

REVENUE BUDGET MONITORING REPORT 2021/22

Quarter 2 September 2021

1 Background

- 1.1 The Authority's 2021/22 budget, in the sum of £254.179m was approved by Council on 4 March 2021. This was after the deployment of;
- £8.793m of recurrent budget reductions approved within the 2021/22 Budget
 - £16.830m of corporate and specific reserves
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets throughout the financial year and as part of this process a forecast of the year-end position has been prepared by all services. This forecast is based on a comparison of profiled budgets to the actual position as at the end of quarter 2 together with known commitments, issues and planned management actions.
- 1.3 The Council is again this financial year, periodically reporting to the Department for Levelling Up, Housing and Communities (DLUHC); formerly the Ministry of Housing Communities and Local Government (MHCLG) as to the impact of COVID-19 on the financial position of the Council. The forecasts therefore incorporate the round 16 position reported to the MHCLG on 24 September 2021.
- 1.4 The Government (DLUHC) is providing compensation for COVID-19 related losses on Sales, Fees and Charges (SFC) for the first quarter of the financial year only and the Government compensation return was submitted to the DLUHC on 20 October 2021, in the sum of £0.352m and this amount has been used to offset Portfolio pressures in relation to lost income arising from SFC for the first quarter of the financial year. The claim will be assessed by the DLUHC and potentially amended, although all previous claims have been settled in full. Payment is expected in February 2022.
- 1.5 In considering the projections included in the DLUHC returns and in this report, it is important to note that there remains a high degree of estimation in relation to the impact of COVID-19; whilst the vaccination programme continues apace and restrictions were initially eased on 19 July 2021, this is set against continuing increases in the rate of infection and hospital admissions and the confirmation of the reintroduction of limited restrictions and an acceleration in the vaccination and booster programmes effective from 30 November 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 which, as evidenced above are both unpredictable and constantly changing.

2 Current Position

- 2.1 The current net revenue budget of £268.753m represents an increase of £14.574m against the originally approved budget of £254.179m. The variance since quarter 1 is due to a combination of new un-ringfenced grants and increases to existing funding. The new un-ringfenced grants are set out in the table below, the main contributors

being £1.679m additional Section 31 Grant funding to compensate for the awarding of Business Rate Relief (bringing the total to £9.798m), the inclusion of £1.339m reflecting the awarding of Opportunity Area Funding for Year 5 covering the academic year 2021/22 and £1.214m of COVID-19 – Additional Restrictions Grant (ARG) funding. A full analysis of grant funding changes since quarter 1 is detailed in the table below.

Table 1 – Additional Funding

Additional Government Grants	£000
Additional Section 31 Grant for Collection Fund Deficit (bringing the total to £9.798m)	1,679
Opportunity Area Grant – Round 5	1,339
COVID - Additional Restrictions Grant (ARG)	1,214
Capital grants	499
Early Identification of Autism Grant	300
Levelling Up Fund – Capacity and Resources Grant	125
Local Authority New Burdens - Allergen Labelling	6
Total Additional Government Grants	5,162

A full funding analysis of the net revenue expenditure is shown at Appendix 2.

- 2.2 The current position for 2021/22 at Quarter 2 is a projected favourable variance of £2.413m. A forecast of the year-end position has been prepared by all services. The table below shows the year-end forecast position against budget for each Portfolio, including the additional costs anticipated as a result of the COVID-19 pandemic. Members will recall that the 2021/22 budget report advised that the Government has awarded £7.737m of un-ringfenced COVID support grant to assist the Council meet the extra costs of addressing the pandemic. This has been retained centrally and applied as a 'bottom-line' adjustment. In this way the full cost of the pandemic is shown against each Portfolio.

Table 2 - Summary Forecast Revenue Outturn

	Budget	Forecast	In Year Transfer To/ (From) Reserves	Variance Quarter 2	Variance Quarter 1
	£000	£000	£000	£000	£000
People and Place	60,151	62,888	(2,018)	719	807
Community Health and Adult Social Care	64,750	71,680	(115)	6,815	8,169
Children's Services	49,324	55,140	(1,535)	4,281	4,257
Communities and Reform	33,773	39,688	(6,906)	(991)	(1,139)
Commissioning	309	834	-	525	226
Chief Executive	17,619	21,846	(4,451)	(224)	(78)
Capital, Treasury and Corporate Accounting	25,292	19,296	547	(5,449)	(4,661)
COVID-19 Funding	7,737	(352)	-	(8,089)	(6,996)
Additional Section 31 grant for Collection Fund Deficit	9,798	-	9,798	-	-
NET EXPENDITURE	268,753	271,020	(4,680)	(2,413)	585
FINANCED BY:					
Collection Fund Deficit	25,456	25,182	-	(274)	(274)
Use of Reserves to offset Collection Fund Deficit	(25,456)	(25,182)	-	274	274
General Use of Reserves	(16,830)	(16,830)	-	-	-
Other Financing	(251,923)	(251,923)	-	-	-
TOTAL FINANCING	(268,753)	(268,753)	-	-	-
NET FORECAST VARIANCE	-	2,267	(4,680)	(2,413)	585

2.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £4.680m is a favourable variance of £2.413m. A detailed list of the approved and planned use of reserves at Quarter 2 can be found at Appendix 1. Key financing issues to note are:

- a) As advised during the 2021/22 budget setting process, there is a movement from reserves of the Section 31 Grant Funding (£25.182m) for Business Rate Relief compensation which was received in 2020/21 and is being used to support the 2021/22 budget. The actual grant received following the full reconciliation undertaken at the 2020/21 year end was £0.274m less than initially anticipated.
- b) There is a movement to reserves of £9.798m which is the anticipated level of Section 31 funding for Business Rates Relief compensation that the Government has introduced for 2021/22 but was notified after the 2021/22 budget was set. This grant will be used to offset the Collection Fund deficit that will arise in 2021/22 and will need to be addressed in the 2022/23 budget process.
- c) The Government will provide partial compensation for lost SFC income for the first quarter of 2021/22. The compensation return for the first quarter of the financial year was submitted to on the DLUHC on 20 October 2021. An estimate

of £0.352m has been retained centrally to offset pressures shown within relevant Portfolios.

- 2.4 There are significant variances contained within the projected net overspend. As previously mentioned, the position includes a forecast of all the additional pressures being incurred by the Authority as part of its on-going response to the COVID-19 pandemic. Table 3 below analyses the variance between 'business as usual and COVID; the former being a net underspend of £5.475m. As advised above, the Council has received £7.737m of general COVID support from the DLUHC for the first quarter of 2021/22. Along with the estimate for SFC income of £0.352m, a total of £8.089m COVID-19 funding is being used to offset pressures caused by the pandemic leaving a residual unsupported pressure of £3.062m.

Table 3 - Analysis of Variances

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 2 £000
People and Place	626	93	719
Community Health and Adult Social Care	6,765	50	6,815
Children's Services	3,193	1,088	4,281
Communities and Reform	298	(1,289)	(991)
Commissioning	-	525	525
Chief Executive	269	(493)	(224)
Capital, Treasury and Corporate Accounting	-	(5,449)	(5,449)
COVID-19 Funding	(8,089)	-	(8,089)
Total	3,062	(5,475)	(2,413)

- 2.5 The People and Place Portfolio has a reported pressure of £0.719m with a proposed net use of reserves totalling £2.018m. Anticipated expenditure relating to COVID-19 accounts for £0.626m of the overspend with a 'business as usual' deficit of £0.093m contributing to the total overspend.
- 2.6 Community Health and Adult Social Care (CHASC) is reporting an overspend of £6.815m, after a £0.115m use of reserves. The adverse variance attributes £6.765m of COVID-19 related expenditure, in the main due to the demand for care packages following hospital discharges, the residual adverse variance £0.050m therefore relates to 'business as usual'.
- 2.7 Children's Services is forecasting an adverse variance of £4.281m of which £3.193m is related to COVID-19 and with a proposed £1.535m use of reserves. There are pressures within two main service areas: Education, Skills and Early Years at £0.186m and more significantly, Children's Social Care at £4.095m.
- 2.8 Communities and Reform is reporting a favourable variance of £0.991m in the main due to vacancies and the offsetting of costs by COVID-19 grants, resulting in a business as usual favourable variance of £1.289m offset by a COVID pressure of £0.298m. There is a predicted £6.906m use of reserves.

