
Report to the Policy Overview and Scrutiny Committee

Revenue Budget 2022/23

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon

Officer Contact: Anne Ryans, Director of Finance

Report Author: Anne Ryans, Director of Finance
Ext. 4902

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Reason for Decision

To provide the Policy Overview and Scrutiny Committee with the forecast budget reduction requirement and the Administration's budget proposals for 2022/23 having regard to the Provisional Local Government Finance Settlement published on 16 December 2021.

Executive Summary

This report presents the Council's Revenue Budget for 2022/23 including the Administration's revenue budget proposals for 2022/23. The report sets out the key policies and strategies that influence the budget process, the initial budget reduction requirement for 2022/23, how that has been adjusted to arrive at a revised budget reduction requirement and then the means by which the budget is balanced.

Section 1 presents an introduction to the report and explains the report format.

Section 2 sets out key Council Policies and Strategies including the Oldham Plan, Corporate Plan/COVID-19 Recovery Strategy, Constitution and Rules of Procedure, as the framework within which the Budget has been prepared.

Section 3 presents Local Government Finance developments which are likely to be taken forward during 2022/23. It also highlights the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code

and a commentary on financial resilience, all of which are of importance when considering the Council's financial standing in the context of budget setting for 2022/23.

The starting point for preparing the 2022/23 revenue budget estimates is underlying base budget of £237.349m and the 2021/22 revenue budget forecast outturn position presented in the month 8 Financial Monitoring Report. This is summarised in Section 4. It highlights a current favourable projected variance for 2021/22 of £2.672m. This consists of net COVID pressures of £3.311m and a favourable business as usual variance of £5.983m. In considering this position, it is important to note that the Council has received £7.737m of general grant as support for COVID related expenditure from the Government for 2021/22 and an estimated £0.352m of compensation for Sales, Fees and Charges; a total of £8.089m. This is being used to offset an overall pressure of £11.400m caused by the pandemic. As highlighted later, this COVID pressure has to be addressed in 2022/23 as the Government is not providing any additional specific funding to support COVID costs in 2022/23.

Sections 5 to 9 set out how the expenditure pressures that contribute to the budget gap have been determined.

Section 5 summarises the revisions to the estimates since the initial budget gap for 2022/23 was assessed at £31.200m. An updated budget gap is estimated at £24.781m arising from a range of adjustments to both expenditure pressures/variations and income increases/decreases.

Looking first at expenditure pressures, these are adjustments to the base budget outlined in Section 6, expenditure adjustments (Section 7), use of the Development Fund (Section 8) and the impact of levies (Section 9). In this regard:

- Section 6 presents eight adjustments which must be made to the base budget. These include adjustments to ensure that one off items from 2021/22 (expenditure funded by one-Government funding, the impact of the use of reserves and the flexible use of capital receipts) are correctly presented. The overall impact is an increase to the budget of £8.297m a reduction of £2.178m compared to an original estimate of £10.475m.
- Section 7 presents a range of expenditure pressures that contribute to the £24.781m budget gap. The original estimate was that such pressures would total £10.768m but after further review, this has increased to £25.495m. The most significant amendment is £12.000m for costs associated with COVID legacy. This must be built into the budget estimates to reflect the expected on-going costs. This estimate aligns to the COVID costs reported at month 8 of £11.400m as advised above. A further pressure, albeit directly funded by Council Tax (the Adult Social Care Precept) is increased expenditure to support the adoption of the National Foundation Living Wage by Care Providers.
- Section 8 highlights the use of the original £1.500m Development Fund plus a further £0.180m on Administration priority initiatives.
- Section 9 sets out the impact of the payment of levies and contributions to the Greater Manchester Combined Authority (GMCA) and a levy to the Environment Agency (EA). It advises that rather than levies and contributions creating a budget

pressure of £0.678m, this has reduced to £0.002m as only the EA levy is expected to increase.

Sections 10 to 14 present the impact of the Provisional Local Government Finance Settlement announced on 16 December 2021 and income related adjustment to the estimates. In this regard:

- Section 10 provides a commentary on the Spending Review 2021 and the Provisional Local Government Finance Settlement (PLGFS) including unringfenced funding allocations made available to the Council by the Government to help support the budget process and address the budget gap. A summary of all grants notified or anticipated (for which a sum has been assumed) as included in the PLGFS totalled £75.761m which is £9.792m higher than the forecasts previously presented. This of course has to provide support for COVID legacy costs, which as advised above, are estimated to be £12.000m.

The PLGFS confirmed referendum limits for a general purpose Council Tax increase and the Government will permit rises of up to 2% per annum for 2022/23 without the need to hold a referendum.

