local Authority Compliance and Enforcement Grant	154,705	
Test and Trace Support Payments		
- Mandatory Payments	549,500	
- Discretionary Payments	224,000	
- Administration Costs	92,601	
Additional Dedicated Home to School and College Transport Grant	270,000	
COVID Winter Grant Scheme	974,689	
Holiday Activities and Food Programme	136,290	
Adult Social Care Workforce Capacity Fund	561,177	
Adult Social Care Rapid Testing Fund	577,264	
Contain Outbreak Management Fund Round 1	1,896,880	
Contain Outbreak Management Fund Round 2	948,440	
Contain Outbreak Management Fund Additional Tier 3 Funding	440,347	
Contain Outbreak Management Fund Round 3	948,440	
Contain Outbreak Management Fund Round 4	948,440	
Contain Outbreak Management Fund Round 5	948,440	
Community Champions Fund	500,000	
National Leisure Recovery Fund	567,930	
Total COVID-19 Related Unringfenced Government Grant		21,588,050
COVID-19 Related Support Received from the NHS		£
Full Year Projection of Contributions from the NHS via Oldham CCG following NHS Guidance to support Adult Social Care provision including hospital discharges to a social care setting		10,419,000
TOTAL GOVERNMENT GRANT RECEIVED TO SUPPORT THE RESPONSE TO COVID-19		58,809,407

Appendix 4- Business Grant Support Received From Central Government

No.	Business Grants - Initial Round	Grant Awarded to Businesses £	Total £
1	Small Business, Retail, Leisure and Hospitality Grant - Eligibility 11 March to 28 August 2020	47,845,000	
2	Discretionary Grants - Eligibility 11 March to 28 August 2020	2,500,750	
	TOTAL PAYMENTS MADE TO BUSINESSES - INITIAL ROUND		50,345,750

No.	Local Restrictions Support Grant- Funding Received	Grant Allocation £	Total £
1	Tier 2 Open August 1st to October 23rd or November 4th	1,884,321	
2	Tier 3 Closed October 23rd to November 4th	190,586	
3	National Lockdown 2 November 5th to December 2nd	3,517,326	
4	Sector Payments November 1st to November 4th	Included in 2	
5	Sector Payments December 3rd to December 16th	Included in 8	
6	Sector Payments December 17th to December 30th	Included in 11	
7	Wet Led Pubs Christmas Grant (£1k payment)	128,000	
7a	Additional Payment Wet Led Pubs Christmas Grant	102,400	
8	Tier 3 Closed December 3rd to December 16th	288,914	
9	Tier 3 Open December 3rd to December 16th	35,706	
10	Tier 3 Open December 17th to December 30th	25,205	
11	Tier 3 Closed December 17th to December 30th	297,411	
12	Tier 4 Closed December 31st to January 4th	698,729	
13	National Lockdown 3- January 5th to February 15th	5,275,989	
14	National Lockdown 3- February 16th to 31st March	5,527,227	
15	Closed Business Lockdown Payment (£4k, £6k and £9k)	10,548,000	
	TOTAL LOCAL RESRICTIONS SUPPORT GRANT		28,519,814

	Additional Restrictions Support Grant - Funding Received	Grant Allocation £	Total £
1	Round 1	5,016,987	
2	Round 2	2,106,260	
	TOTAL ADDITIONAL RESRICTIONS SUPPORT GRANT		7,123,247

	TOTAL GRANTS TO BUSINESSES - PAYMENTS MADE / FUNDING RECEIVED		85,988,811
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	New Burdens Funding for Business Grant Administration		285,150
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