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- 2.9 The Commissioning Portfolio, following the re-alignment of the Finance Service to the Chief Executive Portfolio is reporting an overall adverse business as usual variance of £0.525m for Procurement.
- 2.10 The Chief Executive Portfolio is reporting a net favourable variance of £0.224m, although there is a £0.269m COVID-19 pressure, along with Capital, Treasury and Corporate Accounting which is showing an underspend of £5.449m, all of which relates to business as usual.
- 2.11 A more detailed analysis of financial performance and the major variances can be found by Portfolio in the following sections.
- 2.12 It is important to note that a number of 2021/22 approved budget reductions, totalling £1.807m are currently forecast not to be achieved and are therefore rated red 'off track and will not deliver'. There are also amber rated budget reductions 'off track but with measures in place to deliver' linked to these red items. The budget reduction with red and red/amber ratings are as outlined below :

CHASC

- Maximising independence through alternative models of care- £1.000m of the total £1.500m red rated, with the remaining £0.500m rated amber
- Achieving Better Outcomes: Supported Living and Learning Disabilities- £0.288m
- Out of hours call centre support for Community Health Services £0.020m

Whilst none of these red rated budget reductions will be delivered in year, alternative savings have been identified which will make good the shortfall. In addition, the £0.500m within CHASC rated as amber will need to be monitored to ensure it does not become unachievable.

People and Place

- Creating a Better Place – Projects and Assets - of this budget reduction, £0.685m is expected to be delivered, £0.458m is rated amber with £0.398m currently rated red

Commissioning

- Staffing reductions in the Procurement Service - £0.101m. This will not be delivered

- 2.13 In total, the net position is that £0.499m of budget reductions cannot be offset by alternative means. A schedule and assessment of all the 2021/22 budget reductions is attached as Appendix 4 and a more detailed explanation is provided within the relevant Portfolio summaries in section 3.
- 2.14 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 continues to be monitored via a corporate process. The impact of the service and corporate actions can be seen as for the first time the monitoring is forecasting a favourable outturn. Action will of course continue with the aim of, at the very least, maintaining this position to the end of the financial year. In addition, further measures are being taken to ensure non-essential expenditure is avoided unless there is a business case to support it.

2.15 The effectiveness of management action will be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders. Following the relaxation of restrictions from 19 July 2021, the local and national position in relation to COVID-19, is still uncertain with the reintroduction of some form of restrictions being discussed as a possibility. Although the economy does seem to be returning towards pre-pandemic activity, it is likely that there will continue to be volatility in the financial position. No additional Government unringfenced financial support is expected beyond that already received and notified.

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 4 – People and Place - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Environmental Services	53,129	53,121	(473)	(481)
Enterprise and Skills	656	810	-	154
Economic Development	864	3,655	(1,545)	1,271
ICT	4,261	4,108	-	(153)
Customer Services	1,266	1,194	-	(72)
Total Forecast Net Expenditure	60,151	62,88	(2,018)	719

Summary

3.1.2 The forecast outturn at Quarter 2 for the People and Place portfolio, including all pressures associated with COVID-19 and use of reserves of £2.018m, is an adverse variance of £0.719m, a favourable movement of £0.088m to the pressure of £0.807m reported at quarter 1.

Environmental Services

3.1.3 The Environmental Services area is forecasting a £0.481m underspend, a favourable movement of £0.075m from that reported at quarter 1 (£0.406m). Variances triggering the overall underspend include:

- Public Protection is showing a pressure totalling £0.029m, a favourable variance of £0.078m against the £0.107m reported at quarter 1. The overall pressure is principally due to the under-recovery of income within the Licencing and Trading Standards areas of the division.
- Underspends totalling £0.383m, consisting of £0.262m in Highways Operations (Unity) and £0.121m in Street Lighting (S.38 / S.278 inspection fees). This represents an adverse variance of £0.059m to that reported at quarter 1 (£0.442m) and is due to the re-deployment of resources to support the Building Control function.

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- Environmental Services Management is forecast to underspend by £0.127m, a favourable variance to the £0.072m reported at quarter 1 of £0.055m as a result of an increase in cemeteries and crematoria services.

Enterprise and Skills

- 3.1.4 The Enterprise and Skills Directorate is forecasting a pressure of £0.154m, a favourable movement of £0.070m compared to the £0.224m reported at quarter 1. The Town Centre area, which includes the Market Service is currently forecasting a loss for the financial year of £0.168m 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 £0.014m across the Service area.

Economic Development

- 3.1.5 The Economic Development Directorate is forecasting a pressure of £1.271m after a £1.545m use of reserves. This represents an adverse movement of £0.126m against the pressure of £1.145m reported at quarter 1. The main reasons for the adverse variance are detailed by service area below:

- There is an estimated pressure against the Corporate Landlord/ Investment Estate totalling £0.843m (£0.720m at quarter 1), of which £0.375m relates to COVID-19 with the remainder relating to long standing issues in this service area.
- The Catering Service is showing an adverse variance of £0.383m (£0.300m at quarter 1) due to unachievable income against school meals.
- There is a projected overspend of £0.067m in relation to Strategic Housing (balanced as at quarter 1) relating to the additional temporary accommodation costs.
- The Car Parking budget is showing a balanced budget at quarter 2, a favourable variance to that shown at quarter 1 of £0.168m as a result of an increase in penalty charge notices and introduction of flexible parking permits.
- The Cleaning Service is projecting a favourable variance £0.022m relating to underspends on materials

ICT and Customer Services

- 3.1.6 ICT is forecasting an underspend of £0.153m due to vacant posts within the Client team, a marginal reduction compared to £.156m at quarter 1. Customer Services is showing an underspend of £0.072m compared to a balanced position at quarter 1. Across the two Directorates there is an overall favourable variance movement of £0.069m compared to the previous quarter, this is due to a review of non-pay costs in both divisions and a further vacant post within the ICT Client Team.

Achievement of Budget Reductions

- 3.1.7 Of the approved budget reductions of £3.225m across the portfolio, £0.398m of the total £1.541m linked to Creating a Better Place (Project and Assets) is currently rated

red and not expected to be achieved, with £0.385m rated amber. All other budget reductions for the Portfolio are expected to be achieved in full.

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 2.

Table 5 – Community Health and Adult Social Care- Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care - COVID 19	-	6,765	-	6,765
Community Health & Social Care	27,387	27,051	-	(336)
Commissioning	21,948	21,826	-	(122)
Learning Disability	13,841	15,003	-	1,162
Mental Health	8,543	8,868	-	325
Community Business Services	1,701	1,712	(115)	(104)
Safeguarding	1,063	1,120	-	56
Director Adult Social Care	(9,733)	(10,665)	-	(931)
Learning Disability and Mental Health	-	-	-	-
Total Forecast Net Expenditure	64,750	71,680	(115)	6,815

Summary

3.2.2 The pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £6.815m (£8.169m at month 3), including a £0.115m use of reserves. The predominant factor contributing to the overspend is the COVID-19 related expenditure of £6.765m (£7.261m at month 3). Adult Social Care is one of the Council services most affected by the virus, the constantly evolving nature and the subsequent impact of the pandemic and also the nature and quantum of financial support means that it is highly likely that the financial forecasts will be subject to further revision.