The threshold for Adult Social Care Precept (ASCP) increases to a maximum of 1% for 2022/23 alongside the ability to add up to an additional 3% of unused ASC Precept from 2021/22. Oldham Council has 1% of unused precept from 2021/22 (after an increase of 2%) so therefore the total applicable referendum limit for Oldham for the ASCP for 2022/23 is 2%. There remains a requirement to evidence that the funds generated from this precept are used for Adult Social Care expenditure.

- Section 11 outlines the main ringfenced grants that must be used in accordance with specific guidance but nonetheless help the Council deliver its services. A value for a number of these grants has yet to be confirmed.
- Section 12 sets out the income to support the budget from Retained Business Rates and Grant in Lieu of Business Rates and how this helps to reduce the level of budget reductions required.

In total Retained Business Rates income has increased from £50.619m to £51.325m despite the introduction of additional Business Rate Reliefs (which reduces the impact of collectable Business Rates) since the original estimate was made. This is in part due to the introduction of gains from the piloting of 100% Business Rates Retention which were not anticipated. There is the opportunity to amend this estimate up to 31 January 2022 when a Government return, the NNDR 1, has to be submitted, so this figure must be considered provisional at this time.

Grant in lieu of Business Rates represents compensation for historic Government policy announcements and events that have the impact of reducing the amount of collectable Business Rates revenue. These grants are effectively a substitute for Retained Business Rates income. Due to the introduction of Business Rate Reliefs for 2022/23 and the adjustment to factors used in the calculation, the anticipated grant has increased by £7.765m from £10.843m to £18.608m.

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- Section 13 presents the Council Tax position for 2022/23. It advises that:
 - The Council Tax Tax base has been set at 57,450, which is lower than the initial estimate but 250 higher than the 57,200 Tax Base for 2021/22.
 - Current Council Tax policy (subject to confirmation at Budget Council on 2 March 2022) is to have a 1.99% general purposes increase and a 2% increase in the Adult Social Care Precept which is within the referendum criteria issued by the Government in the PLGFS. It is intended that resources generated by 1% of the increase will be used to support Adult Social Care providers remunerate staff at the level of the National Foundation Living Wage.
 - Total Council Tax to be generated for use by the Council based on the Tax Base and the 3.99% increase is £102.932m.
 - The impact of the precepting Authorities and Parish Councils and the anticipated Council Tax levels for 2022/23 will be confirmed prior to consideration by full Council.

 - Section 14 outlines the impact of Collection Fund (the ringfenced account within which Council Tax and Business Rates are managed). It highlights that there are three key issues to have regard to:
 - the budget must be adjusted for a 2020/21 Collection Fund deficit of £2.192m (the Government passed legislation to allow deficits arising from the major impact of the pandemic in 2020/21 to be recovered over three years (2020/21 to 2022/23)).
 - The 2021/22 Collection Fund forecast outturn projection as outlined in the month 8 financial monitoring report produces a net surplus of £1.304m which will be available to support the 2022/23 revenue budget.
 - As in 2021/22, a technical adjustment to the budget is required in 2022/23 as a result of the Collection Fund deficit caused by the Government notifying the continuation of Business Rate reliefs for retail, leisure, hospitality and nursery businesses after the 2021/22 budget had been set. The estimated deficit this produces in 2021/22 is £9.045m which must be addressed in 2022/23. Government is providing the Council with grant compensation for the loss of Business Rates income throughout 2021/22 and this will be carried forward as a reserve to offset the deficit in 2022/23.

Based on the latest estimates, the budget reduction requirement for 2022/23 has decreased from the previously reported figure of £31.900m to £24.781m, increasing to £33.826m after the technical adjustment for the Collection Fund deficit of £9.045m.

Section 15 presents the first stage in the Administration's approach to balancing the budget for 2022/23, a review of the twelve Budget Reductions that were approved within the 2021/22 Budget Report but had an impact of £6.050m on 2022/23. During the review, it was identified that four of the budget reductions would not be delivered in full, reducing the impact to £5.467m, a reduction of £0.583m. Taking this into account, the budget gap reduces from £33.826m to £28.359m.

Section 16 of the report details the Administration's budget reduction proposals for 2022/23. There are a total of 53 proposals presented in accordance with Political Portfolios. These are expected to deliver savings totalling £6.268m and have an FTE impact of 22.60. The proposals also have an impact on 2023/24 of £1.895m and 2024/25 of £1.150m. All the proposals are presented in summary at **Appendix 4** and in detail at **Appendix 5**.