3.2.3 Financial support from the NHS Hospital Discharge Programme, reclaimed through the Oldham Clinical Commissioning Group (CCG) continues to be available, the support was scheduled to cease on 30 September 2021 and has now been extended to 31 March 2022. At month 6, £1.136m of funding from the CCG has been received and in the region of £2.200m is expected by the end of the year, reflecting the benefit of the extended timeframe. A review has also taken place of activity which can be supported by the Contain Outbreak Management Fund (COMF) and a non-recurrent contribution of £0.897m has been identified which has contributed to mitigate increasing COVID costs, mainly as a result of rises in hospital admissions. The net effect is an adverse forecast of £6.765m of COVID related expenditure, a reduction of £0.496m on the figure reported at quarter 1.

3.2.4 A 'Business as usual' pressure of £0.050m accounts for the remainder of the overspend, a significant reduction of £0.908m compared to the first quarter. The main reasons for the adverse variance are detailed below:

Community Health and Social Care

- 3.2.5 The forecast outturn has moved from a predicted deficit of £0.048m to a surplus of £0.335m. The improvement of £0.384m is due to a combination of slippage on recruiting to vacant posts of £0.181m and an improved income position compared to budget of £0.203m mainly due to non-residential client contributions.

Learning Disability

- 3.2.6 Learning Disability is forecasting an overspend of £1.162m (£0.808m at quarter 1). The service has seen a 4% increase in new client care packages including 6 transitions from Children's Social Care totalling £0.720m. This is partially offset by a combination of additional income from Continuing Health Care contributions from the CCG and better than budgeted client income of £0.366m.

Mental Health

- 3.2.7 Mental Health is forecasting an overspend of £0.325m (£0.190m at quarter 1). 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. Specifically, mental health related packages of care have increased between the two quarters in terms of new client demand mainly within residential care settings. One unbudgeted transition case alone has increased the forecast outturn position by £0.104m.

Safeguarding

- 3.2.8 The adverse variance of £0.056m (£0.020m at quarter 1) is due to the increasing number of external Best Interest Assessments conducted in relation to Deprivation of Liberty Safeguards.

Director Adult Social Care

- 3.2.9 Director Adult Social Care has forecast an underspend of £0.931m at quarter 2, a favourable movement of £0.912m compared to that reported at quarter 1. The variance is due to management action in using the Better Care Fund uplift of £0.607m and the Community Estates budget of £0.305m as a means to rebalance budget pressures.

Commissioning and Community Business Services

- 3.2.10 The two remaining services within the Portfolio are reporting a combined underspend of £0.226m, a favourable movement of £0.087m since quarter 1. The variance is in the main due to on-going delays in recruiting to vacant posts.

Achievement of Budget Reductions

- 3.2.11 The 2021/22 Budget Reductions total £2.729m, three of which are currently forecast not to be achieved in part or in full by the means by which they were prescribed in the approved budget reductions as summarised below. Taken in isolation this would have an adverse impact of £1.308m:

- Maximising independence through alternative models of care (£1.500m) – only £0.500m is potentially expected to be delivered and this portion is rated amber at present.
- Achieving Better Outcomes: Supported Living and Learning Disabilities (£0.288m)
- Out of hours call centre support for Community Health Services (£0.020m)

3.2.11 It is however anticipated that offsetting savings with an equivalent value will enable £1.308m of red rated the budget reductions to be offset by alternative means. This is evidenced in the significantly reduced business as usual business forecast overspend which is now reported as £0.050m.

3.3 Children's Services

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

Table 6 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	37,505	42,030	(430)	4,095
Education, Skills & Early Years	8,145	9,386	(1,094)	186
Preventative Services	3,713	3,724	(11)	0
Schools	(39)	(39)	-	0
Total Forecast Net Expenditure	49,324	55,140	(1,535)	4,281

Summary

3.3.2 The Portfolio has a projected overspend of £4.281m which represents an increase of £0.024m to the £4.257m reported at quarter 1. The overspend includes costs of £3.193m due to the lasting impact of COVID-19 and incorporates the use of reserves totalling £1.535m. The principal underlying reasons are detailed below.

Children's Social Care

3.3.3 This area is projecting a £4.095m overspend at Quarter 2 and incorporates the use of reserves totalling £0.430m, this is an increase of £0.086m on the £4.009m reported at quarter 1

3.3.4 Throughout 2020/21 it was necessary to employ additional temporary social work staff to cover the increase in demand and consequent impact on caseloads as a result of the pandemic. The current forecast assumes a requirement to retain the existing cohort of additional social workers for the remainder of this financial year at an estimated cost of £1.529m, a gradual reduction of £0.308m achieved in the second quarter of the year, the number of FTE's has reduced to 23 from 33 at the start of the financial year. The caseloads continue to be closely monitored with the objective to further reduce the number of extra social workers. Any further reductions, if applicable will be factored into future forecasts. Additional staffing costs to cover sickness and self-isolation is estimated to cost £0.027m. A further £1.376m is related to the provision of placements, particularly children placed outside of the borough. Again, this is due to an increase in demand and cost due to the pandemic. This brings the anticipated overspend due to COVID-19 to £2.932m.

3.3.5 There is a further net operational forecast deficit of £1.163m, a pressure of £1.740m in the main relating to social care placements including Out of Borough is being offset by net favourable variance of £0.577m in establishment staffing costs; a number of vacant posts generate a favourable variance of £0.285m is offset in part by the use of further agency staff to cover a number of the vacant posts at a cost of £2.274m.

Education, Skills and Early Years

3.3.6 The area is reporting a £0.186m overspend at Quarter 2, a slight favourable reduction of £0.062m to that reported at quarter 1 and incorporates the use of reserves totalling £1.094m.

3.3.7 Adverse variances are being forecast against both Inclusion and Post 16 Services of £0.073m and Community/ Adult Learning Services of £0.188m due to the underachievement of income caused by the on-going impact of the pandemic.

3.3.8 The overspends are offset by a net £0.075m in relation to a number of small 'business as usual' underspends across the Directorate.

Achievement of Budget Reductions

3.3.9 Budget reductions for the Portfolio in 2021/22 total £0.911m and are now currently expected to be achieved in full, this includes one in relation to SEND provision (£0.114m) which was previously rated amber. Monitoring will continue to ensure delivery, particularly in relation to the SEND option.

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
Public Health & HLA	23,211	28,090	(5,131)	(252)
Youth, Leisure & Communities	5,953	6,201	(411)	(163)
HR & Organisational Development	2,599	2,453	(48)	(194)
Communications and Research	1,017	848	-	(169)
Strategy and Performance	953	740	-	(213)
Policy	40	1,191	(1,151)	-
Transformation and Reform	(0)	165	(165)	0
Total Forecast Net Expenditure	33,773	39,688	(6,906)	(991)

3.4.2 The forecast outturn at Quarter 2 is an underspend of £0.991m, an adverse variance of £0.148m to the £1.139 reported at quarter 1. A favourable operational variance of £1.289m is offset by a COVID related pressure of £0.298m. The variance is after the

approved use of £6.906m reserves. The paragraphs below outline the main variances within the Portfolio.

- 3.4.3 Public Health and Heritage, Libraries and Arts services are showing an underspend of £0.252m as at Quarter 2, compared to £0.217m in the previous quarter.
- 3.4.4 There is an income pressure of £0.126m for the Music Service due to COVID-19 and reduced service provision and a forecast pressure of £80k for Oldham Museum and Arts (OMA). This is offset with underspends on non-pay costs and the transfer of eligible staff time to COVID-19 grants (£0.180m). The significant use of reserves relates to funding from the Contain Outbreak Management Fund to address COVID activities. Whilst this grant was received in 2020/21, it was brought forward as a reserve and must be used before 31 March 2022.
- 3.4.5 Youth, Leisure and Communities is showing an underspend of £0.163m as at month 6 (£0.199m at quarter 2). There is an increasing income pressure within Outdoor Education (£0.118m) due to COVID-19 and reduced service provision which is offset against a reduction in non-pay costs and the transfer of eligible staff time to COVID-19 grants.
- 3.4.5 HR and Organisational Development is showing an underspend of £0.194m as at month 6, and adverse movement of £0.153m from the previously reported position. There are income pressures for HR Advisory which are offset by vacant posts across the Division. The fall in the underspend is due to reduced income from schools Service Level Agreement for the HR Advisory service together with other income pressures and costs of service redesign
- 3.4.6 Communications and Research is showing an underspend of £0.169m as at Quarter 2 (£0.192m at Quarter 1), this is due to vacant posts and again the transfer of eligible staff time to COVID-19 grants.
- 3.4.7 Strategy and Performance is showing an underspend of £0.213m as at Quarter 2, a favourable movement of £0.029m between the two quarters. There is a COVID-19 income pressure of £0.056m which relates to the inability to provide data packs to schools in 2021/22. This is offset by vacant posts and the charging of eligible staff time to COVID-19 grants.

Achievement of Budget Reductions

- 3.4.8 The approved budget reduction of £0.626m are expected to be fully achieved in the financial year.

3.5 Commissioning

- 3.5.1 The table below shows the forecast position after the approved and planned use of reserves for the Portfolio. Following the transfer of Finance to the Chief Executive Portfolio, only Commissioning and Procurement now remain.

Table 8 - Commissioning - Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	309	834	-	525
Total Forecast Net Expenditure	309	834	-	525

Summary

3.5.2 The forecast outturn position at Quarter 2 is a business as usual overspend of £0.525m following the re-alignment of the Finance Service to the Chief Executive Portfolio.

Commissioning and Procurement

3.5.3 Commissioning and Procurement is reporting an overspend of £0.525m. The service is continuing to experience difficulties in recruiting to permanent posts, this is resulting in the necessity to retain interims to provide service continuity leading to an estimated £0.426m overspend. The service is also reporting a pressure of £0.099m against the Early Payment scheme.

Achievement of Budget Reductions

3.5.4 The approved budget reduction of £0.101m is not expected to be achieved in the financial year and no alternative proposals have been provided.

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
Finance	9,930	14,160	(4,356)	(126)
Legal Services	3,247	3,380	(95)	38
Chief Executive	2,186	2,088	-	(98)
Chief Executive Management	1,668	1,639	-	(29)
Executive Office	588	579	-	(9)
Total Forecast Net Expenditure	17,619	21,846	(4,451)	(224)

Summary

3.6.2 The Portfolio, now including Finance, is showing an underspend of £0.224m. Details of the underspend are shown below.

3.6.3 The Finance Service which has been re-aligned from Commissioning to the Chief Executive Portfolio at quarter 2 is showing an underspend of £0.126m incorporating £0.229m of New Burdens funding to support the administration of business grants. This represents an adverse variance of £0.158m to the £0.284m underspend reported at quarter 1. There is a pressure in relation to summons cost recoveries of £0.250m.

Although courts have re-opened it is still anticipated there will be fewer summons costs recoveries in 2021/22 due to the ongoing impact of COVID-19. This is being offset by vacancies in the Finance division; a reduction in non-pay costs and additional project income totalling £0.376m.

- 3.6.4 The Legal Service is reporting an overspend of £0.038m at Quarter 2, a slight favourable variance of £0.014m to that shown at quarter 1. The service pressure is due to the impact of Covid-19 for Registrars and reduced trading with schools in the Legal Team. The pressures are offset in part by vacant posts and reduced expenditure on non-pay budgets in Civic and Political Support and Constitutional Services.
- 3.6.5 Chief Executive is reporting an underspend of £0.098m which relates to reduced costs on the non-AGMA budgets and increased income.
- 3.6.6 Chief Executive Management and the Executive Office are reporting a combined underspend of £0.038m underspend at Quarter 2.

Achievement of Budget Reductions

- 3.6.7 The approved budget reductions of £0.523m, are expected to be fully achieved in the financial year.
- 3.6.8 The use of reserves of £4.451m relates primarily to the payment of grants to businesses from the Additional Restrictions Grant regime with funding having been received from Government in 2020/21 but spent in this year (see paragraph 4.14).

3.7 Capital, Treasury and Corporate Accounting

- 3.7.1 The following table shows the forecast position of a favourable variance of £5.449m.

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	25,292	19,296	547	(5,449)
Total Forecast Net Expenditure	25,292	19,296	547	(5,449)

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 borrowing and interest receivable on investments.
- 3.7.3 A favourable variance of £5.449m is due to projected additional income being received with regard to external investments, a larger than budgeted benefit generated as a result of the pre-payment of pension contributions and other non-pay variances including reduced capital financing charges. This is offset by an adverse variance with regard to the Annual Leave Purchase Scheme

3.7.4 The Housing Benefit service is not anticipating a variance at this stage in the financial year, however the continued transfer of benefits claimants onto universal credit, and the longer-term impacts of COVID-19 may have an impact but this will not be known until the interim benefits claim is produced and agreed. Any change to this forecast will be reported to Members at month 8.

3.8 Unringfenced COVID-19 Funding

3.8.1 As outlined at paragraph 2.2, the Council has received £7.737m of unringfenced Government grant to provide the Council with financial support in 2021/22 to address the additional costs associated with COVID. This is being used to offset pressures being experienced across all Portfolio areas. In addition, £0.352m of unringfenced grant support is anticipated, providing compensation for lost Sales, Fees and Charges income. The total sum of £8.089m will be utilised in full by the year end.

3.9 Additional Section 31 Grant to Compensate for a Collection Fund Deficit

3.9.1 Members will be aware that the Government introduced the extension of Business Rate Reliefs for retail, leisure and hospitality businesses after the Council had set its 2021/22 budget (just as it had in 2020/21). As such an estimated total of £9.798m of unringfenced grant will be received by the Council in 2021/22 to compensate for the Business Rates that businesses will not have to pay.

3.9.2 Due to the accounting requirements for Business Rates income, the £9.798m will be carried forward as a reserve at the end of 2021/22 and will be used at budget setting for 2022/23 to balance a deficit of a corresponding amount in the Collection Fund

4 Other Grants/Contributions Received by the Council

4.1 Members will recall that in addition to the COVID un-ringfenced grant highlighted in the report the Government has also provided and/ or been notified of a range of ringfenced grants. In this financial year, the Council is able to utilise grants brought forward from 2020/21 as well as those notified in year.

4.2 During 2020/21 the Council received nineteen COVID specific grants totalling £21.838m grants and at the end of the financial year, £7.951m of this had not been spent and was included within the Councils reserves. These resources are therefore available in 2021/22 and all of the £7.951m will be spent in full during this financial year. The highest value grants brought forward are;

- Contain Outbreak Management Fund - £5.341m
- Local Authority Test and Trace Service Support Payments - £0.851m
- Funding for Local Authorities for Support the Clinically Extremely Vulnerable Individuals - £0.541m

The use of these grants is reflected in the transfer from reserves

4.3 In this financial year the Council has so far been notified of 14 ringfenced grants with a total value of £14.410m specifically to deal with the ongoing response to the pandemic. The main new additions since month 3 are the Household Support Fund (£2.419m) and within Adult Social Care, the Workforce Recruitment and Retention

Fund (£0.760m), Round 3 of the Infection Control and Rapid Testing Fund, including for the first time a new Vaccine allocation (£1.691m in total). In relation to the first two tranches of the latter it should be noted that a number of recipients have not been able to utilise their allocations of both the Infection Control and Rapid Testing grants. The anticipated refund is £0.275m across Round 1 (£0.222m) and Round 2 (£0.025m) allocations. This will reduce the grants applied to £14.135m. Whilst the ringfenced grants are included in the budget, the increased income is offset by matched expenditure within the relevant service area, so does not increase the net revenue budget.