Two of the proposals require investment of £0.405m in 2022/23 to deliver savings in 2023/24, these are:

- a) ASC-BR1-548: Smarter Ways of Working £0.095m
- b) ASC-BR1-552: Review Care and Support Plans - £0.310m

Assuming approval of the 2022/23 budget reduction proposals, the budget reduction requirement for 2022/23 reduces from £28.359m to £22.091m.

Section 17 outlines the opportunity to use capital receipts flexibly to finance expenditure leading to transformation in the sum of £2.500m. Having applied this to the budget, the budget gap reduces from £22.091m to £19.591m.

Section 18 advises that specific and corporate reserves from the Balancing Budget Reserve will be used to address the balance as follows:

- £9.045m of Section 31 grant received in 2021/22 held to support the Collection Fund Deficit in 2022/23 as a result of Business Rates relief for retail, leisure and hospitality (a technical adjustment);
- £1.300m of 2021/22 Earmarked Reserves created to support Organisational Redesign;
- £0.100 of Earmarked Reserves to fund one-off activities in relation to the Queen's Jubilee Celebrations;
- £0.405m as invest to save pump priming funding to enable budget reductions to be delivered for 2023/24; and
- £10.101m of corporate reserves.

There is also a planned movement to reserves of £1.360m relating to the setting aside of gains from the piloting of 100% Business Rates Retention in anticipation of allocating the funds to the Greater Manchester Combined Authority as its share of gains from 2022/23.

Approval of the proposals set out in this report in full by Budget Council including the use of reserves as set out above delivers a balanced revenue budget for 2022/23.

Section 19 considers the ability of the Council to address COVID related pressures in 2022/23 given the uncertainty that still prevails and the impact of the Omicron variant.

Section 20 presents the expected level of reserves at the end of 2021/22 at £80.725m and how they support the 2022/23 budget including the balancing budget reserve for 2022/23 which addresses the reserves requirement as set out above.

Section 21 summarises the overall budget strategy to balance the budget for 2022/23.

Other key sections in the report (Sections 22 to 23):

- set out the Administration's proposals in relation to Fees and Charges.
- detail the Council's Pay Policy Statement (as required by Sections 38 to 43 of the Localism Act 2011).

Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2022/23, there will be a regular review of the progress of existing change programmes against the delivery milestones and financial targets. It will also ensure that there is continuous emphasis on the delivery of change and the achievement of the budget reductions required in line with the three year strategy.

Presentation of this report to the Policy Overview and Scrutiny Committee for consultation is a key stage in the budget process. Once the Committee has had the opportunity to scrutinise this budget report and the other reports on the agenda that form a core part of the Council's strategic planning framework, any recommendations will be included in the reports that are presented to Cabinet and Council.

Recommendations

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

- 1 The policy landscape and context in which the Council is setting its revenue budget for 2022/23;
- 2 The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
- 3 A proposed 2022/23 Council Tax increase of 3.99% for Oldham Council services (1.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges set out at Table 19 of the report;
- 4 The financial forecasts for 2022/23 having regard to the Provisional Local Government Finance Settlement and associated funding announcements, an overall budget reduction requirement of £33.826m;
- 5 A revision to the Budget Reduction proposals approved for 2022/23 at the Budget Council of 4 March 2021 to a value of £5.467m;
- 6 The recurrent 2022/23 Budget Reduction proposals at a value of £6.268m with a further £1.895m for 2023/24 and £1.150m for 2024/25;
- 7 The Flexible Use of Capital Receipts at a value of £2.500m;
- 8 The proposed use of £20.951m of reserves to balance the 2022/23 budget including £0.405m to support the delivery of budget reductions for 2023/24 and a transfer to reserves of £1.360m for Retained Business Rates;
- 9 The proposal to draw on the Collection Fund for major preceptors of £120.698m for Borough Wide services and £102.932m for Council services (subject to confirmation);
- 10 The proposed net revenue expenditure budget for 2022/23 for the Council set at £258.588m;
- 11 The proposed fees and charges as set out in the schedule included at Appendix 7;
- 12 The draft pay policy statement included at Appendix 8.