- 4.4 In addition a range of grants totalling £4.034m has been received on behalf of schools, once again the grants are included in the budget and offset by matched expenditure as the allocations are passported in full to schools
- 4.5 In addition £0.183m has been received from the Greater Manchester Combined Authority (GMCA) for the GM Self Isolation pathway initiative.
- 4.6 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, as outlined earlier in the report, it has been confirmed that the scheme will now be extended to 31 March 2021, with care remaining to be funded for 4 weeks upon discharge. The amount claimed for the for the first two quarters is £1.136m.
- 4.7 A full list of the COVID grants and contributions with a grand total of £19.766m, is attached as Appendix 3.

Grant Support for Businesses – Restart Grants

- 4.8 Restart Grants became available from 1 April 2021 to support businesses that were forced to close during national lockdown to help them reopen safely as COVID-19 restrictions were lifted. In this regard, on 6 April the Government paid the Council £10.542m to administer mandatory Restart Grants and the Oldham scheme went live on that day.
- 4.9 The Council received applications for the grants from 1 April 2021 to 30 June 2021 and therefore the grant regime is now closed. However, grants payable to businesses were calculated as follows:

Non-essential Retail Businesses

- Businesses with a rateable value of £15,000 or under received grants of £2,667
- Businesses with a rateable value of over £15,000 and less than £51,000 received grants of £4,000
- Businesses with a rateable value of £51,000 or over received grants of £6,000

Hospitality, leisure, accommodation, personal care, gym and sports businesses

- Businesses with a rateable value of £15,000 or under received grants of £8,000
- Businesses with a rateable value of over £15,000 and less than £51,000 received grants of £12,000
- Businesses with a rateable value of £51,000 or over received grants of £18,000

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- 4.10 As there was no discretion in the level of grant payment the Council was acting as an agent of the Government and therefore the expenditure is reflected in the Councils Balance Sheet rather than in the General Fund. There is therefore no budget adjustment in respect of Restart Grants.
- 4.11 As advised above, the final date for applications for these grants was 30 June 2021. The final date for payment was 31 July 2021. Of the £10.542m the Council received to support such payments, at 31 July 2021 it had paid 1,417 grants totalling £9.703m, thus £0.839m remained unspent. The final reconciliation has now been made and the £0.839m will be returned to Government.

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

- 4.12 Members will recall that during 2020/21 the Council received £28.417m of Local Restrictions Support Grant. Most LRSG payments were made during 2020/21 but at the end of March 2021, there was still the opportunity to apply for one tranche of LRSG. The final date for applications for the last round of LRSG was 30 April 2021 and the final payment date was 30 June 2021. At the end of 2020/21 £19.556m had been spent, with a final total of £20.092m at the end of June 2021. In total therefore, £8.325m of grant remained unspent to be returned to Government. Every effort was made to issue grants to all qualifying businesses.
- 4.13 The Council acted as an agent of the Government for most of these grants and hence they were transacted through the Councils' Balance Sheet rather than the General Fund.
- 4.14 Members will also recall that the Council received £7.123m in Additional Restrictions Support Grant during 2020/21. This is a discretionary grant scheme and the Council can determine the awarding of the grant. This therefore impacts on the budget of the Council. At the end of 2020/21 £3.076m had been paid with £4.047m held in a reserve at the year-end. The full £4.047m has been spent in the period to 30 June 2021 and £4.047m of reserves has been called into the revenue account (within the Finance Service). A further tranche of ARG of £1.214m was received in July and the budget has been increased to reflect the receipt of the grant. At this time, £0.402m is still available to be spent but it must be used in full by 31 March 2022.

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 in the High Needs block. The pressure in the High Needs area is historically 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 and a further 0.5% has been agreed for the current financial year (£1.049m).

5.4 With the continued support from the Schools Block, the High Needs Block has an in year surplus of £1.438m. This contributes to a cumulative deficit forecast of £14.259m as at 31 March 2022. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £3.725m (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	44,630
Contribution from Schools Block (Schools Forum approval)	1,049
Adjustment for imports/exports	(79)
2021/22 Total Budget Available	45,600
Estimated Expenditure	(44,162)
Projected in Year Surplus	1,438
Deficit Brought Forward 01/04/2021	(15,697)
Cumulative Deficit	(14,259)
Offset by;	
- Virement from Schools Block- 2016/17 to 2020/21	7,247
- Savings in Schools and Early Years Block- 2015/16 to 2021/22	3,287
Projected Deficit 31/03/2022	(3,725)

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 2021/22 (including the 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2021/22) that was approved by Cabinet on 14 December 2020.

5.6 A further report was presented to Schools Forum on 22 September 2021 providing an 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 version of the Recovery Plan, which has been modelled to incorporate an indicative 0.5% transfer between the Schools Block and the High Needs Block, at an estimated value of £1.124m. The transfer, together with the increased funding anticipated for 2022/23, the impact of the planned actions to address new operating arrangements to generate efficiencies and revised cost estimates, produce a forecast whereby the DSG should be brought into a position where there is an estimated surplus of £1.167m at the end of 2023/24. By way of sensitivity analysis, the Recovery Plan also demonstrates that there would be:

- A deficit of £0.012m if the agreed Out of Borough savings are not achieved (with the 0.5% transfer)
- A surplus of £0.043m without the indicative transfer; offering little by way of flexibility to absorb any emerging pressures

Table 13 - Overall DSG Position

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Opening Balance - Surplus/(Deficit)	(4,916)	(3,560)	(3,725)	(442)
Movements per original plan	1,048	5,081	0	0
Revised Forecast Variance	(3,868)	1,521	(3,725)	(442)
Estimated Additional (Pressures)/ Savings	308	(5,246)	2,159	1,609
Indicative Transfer from Schools Block	0	0	1,124	0
Revised Net Forecast (Deficit)/Surplus (including a 0.5% transfer in 2022/23)	(3,560)	(3,725)	(442)	1,167
Budget position if Out of Borough savings are not achieved		(3,868)	(871)	(12)
Revised Net Forecast (Deficit)/Surplus without a 0.5% transfer in 2022/23			(1,566)	43

5.7 As outlined above, the Recovery Plan presented to the Schools Forum meeting on 22 September 2021 incorporated a 0.5% indicative transfer between the Schools and High Needs Block. The decision to approve any transfer up to a maximum of 0.5% rests, in the first instance with the Schools Forum and requires consultation with Schools. Consultation documents were therefore issued to all schools on 18 October 2021, the consultation ran to 12 November 2021. The outcome was presented to the Schools Forum on 17 November for discussion and a decision.

5.8 A report elsewhere on the agenda advises of the Schools Funding Formula for 2022/23 informed by the outcome of the consultation with schools and the views of Schools Forum of 17 November 2021.

5.9 Regulations introduced in 2020 mean that there will no longer be an automatic 1% trigger for the production of a DSG deficit recovery plan, instead the Department for Education (DfE) via the Education Skills Funding Agency (ESFA) will focus on those

Authorities requiring help through a more measured and targeted approach. As such, Authority representatives held an informal liaison meeting on 20 May 2021 to discuss the formal DSG Management Plan with ESFA Local Authority funding colleagues and a Special Educational Needs and Disabilities (SEND) adviser. The meeting was constructive with the ESFA offering to provide support to the Council as required. It was agreed the DSG Management Plan would be completed and this was submitted to the Department on 18 October 2021 with a follow up meeting arranged for 9 November 2021. The meeting was very positive.

- 5.10 The DfE/ESFA is be supportive of the Councils action in relation to the DSG deficit recovery.

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 2020/21 at £21.370m was £1.756m better than the final estimate of £19.614m. The original HRA forecast was for a planned in-year decrease in balances of £2.151m, mainly to support housing related expenditure in the Capital Programme.
- 6.2 The current forecast is for an in-year surplus of £0.481m, a net favourable movement of £2.632m. The variance is attributable to the reprofiling of several capital projects as part of the Annual Review of the capital programme. The projected year end HRA balance is £21.851m.

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	(21,370)	(21,370)	0
Deficit on HRA Services	2,151	(481)	(2,632)
HRA Balances Carried Forward	(19,219)	(21,851)	(2,632)

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	3,446	23,766	27,212
Contribution to prior years estimated deficit	(1,092)	(23,473)	(24,565)
Deficit for the current year	2,198	8,867	11,065
Net (Surplus)/Deficit Carried Forward	4,552	9,160	13,712

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

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	3,861	9,068	12,929
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	488	-	488
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	203	92	295
Total (Surplus)/Deficit	4,552	9,160	13,712

- 7.2 The relationship between the Collection Fund and the Councils General Fund is complex and needs to be considered over multiple financial years. Each year the surplus/deficit for both Council Tax and NDR is estimated in January preceding the year end. This estimate is either distributed to or recouped from preceptors in the following financial year. Any variance from the estimate at outturn is carried forward in the Collection Fund balance. This provides an element of stability for preceptors.

The tables below demonstrate the multiyear impact of the Collection Fund on the Council's General Fund.

Table 17a – General Fund Impact of NDR Collection Fund Deficits

Oldham Council General Fund Impact - NDR	2021/22 £000	2022/23 £000	2023/24 £000
Residual balance 2019/20 (not estimated at NNDR1)	(2,031)	-	-
Estimated 2020/21 Deficit	23,969	-	-
Net exceptional balance adjustment	1,265	1,265	1,265
Residual balance 2020/21 (not estimated at NNDR1)	-	290	-
Estimated 2021/22 Deficit	-	7,513	-
Available reserves to offset the deficit from 2020/21	(25,182)	-	-
Additional Section 31 Grant to offset estimated deficit for 2021/22**	-	(9,798)	-
Residual Reserves	(1,979)	(730)	1,265

**Compensatory Section 31 Grant

Table 17b – General Fund Impact of Council Tax Collection Fund Deficits

Oldham Council General Fund Impact - Council Tax	2021/22 £000	2022/23 £000	2023/24 £000
Residual Balance 2019/20 (not estimated at Jan 2020)	192	-	-
Estimated 2020/21 Surplus	(192)	-	-
Residual Balance 2020/21 (not estimated at Jan 2021)	-	1,070	-
Net exceptional balance adjustment	927	927	927
Estimated 2021/22 Deficit	-	1,864	-
Residual Reserves	927	3,861	927

7.3 Council Tax and Business Rates remain a significant source of funding for Council services. However, these areas can be volatile, particularly for the 2021/22 financial year with the impact of COVID-19, as such the financial position of the Collection Fund is under constant review. It is 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.

7.4 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2021/22. Given the impact of the pandemic, at this stage in the financial year it is unclear if there will be any financial benefits arising from the pilot scheme. The position will be kept under review.

7.5 As highlighted in Table 15 and 16 above, current year end Collection Fund projections are showing an overall deficit of £13.712m, (which will be partly offset in 2022.23 by the £9.798m of grant received in 2021/22 as explained in section 3.9) with the Council's proportion of this deficit being £12.929m. It is a particularly volatile area to forecast with many unknowns. Therefore, this area will be closely monitored over the forthcoming months. Collection Fund deficits have to be addressed and this may impact on the Councils budget in future years. Any anticipated financial impact in 2022/23 and future years will be considered within the Medium Term Financial Strategy.

8 Use of Reserves

8.1 Members will recall that at the Council budget meeting of 4 March 2021, it was agreed that Earmarked Reserves of £42.286m be used to support the 2020/21 budget. Of the Earmarked Reserves to be used, £15.703m were to be met from the specific balancing budget reserve, £0.127m related to a budget reduction which was agreed to be funded from the District Partnership Reserve and £1.000m from a reserve created from anticipated Local Income Tax Guarantee grant. A further £25.456m of reserves were to be used in 2021/22 as a result of Business Rates compensation funding received in 2020/21 and held in reserve to support the Collection Fund Deficit in 2021/22. Since the Budget Council meeting and as part of the closure of accounts, the completion of the NDR3 return determined that the Business Rate compensation related Collection Fund Deficit for 2021/22 would be revised downwards to £25.182m and this is the amount that was transferred to reserve at the end of the financial year. This resulted in the total call on reserves to support the revenue budget in 2021/22 of £42.012m.

- 8.2 As outlined at section 2.3 (b) and 3.9, £9.789m is to be transferred to reserves. This is additional Section 31 Grant Funding paid to the Council's General Fund in 2021/22 to compensate for Business Rates reliefs, and, having been transferred to reserves will be released to reimburse the corresponding element of the Collection Fund deficit in 2022/23. This grant funding position will be revised during the year as Business Rate Reliefs are awarded. It will therefore undoubtedly change.
- 8.3 In addition to the above transfer to reserves the Quarter 2 position incorporates Portfolio requests to use reserves with a total (net) value of £14.764m (most of which are COVID related), therefore the total net in-year planned use of reserves at Quarter 2 is £4.681m and the budget as a whole relies upon the application of £46.693m of reserves as demonstrated in Appendix 2
- 8.4 The levels of Reserves after the planned use and creation of Earmarked and Revenue Grant Reserves at Quarter 2 is summarised below. Setting aside all the transfers to reserves, the opening earmarked reserves balance of £113.513m has now reduced to £78.742m at Quarter 2 and Revenue Grants Reserves have reduced to £7.751m.

Table 18 – Reserves Summary

	Earmarked Reserves	Revenue Grant Reserves	Total Reserves
	£000	£000	£000
Opening Balance as at 1 April 2021	(113,513)	(20,145)	(133,658)
Reserves applied to balance the Budget	16,830	-	16,830
Collection Fund Deficit – Business Rates relief	25,182	-	25,182
In Year Balance	(71,501)	(20,145)	(91,646)
Transfers from Reserve			
People and Place	2,036	72	2,108
Community Health and Adult Social Care	115	-	115
Children's Services	54	1,553	1,607
Communities and Reform	807	6,672	7,479
Chief Executive	282	4,169	4,451
Total Transfers from Reserve	3,294	12,466	15,760
Sub-Total	(68,207)	(7,679)	(75,866)
Transfers to Reserves			
People and Place	(90)	-	(90)
Children's Services		(72)	(72)
Communities and Reform	(100)	-	(100)
Capital, Treasury and Corporate Accounting	(547)		(547)
Additional Section 31 Grant to compensate for a Collection Fund deficit	(9,798)	-	(9,798)
Total Transfers to Reserve	(10,535)	(72)	(10,607)
Closing Balance as at Quarter 2	(78,742)	(7,751)	(86,493)

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- 8.5 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.
- 8.6 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 2022/23 and future years budget setting processes and Medium-Term Financial Strategy. Members will therefore recall that £12.297m of reserves has already been committed to support the 2022/23 budget process.

9 Flexible Use of Capital Receipts

- 9.1 Members will recall that at the Council meeting of 4 March 2021, it was approved that up to £2.000m 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 Government. As capital receipts in excess of £2.000m have already been generated in this financial year, this funding requirement has been met in full and there will be no variance in this regard.