Revenue Budget 2022/23**1 Background****Introduction**

- 1.1 Each year, the Council identifies what it needs to spend on Council services for the following year as part of the budget setting process. This process also involves the identification of provisional spending plans for future financial years. This ensures the Council's future spending plans are balanced against the funding forecasts for Government Grants, Council Tax and Business Rates revenues. These plans form part of the Council's Medium Term Financial Strategy (MTFS). This year, the MTFS is presented as a separate document. This report is therefore focussed on setting out a balanced 2022/23 budget but has regard to the requirement to balance the budget in future financial years.
- 1.2 Members will recall that when the 2021/22 budget was agreed on 4 March 2021, it included an estimate of the likely budget reduction requirement for 2022/23. This was £31.900m, offset by the 2022/23 impact of budget reductions of £6.050 approved at the 4 March 2021 Budget Council meeting and an agreed use of reserves (£12.297m). In total, £13.553m of budget reductions were expected to be required. This report sets out how the position has moved on since March 2021 and the proposals to balance the 2022/23 budget.
- 1.3 A key influence on setting the 2022/23 budget is the prevailing pandemic as this is having a significant impact on the activities of the Council and the financial position for 2021/22 as presented to Cabinet in the financial monitoring reports. Another important factor is the Government's Spending Review which was announced on 27 October 2021 (SR21). This provided high level forecasts of funding for Local Government for 2022/23 to 2024/25 together with Government policy direction. This set the framework for updating the Council's forecasts, however, it was not until the receipt of the Provisional Local Government Finance Settlement (PLGFS) and associated funding announcements on 16 December 2021 that the detail was made available. The information in the PLGFS together with the current policy landscape and economic context has enabled the preparation of the Administration's proposals for balancing the 2022/23 budget, including Council Tax intentions.
- 1.4 At the same time as considering the financial challenges facing the Council, it is important to consider the Council's commitment to the co-operative way of working. Based on a set of values and the principle of enabling and motivating everyone to "do their bit", this influences the policy direction of the Council and its response to the financial challenges.
- 1.5 As an organisation, a co-operative approach provides the opportunity to find positive and sustainable solutions to the on-going financial challenges being faced. Oldham has a values driven approach which underpins the way it does business. The Council believes in the importance of fairness and responsibility. In practice, that means maximising the positive social, economic and environmental impact that can be achieved through everything we do as set out in the Council's values.

Format of the Report

1.6 The report is presented in sections in order to highlight the key issues impacting on the budget, the size of the financial challenge facing the Council for 2022/23, how it has been calculated and then how the budget is being balanced. The sections are presented as follows.

Sections 2 to 4 provide context for budget setting:

- Section 2 sets out key Council Policies and Strategies including the Constitution and Rules of Procedure, as the framework within which the Budget has been prepared.
- Section 3 presents Local Government Finance developments which are likely to be taken forward during 2022/23. It also highlights the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code and a commentary on financial resilience, which is of importance when considering the Council's financial standing in the context of budget setting for 2022/23.
- Section 4 outlines the month 8 financial monitoring position for both the revenue budget (£2.672m underspend) and the capital programme. This highlights the ongoing financial issues which influence or require addressing in 2022/23.

Sections 5 to 9 set out how the budget gap has been determined:

- Section 5 summarises the revisions to the estimates since the initial budget gap for 2022/23 was assessed at £31.200m leading to a revised estimate of £24.781m.
- Section 6 presents amendments to the base budget that contribute to the £24.781m budget gap.
- Section 7 presents a range of budget adjustments and pressures that have been identified during the preparation of the 2022/23 budget contributing to the £24.781m budget gap.
- Section 8 highlights the use of the £1.680m Development Fund for Administration priority initiatives.
- Section 9 sets out the impact of the payment of levies to the Greater Manchester Combined Authority (GMCA) and the Environment Agency.

Sections 10 to 20 present how the budget is balanced and the level of reserves available to the Council:

- Section 10 provides a commentary on the Spending Review 2021 and the Provisional Local Government Finance Settlement including unringfenced funding allocations made available to the Council by the Government to help support the budget process and address the budget gap.
- Section 11 outlines the main ringfenced grants that must be used in accordance with specific guidance but nonetheless help the Council deliver its services.
- Section 12 sets out the income to support the budget from Retained Business Rates and Grants in Lieu of Business Rates and how this helps to reduce the level of budget reductions required.
- Section 13 presents Council Tax Policy, referendum limits and the level of Council Tax (subject to Budget Council confirmation) to be set for 2022/23 and the level of income that is then available to support the 2022/23 budget.
- Section 14 outlines the impact of the Collection Fund (the ringfenced account within which Council Tax and Business Rates are managed), including the technical amendment of £9.045m required arising from the introduction of Business Rate Reliefs after the 2021/22 budget was set. This amendment increases the budget reduction requirement to £33.826m.