10 Conclusion

- 10.1 The current projected position, after adjustment for reserves and receipt of additional Government funding to support COVID pressures, is showing, for the first time an underspend of £2.413m. Provision has now been made for all the COVID related funding that the Authority is expecting to receive.
- 10.2 There remains a high degree of estimation in relation to the impact of COVID-19. 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 which are both unpredictable and constantly changing. Future reports will advise of the progress of mitigating factors and management actions to control and reduce the forecast deficit.
- 10.3 The reserves position is important in the context of financial resilience. Whilst the year started with healthy balances of earmarked reserves (£113.512m) and Revenue Grants Reserves (£20.145m), as advised in the report, earmarked reserves of £45.306m and Revenue Grant reserves of £11.993m (mostly COVID related and excluding transfers to reserves) have already been called into support the 2021/22 budget. It is important to minimise the use of reserves in year to maintain financial resilience

Planned Use of Reserves to 30 September 2021 - Quarter 2

APPENDIX 1

Reserve Name	Balance as at 01 April 2021	Actual use / creation of reserves 2020/22 - up to Quarter 2	Forecast use / creation of reserves 2021/22 - up to Quarter 2	Anticipated Closing Balance 31 March 2022	Reason for Use of Reserve
	£000	£000	£000	£000	
Earmarked Reserves					
Integrated Working Reserve					
GMSF/Local Plan	(191)		127	(64)	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
The Oldham Model	(390)		48	(342)	To fund the Strengths Based Approach Model
ASC - Thriving Communities	(623)		124	(499)	To fund the Thriving Communities programme
Local Restrictions Support Grant Reserve					
Local Restrictions Support Grant Reserve	(37)	37		(0)	To support businesses during periods of local restriction
Fiscal Mitigation					
Business Rates	(2,735)	(547)		(3,282)	To fund business rates fluctuations
Regeneration Reserve					
Creating a Better Place	(2,864)		1,417	(1,447)	To support revenue costs for the developing the Creating a Better Place programme
Directorate Reserves					
Highways Works Orders	(377)		271	(106)	To fund Highways works orders relating to the 2020/21 Highways programme that needs to be included in the 2021/22 programme as a result of the reprioritisation of resources resulting from the impacts of the Covid-19 pandemic.
Cleaner Streets	(531)		221	(310)	To fund the Cleaner Streets scheme as a Council priority
Legal Support COVID-19 Legacy	(165)		95	(70)	To fund locum solicitors within the Legal Team
Council Initiatives Reserve					
Learning & Attainment Reserve	(355)		54	(300)	Senior management costs (Oldham Education and Skills Comm.)
Local Welfare Provision	(731)		149	(582)	To fund costs incurred for the Local Welfare Provision scheme
Northern Roots	(345)		345	(0)	To support delivery of the Northern Roots project as approved by Cabinet on 28 January 2019
Transformation Reserve					
Transformation Reserve (Transformation and Reform)			165		Transformation programme 2021/22
Transformation Reserve (Northern Roots)	(2,262)		125	(1,972)	To support delivery of the Northern Roots project as approved by Cabinet on 28 January 2019
Adult Social Care - Better Care Fund	(3,394)		115	(3,279)	To support the transformation and improvement programme in Adult Social Care
Sub Total	(15,001)	(510)	3,256	(12,254)	
Balancing Budget Reserve					
Collection Fund Deficit	(25,182)	25,182		0	To support the Collection Fund deficit arising from the introduction of Business Rates reliefs after the 2020/21 budget had been set
Corporate Reserve to balance budget	(28,000)	15,703		(12,297)	
Budget Reduction REF-BR1-432	(127)	127		0	As agreed by Council on 4 March 2021, £16.830m of Earmarked Reserves are required to support the 2021/22 budget
Specific Reserve - Local Tax Income Guarantee	(1,000)	1,000		0	
Sub Total Balancing Budget Reserve	(54,309)	42,012	0	(12,297)	
Total Planned use of Earmarked Reserves 2021/22	(69,310)	41,502	3,256	(24,551)	
Planned Increase / Creation of Earmarked Reserves					
Collection Fund Deficit – Business Rates compensation	0	(9,798)		(9,798)	S31 Grant compensation for irrecoverable Collection Fund Losses in 2021/22 - transfer to reserve
Library PFI Sinking Fund	(200)	(100)		(300)	Reserve set aside for a sinking fund for IT refresh costs for the Library PFI.
Mercury Abatement	0		(90)	(90)	Contribution to the cost of a new cremator when mercury abatement assets are a requirement
Total Planned Increase / Creation of Earmarked Reserves 2021/22	(200)	(9,898)	(90)	(10,188)	
NET Use/Increase of Earmarked Reserves	(69,510)	31,604	3,166	(34,739)	
Total Earmarked Reserves	(113,513)	31,604	3,166	(78,743)	
Revenue Grant Reserves					
Towns Fund Initial Capacity Funding	(70)		41	(29)	To provide funding for the revenue costs of working up business cases to support the schemes in the Towns Fund bids
Covid 19 Compliance & Enforcement Grant	(31)		31	0	Funding towards the cost of the Covid Compliance team which is set to continue in operation until 31st July 2021.
Tackling Troubled Families	(1,291)		197	(941)	To fund Children's Services senior management support
Tackling Troubled Families			153		To fund mosaic system developments within Children's Social Care
Tackling Troubled Families	(83)	83		0	Budgeted reserve to fund Partnership Support costs
Opportunity Area Grant	(1,094)	1,094		0	To fund the Council's ongoing Opportunity Area work in Education and Early Years
Youth on Remand (MoJ)	(96)		26	(70)	To fund secure care provision for looked after children detained on remand
Domestic Abuse Safe Accommodation	0		(72)	(72)	To support victims of domestic abuse
Contain Outbreak Management Fund	(5,341)		5,341	0	To support the containment of COVID-19 at a local level in 2021/22
Well North Growing Oldham Feeding Ambition	(230)		230	0	To continue the Growing Oldham Feeding Ambition project in 2021/22
Public Health Grant	(306)		306	0	To fund the Thriving Communities programme
Thriving Communities	(251)		251	0	To fund the Thriving Communities programme
Controlling Migration Fund	(64)		64	(0)	To support containing the COVID -19 outbreak at a local level
Community Champions	(347)		347	(0)	To support people shown to be most at risk from Coronavirus (COVID-19)
Enhanced Covid	(133)		133	(0)	To support the Community Engagement team
Additional Restrictions Grant	(4,047)	4,047		0	To support the discretionary Additional Restrictions grant scheme
Winter Grant Scheme	(122)		122	0	The Winter Grant Scheme - final element of funding for 2020/21 - to provide support to families with children, other vulnerable households
Total Planned use of Revenue Grant Reserves	(13,506)	5,224	7,170	(1,112)	
Total Revenue Grant Reserves	(20,145)	5,224	7,170	(7,751)	
NET Use/Increase of Reserves Earmarked and Grant Reserves		47,273	10,499		
Represented by:					
Increase to Reserves		(10,445)	(162)		
Total Use / change to Earmarked and Revenue Grant Reserves	(133,658)	36,828	10,337	(86,493)	

FINANCING OF THE 2021/22 BUDGET AT QUARTER 2	Original Budget	Additions to Quarter 1	Additions to Quarter 2	Revised Budget
	£'000	£'000	£'000	£'000
Net Expenditure Budget	(254,179)			(254,179)
Financed by:				
Business Rates Top-up Grant	(41,748)			(41,748)
Public Health Business Rates Top-up		(164)		(164)
Improved Better Care Fund Grant	(10,859)			(10,859)
Grants in Lieu of Business Rates	(10,843)	(5)		(10,848)
2021/22 Social Care Support Grant	(8,947)			(8,947)
Unringfenced COVID-19 Grant	(7,737)			(7,737)
COVID - Additional Restrictions Grant (ARG)			(1,214)	(1,214)
Local Council Tax Support Grant	(3,183)			(3,183)
Independent Living Fund (ILF) Grant	(2,580)			(2,580)
Housing Benefit & Council Tax Administration Grant	(1,178)	(11)		(1,189)
Opportunity Area Funding - Round 5			(1,339)	(1,339)
Early Identification of Autism Grant			(300)	(300)
Domestic Abuse Safe Accommodation Funding	(578)			(578)
Lower Tier Services Support Grant	(407)			(407)
New Homes Bonus Grant	(171)			(171)
New Burdens Grant		(229)		(229)
Capital grants		(111)	(499)	(610)
School Improvement Monitoring and Brokerage Grant		(108)		(108)
Additional New Burdens in Welfare Reform		(94)		(94)
Verify Earnings and Pension Service		(24)		(24)
Levelling Up Fund - Capacity Funding Grant			(125)	(125)
Local Authority New Burdens - Allergen Labelling			(6)	(6)
Section 31 grant for Collection Fund Deficit (to be transferred to Reserves)		(8,119)	(1,679)	(9,798)
Total Government Grant Funding	(88,231)	(8,865)	(5,162)	(102,258)
Council Tax Income - General	(88,329)			(88,329)
Council Tax Income - Adult Social Care Precept	(10,523)			(10,523)
Collection Fund Deficit	25,809	(274)		25,535
Use of Reserves to offset Collection Fund Deficit	(25,456)	274		(25,182)
Retained Business Rates	(50,619)		(547)	(51,166)
Total Locally Generated Income	(149,118)	0	(547)	(149,665)
Total Grant and Income	(237,349)	(8,865)	(5,709)	(251,923)
Balance to be addressed by Use of Reserves	(16,830)			(16,830)
Total Financing	(254,179)	(8,865)	(5,709)	(268,753)

Ringfenced COVID Funding 2021/22

Appendix 3

Grant	Awarded 2021/22 £
Grants- Council:	
Reopening the High Street Safely Fund (RHSSF)/Welcome Back Fund	(210,418)
Contain Outbreak Management Fund	(1,996,711)
Test and Trace Support Payments	
- Mandatory payments	(478,750)
- Discretionary payments	(152,750)
- Administration	(80,488)
Covid Winter Grant Scheme	(338,848)
Covid Local Support Grant	(1,146,693)
Household Support Fund Grant	(2,419,369)
Self-isolation Practical Support Payment	(490,982)
Elections Grant	(98,498)
Holiday Activity Funding Grant	(1,566,220)
Prevention and Promotion Fund for Better Mental Health	(323,137)
Infection Control Fund (Quarter 1)	(878,214)
Infection Control Fund (Quarter 2)	(614,131)
Infection Control Fund (Quarter 3)	(1,019,076)
COVID Rapid Flow Testing (Quarter 1)	(640,337)
COVID Rapid Flow Testing (Quarter 2)	(478,160)
COVID Rapid Flow Testing (Quarter 3)	(553,861)
COVID Vaccine (Quarter 3)	(118,170)
COVID - Next Steps Accommodation Programme (NCAP)	(45,533)
Workforce Recruitment and Retention Fund (Adult Social Care)	(759,927)
Sub Total	(14,410,273)
Grants- Schools:	
Workforce Fund	(6,120)
Catch-up Premium Payment	(717,860)
National Testing Programme	(109,570)
Recovery Premium	(1,569,077)
School-led Tutoring Grant Allocations academic year 2021 to 2022	(1,492,854)
Free School Meals Additional Costs	(141,421)
Sub Total	(4,036,902)
Other funding:	
GM Self Isolation Pathway	(183,035)
Hospital Discharge Fund (Quarter 1 Claim)	(520,189)
Hospital Discharge Fund (Quarter 2 Claim)	(615,596)
Sub Total	(1,318,820)
Total	(19,765,995)

Appendix 4-Summary of 2021/22 Approved Budget Reductions and deliverability

Reference	Approved Budget Reductions	2021/22			
		Approved Budget Reduction £000	RAG Rating Green - on track and will be delivered Amber - off track but measures in place to recover the position Amber/Red - off track and will only be delivered part of saving Red - off track and will not deliver	Deliverable £000	Shortfall £000
CSA-BR1-423	Maximising independence through alternative models of care	(1,500)	Amber/Red*	(1,500)	0
CSA-BR1-424	CHASC Workforce Reduction	(100)	Green	(100)	0
CSA-BR1-425	Out of Hours Call Centre Support for Community Health Services	(20)	Red*	(20)	0
CSA-BR1-426	Carers Personal Budgets	(100)	Green	(100)	0
CSA-BR1-427	Brokerage	(250)	Green	(250)	0
CSA-BR1-429	KeyRing	(50)	Green	(50)	0
CSA-BR1-430	Achieving Better Outcomes: Supported Living & Learning Disabilities	(288)	Red*	(288)	0
CSA-BR1-431	Wellbeing Service	(70)	Green	(70)	0
CSA-BR1-433	Adult Social Care Sheltered Housing	(100)	Green	(100)	0
CSA-BR1-434	Adult Social Care Prevention and Early Intervention Service	(200)	Green	(200)	0
CSA-BR1-436	To cease the funding of the Men in Sheds service	(51)	Green	(51)	0
Directorate : Community Health & Adult Social Care		(2,729)		(2,729)	0
REF-BR1-422	Sport Development	(13)	Green	(13)	0
REF-BR1-428	School Swimming	(11)	Green	(11)	0
REF-BR1-416	Districts Realignment	(136)	Green	(136)	0
REF-BR1-418	Reduction in Members Ward Budgets	(60)	Green	(60)	0
REF-BR1-432	Review of Elected Member Reserves	(127)	Green	(127)	0
REF-BR1-438	HR Staffing Review	(120)	Green	(120)	0
REF-BR1-413	Gallery Oldham	(22)	Green	(22)	0
REF-BR1-415	Mahdlo Funding Reduction	(100)	Green	(100)	0
REF-BR1-417	Youth Service Kerching	(37)	Green	(37)	0
Directorate : Communities and Reform		(626)		(626)	0
CHS-BR1-442	Early Help Staffing Efficiencies	(40)	Green	(40)	0
CHS-BR1-443	External Placements Cost Avoidance	(500)	Green	(500)	0
CHS-BR1-440	Quality and Effectiveness Support Team - Service Efficiency / Review	(192)	Green	(192)	0
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	(114)	Green	(114)	0
CHS-BR1-437	Reduction in Traineeship Programme	(65)	Green	(65)	0
Directorate : Childrens Services		(911)		(911)	0
CEX-BR1-410	Corporate Priorities - CEX	(27)	Green	(27)	0
CEX-BR1-420	Legal Staff Reductions & Reduction of post in Democratic Services	(90)	Green	(90)	0
CEX-BR1-447	Registrars Service Restructure	(17)	Green	(17)	0
COM-BR1-412	Financial Services Redesign	(389)	Green	(389)	0
Directorate : Chief Executive		(523)		(523)	0.0
PPL-BR1-401	Creating a Better Place - Projects & Assets	(1,541)	Green/Amber/Red*	(1,143)	398
PPL-BR1-402	Creating a Better Place - Service Review	(300)	Green	(300)	0
PPL-BR1-403	Digital Mail	(24)	Green	(24)	0
PPL-BR1-404	Printing Reduction - Digital Platform Roll Out	(20)	Green	(20)	0
PPL-BR1-406	Review of Street Lighting Contract	(150)	Green	(150)	0
PPL-BR1-407	Transfer of client officer to Unity	(40)	Green	(40)	0
PPL-BR1-408	To re-align grounds maintenance to support core service functions and reduce the traded offer	(150)	Green	(150)	0
PPL-BR1-409	Restructure of Neighbourhood Enforcement Team	(100)	Green	(100)	0
PPL-BR1-421	Transformation of the Contact Centre	(120)	Green	(120)	0
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	(780)	Green	(780)	0
Directorate : People and Place		(3,225)		(2,827)	398
COM-BR1-411	Procurement Staffing Reduction	(101)	Red	0.0	101
Directorate : Commissioning		(101)		0.0	101
CRC-BR1-448	Voluntary Redundancies	(805)	Green	(805)	0.0
Directorate : Cross Cutting		(805)		(805)	0
Grand Total		(8,920)		(8,421)	499
Red* - these Budget Reductions will be met by an alternative		2021/22			
Amber/Red* - Amber elements being closely monitored in year		elements will be met by an alternative means in 2021/22			
Green/Amber/Red* - Amber elements being closely monitored		Red elements will not be delivered			