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- Section 15 sets out the Administration's approach to balancing the budget. This includes a review of the budget reductions impacting on the 2022/23 budget that were approved by the 2021/22 Budget Council. This review has reduced the anticipated value from £6.050m to £5.467m.
 - Section 16 presents the Administration's 2022/23 budget proposals to address the budget reduction requirement totalling £6.268m.
 - Section 17 highlights that £2.500m of capital receipts will be used on a one-off basis to address the budget reduction requirement.
 - Section 18 shows how reserves will be used to balance the 2022/23 budget at a value of £20.571m (a net £19.591m after a movement to reserves).
 - Section 19 considers the ability of the Council to address COVID related pressures.
 - Section 20 presents the expected level of reserves at the end of 2021/22 and how they support the 2022/23 budget and financial strategy.
 - Section 21 summarises the overall strategy to balance the budget for 2022/23.

Sections 22 and 23 present the proposed Fees and Charges for 2022/23 and the Council's Pay Policy Statement for 2022/23.

2 Oldham Council Policies and Strategies

2.1 Framing budget setting for 2022/23 and future years are the Council policies and strategies which incorporate the Co-operative Council ethos, the three elements of the Oldham Plan, and the six priorities of the interim Corporate Plan, the COVID-19 Recovery Strategy. The following paragraphs explain the underlying drivers of the Council in the context of a need to reduce operating costs using a programme of transformation and change whilst working within the financial framework of the Constitution and the Rules of Procedure.

Co-operative Council in a Co-operative Borough

2.2 Oldham Council became a Co-operative Council in 2011 and therefore the Council is committed to developing a Co-operative future; one where citizens, partners and staff work together to improve the borough. The Council encourages all members of the community to play an active part in building a co-operative borough. This means everyone doing their bit.

2.3 To help realise this ambition, the Council has developed co-operative values and behaviours. All staff, citizens and partners are encouraged to adopt these values.

Co-operative Values and Behaviours



2.4 Oldham's values driven approach underpins the way the Council does business. In practice, this means maximising the positive social, economic and environmental impact that can be achieved. From maximising social value achieved through procurement practices, to paying all staff the Foundation Living Wage, the Council is using its influence as a commissioner, service provider, facilitator and employer to embed co-operative values across Oldham. However, the Council is not doing this alone. Oldham has a strong Strategic Partnership structure and plan that has driven the reform, integration and shared economic agenda both in Oldham and within Greater Manchester.

The Oldham Plan

- 2.5 Since becoming a Co-operative Council, the Council has made fundamental changes in how it works with residents, businesses and partners. The Oldham Plan 2017-2022 is a collective action statement explaining how the Council and partners can all best serve Oldham by helping its people, districts and businesses to thrive.
- 2.6 The Oldham Plan is the Oldham Partnership's plan for the borough and was endorsed by Council in July 2017. It is a collective action statement covering the period 2017-2022 and sets out the areas where the Oldham Partnership will add the most value as a partnership to achieve the ambition for Oldham to be a productive and co-operative place with healthy, aspirational and sustainable communities.
- 2.7 The preparation of a new Oldham Plan has been delayed due to the COVID-19 pandemic, however it will be developed and adopted in 2022, building on the priorities identified in the Council's COVID-19 Recovery Strategy. The new Oldham Plan will provide the opportunity to engage our residents, the Council and our partners in the public and private sector around a shared vision for the future of the borough. Combined with the Corporate Plan, it will set the course for the Council, and help us to set out key priorities and guiding principles for the years ahead.
- 2.8 The Oldham delivery model is based around three fundamental objectives which work together to deliver the ambitions of the Oldham Plan. These are:

Inclusive Economy – Ensuring a fairer economic system where people have the chance to succeed.

Thriving Communities – Oldham is a place where social action and social and community infrastructure means something.

Co-operative Services – Developing integrated public services that work in an asset-based way to meet the needs to people and communities.



The Council's Corporate Plan / COVID-19 Recovery Strategy

- 2.9 The Corporate Plan is the Council's key strategic document and outlines the Council's contribution to achieving the vision and outcomes detailed in the Oldham Plan, as well as priority areas of focus and delivery aimed at taking forward our vision of a co-operative future where everyone does their bit to create a confident and ambitious borough. All revenue and capital investment proposals will therefore be evaluated in accordance with a range of criteria, a key one of which is the contribution to the delivery of the aims of the Corporate Plan.
- 2.10 Oldham's Corporate Plan expired in December 2020. Work to refresh the Corporate Plan was due to be completed by summer 2020. However, the impact of the COVID pandemic meant that this was no longer viable. Instead, the Council developed an interim COVID Recovery Strategy which will act as a temporary Corporate Plan until at least April 2022. This Strategy was presented to and approved by Council on 14 July 2021.
- 2.11 As a Co-operative Council, Oldham is committed to tackling the impact of COVID and protecting our most vulnerable residents and communities. The steps being taken to tackle the pandemic and the subsequent recovery planning, aim to support people, especially those groups who are often most impacted.
- 2.12 Building on the learning so far and the anticipated events to come, the COVID Recovery Strategy and accompanying priorities has been developed, helping shape the approach and vision for Oldham. It sets out the six priority areas of focus for the Council as Oldham looks to recover from the pandemic:
- Driving equality
 - Investing in quality housing
 - Championing a green recovery
 - Creating and protecting jobs and supporting businesses
 - Prioritising education, skills and Early Years
 - Promoting health and wellbeing. Supporting the most vulnerable.

The Council's annual business planning cycle is the mechanism through which delivery of the priorities will be assured.

- 2.13 The 2022/23 budget process has been heavily influenced by the COVID pandemic, with the Council planning to manage business as usual activities as well as the response to COVID. In addition, the preparation of revenue budget (including budget reduction proposals) and the capital strategy, has been undertaken having regard to the six priority areas above and how these can be delivered.

Transformation Programme

- 2.14 Council services continue to evolve through innovation, collaboration with strategic partners and re-design. To accelerate this process, the Council and key partners have embarked on an ambitious Transformation Programme which has:
- identified, scoped and agreed the change initiatives required to ensure the Council and its partners can deliver the strategic ambitions they have for the borough and its residents;
 - begun to drive the implementation of those changes; and
 - laid the foundations for the delivery of a substantial contribution to savings targets and medium-term financial plans.

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- 2.15 This Programme is helping to ensure that all such services, whether delivered in-house or with partners, strive for excellence and provide value for public money, getting the maximum impact for residents of Oldham. In responding to the financial challenge, the Transformation Programme is assisting the Council and its partners in adapting to local demands, national, regional and local political priorities as well as technological developments. Many of the budget reductions for 2022/23 and future years have been focussed through the lens of transformation and their delivery will be project managed and reported under the guidance of the Transformation Team.

Constitution and Rules of Procedure

- 2.16 Oldham Council has an agreed Constitution which sets out how the Council operates, how decisions are made and the procedures that ensure these decisions are efficient, transparent and accountable to local people. Most of the procedures are legally required. Detailed procedures and codes of practice are provided in separate rules and protocols which accompany the Constitution and Articles contained therein. The following rules of procedure are particularly relevant in the context of determining the Council's 2022/23 Revenue Budget.

Budget and Policy Framework Procedure Rules

- 2.17 This sets out the process for the adoption and implementation of the Council's Budget and Policy Framework. It specifies the budget estimates that must be prepared as part of that framework, the process for developing the framework and the associated decision-making process. The Revenue Budget report, if approved by Council, forms a key element of the Council's Budget and Policy Framework.

Financial Procedure Rules

- 2.18 These rules (which are aligned to the Budget and Policy Framework Procedure Rules) set out detailed procedures regarding financial administration covering, for example, the preparation and management of budgets, financial systems, internal audit, insurance, banking arrangements, payments, income and taxation. These rules were last refreshed at the 8 January 2020 Council meeting and underpin the Council's statutory duty to make arrangements for the proper administration of its financial affairs.
- 2.19 There are a range of other policies and strategies that shape the business of the Council. More detail is provided in the MTFS report elsewhere on the agenda.

3 Local Government Finance Developments and Financial Resilience

- 3.1 This section of the report highlights important developments specifically within the Local Government finance arena which impact on the budget setting arrangements for 2022/23. Also included is a commentary on the issue of financial resilience which remains topical as Local Authorities continue to deal with the consequences of rising service demand and a decade-long period of funding reductions.

Review of Relative Needs and Resources (formally the Fair Funding Review)

- 3.2 The Review of Relative Needs and Resources of the Local Government finance system has been under consideration for several years and it had been anticipated that the Spending Review 21 (announced on 27 October 2021) would have included some detail about this key development. Surprisingly there was no reference to it. The purpose of the review is to examine and update the system for allocating resources among Local Authorities; taking account of relative need and the ability to generate resources locally through taxation. When implemented, this could have a major impact on the distribution of resources between Councils. It is expected that there will be consultation on this review during 2022/23 for implementation in 2023/24 as part of the Government's levelling up agenda.

Business Rates Reform and Revaluation

- 3.3 There are continuing discussions about the suitability of Business Rates as a method of raising income for Local Government given that retail businesses which conduct most or all of their trade on the high street are paying significantly more tax than businesses which are largely based on-line. Indeed, the Government has been considering changes to the Business Rates system for some time so it is likely to change significantly in the medium term. However, the Government has once again chosen not to introduce changes for 2022/23.
- 3.4 The plan to move to 75% Business Rates retention nationally, given the Governments approach to levelling up, is no longer the direction of Government policy. Business Rates, with the exception of a small number of Councils, such as in Greater Manchester, are retained at 50%. Oldham and the other GM Councils are piloting 100% Business Rates retention. The pilot scheme will continue into 2022/23 (as confirmed in the Provisional Local Government Finance Settlement), after which it is expected that Oldham will move to 50% Business Rates Retention.
- 3.5 In addition, Business Rates revaluation also planned for implementation in April 2021 has now been deferred to April 2023 but based on April 2021 values. This will affect the amount of Business Rates paid by the occupiers of commercial premises and therefore the amount collectable by the Council. The Government has promised to bring forward a technical consultation on the supporting changes.
- 3.6 A change to the Business Rates system could have major implications for Council funding and the MTFs. The position will be kept under close review.

Building Back Better and People at the Heart of Social Care – Reforms to the Funding of Adult Social Care

- 3.7 During 2021/22, the Government set out its vision for the long term funding of Adult Social Care in its White Paper Building Back Better which sets out how individuals will pay for their long term care. The Government introduced a National Insurance charge of 1.25% for both employers and employees as a means to raise funding for its reform of health and social care effective from 1 April 2022/23 and the impact of this is built into the 2022/23 budget.

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- 3.8 Reform to Adult Social Care clearly impacts on the processes and procedures operated by the Council although the real impact will be from 2023/24 when the changes are introduced. The Provisional Local Government Finance Settlement allocated funding to support preparatory work for the new Adult Social Care system.
- 3.9 On 1 December 2021 the Government published a further White Paper “People at the Heart of Social Care” which set out a vision for how Adult Social Care would operate for the next 10 years with personal care/ choice as its central strand. This also set out some proposals to utilise the Adult Social Care Levy as set out in the Building Back Better White Paper.

The Chartered Institute of Public Finance and Accountancy (CIPFA) - Financial Resilience Index

- 3.10 Members will recall that during 2019/20, the Chartered Institute of Public Finance and Accountancy (CIPFA) announced its intention to publish its Financial Resilience Index. This was in response to the challenges being experienced by a number of Local Authorities, and was intended to be an early warning indicator to prompt discussion and action. The level of reserves and balances are a key element in the CIPFA Financial Resilience Index. The first data set was published in December 2019 (covering the financial year 2018/19). There were no areas of concern for Oldham. A second Resilience Index was issued in February 2021 (covering the financial year 2019/20).
- 3.11 The February 2021 Index highlighted that none of the Oldham indicators were considered to be extremely high risk or a cause for immediate concern. Compared to the December 2019 Index, a number of indicators increased in risk, however, the Reserves Sustainability Measure reduced in risk quite considerably when compared to the nearest neighbour Local Authority comparator group. The Index has provided some useful information and confirmed the position that, leading into 2020/21 the Council was financially resilient. A key issue to note is of course is that this related to a period prior to the impact of COVID-19. However, it can provide Members with some assurance as to the financial position of the Council.
- 3.12 The Index, showing the position at the end of 2020/21 will be issued in early 2022. Given the position facing most Authorities, including Oldham, the information contained in the Index as at the end of 2020/21 will be out of date by the time it is published and will also be greatly impacted by the issues of COVID. Whilst the Index is useful, it will prove challenging when comparing performance against previous financial years.

The Chartered Institute of Public Finance and Accountancy Financial Management Code

- 3.13 Also as a result of the financial challenges facing the Local Government sector, CIPFA introduced the Financial Management Code with the objective being “to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability”.
- 3.14 The Code is based upon a series of principles which are supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to:
- Financially manage the short, medium and long-term finances of a Local Authority
 - Manage financial resilience to meet foreseen demands on services
 - Financially manage unexpected shocks in their financial circumstances
- 3.15 The Financial Management Code builds on the success of the CIPFA Prudential Code which requires Local Authorities to demonstrate the long-term financial sustainability of their capital expenditure. The Code is also consistent in that it is based upon principles rather

than prescriptions and each Local Authority must demonstrate that they meet the requirements of this Code.

- 3.16 A report was considered by the Audit Committee on 17 January 2022, which set out how the Council complies with the Code. Whilst there are a few areas for improvement, the Council's compliance is generally good which can give Members some further assurance about the financial management arrangements within the Council.

Financial Resilience

- 3.17 In order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) is required to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial resilience of the Council to be taken. It also reports on the consideration by the Director of Finance of the affordability and prudence of capital investment proposals. In addition, the level of general balances to support the budget and an appropriate level of Earmarked Reserves maintained by the Council, in accordance with the agreed Council Policy on Earmarked Reserves, is an integral part of its continued financial resilience supporting the fiscal stability of the Council.
- 3.18 There have been several reports issued on the subject of the financial resilience of Local Authorities alongside the CIPFA Financial Resilience Index and the implementation of a Financial Management Code. Financial resilience has been highlighted over the past year by the issuing of Section 114 notices by the London Borough of Croydon Council (LBC) and Slough Borough Council and external reviews of the financial arrangements at several Councils including most recently Wirral MBC and Peterborough City Council.
- 3.19 It is important to note that the Council's External Auditor (Mazars LLP) is required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The audit review has been changed and for the 2020/21 opinion requires the demonstration of:
- Financial Sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
 - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
 - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
- 3.20 As can be seen, financial sustainability and thereby financial resilience is a new and important consideration. The Council received the Annual Report on the financial year 2020/21 from the External Auditors on 17 December 2021. This included commentary on the audit of the financial statements as well as an opinion on the Council's Value for Money (VFM) arrangements (outlined above). In relation to each of the three areas examined the comments were positive. The findings were that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified. From this, Members can have some confidence in the current financial position and financial sustainability of the Council.
- 3.21 Financial resilience does depend in part on the Council maintaining an adequate level of reserves and balances. The reserves position is set out in Section 20 whilst the overall position with regard to reserves and balances is presented in a report on Reserves, Robustness of Estimates, Affordability and Prudence of Capital Investments. The reserves and balances position of the Council is projected to remain satisfactory at the end of 2021/22 and in supporting the 2022/23 budget.

4 2021/22 Revised Budget and Year End Forecasts

4.1 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 £16.830m of corporate and specific reserves, meaning that the underlying base budget is £237.349m. This figure of £237.349m is the starting point for the consideration of the 2022/23 budget as highlighted in the next section of the report.

4.2 However, it is important to note that there have been a number of further one off funding allocations and amendments since March 2021. The current net revenue budget is £270.027m as reported in the Month 8 Financial Monitoring Report, elsewhere on the agenda. This represents an increase of £15.848m against the originally approved budget. Whilst a number of these additional funding allocations are with regard to COVID, there are also a number of other funding adjustments for business as usual issues.

4.3 The month 8 position highlights some key trends and pressures that have to be addressed when preparing the budget for 2022/23 and these are explained in the following paragraphs. The table below details the 2021/22 Month 8 year-end forecast position against budget for each Portfolio after the planned transfers to and from reserves:

Table 1 – 2021/22 Month 8 Year-End Forecast Position against Budget

	Budget	Forecast	In Year Use of Transfer To/(From) Reserves	Variance Month 8	Variance Quarter 2
	£000	£000	£000	£000	£000
People and Place	60,194	62,377	(2,133)	50	719
Community Health and Adult Social Care	65,098	72,788	(234)	7,455	6,815
Children's Services	50,460	56,034	(1,056)	4,518	4,281
Communities and Reform	33,783	41,198	(8,533)	(1,120)	(991)
Commissioning	309	793	-	484	525
Chief Executive	15,958	20,848	(5,466)	(576)	(224)
Capital, Treasury and Corporate Accounting	27,443	18,337	3,712	(5,394)	(5,449)
COVID-19 Funding	7,737	(352)	-	(8,089)	(8,089)
Additional Section 31 grant for Collection Fund Deficit	9,045	-	9,045	-	-
NET EXPENDITURE	270,027	272,023	(4,665)	(2,672)	(2,413)
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	(253,197)	(253,197)	-	-	-
TOTAL FINANCING	(270,027)	(270,027)	-	-	-
NET FORECAST VARIANCE	-	1,996	(4,665)	(2,672)	(2,413)

4.4 The forecast outturn to the end of the year, after the predicted and proposed (net) transfer to reserves totalling £4.665m is a favourable variance of £2.672m. However, 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 further movement to reserves of £9.045m 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, as will be demonstrated later in this report, will lead to an adjustment to the 2022/23 budget.

- 4.5 There are significant variances contained within the projected net underspend including 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 2 below analyses the variance between 'business as usual' and COVID costs; the former being a net underspend of £5.983m.
- 4.6 The Council has received £7.737m of general COVID support from the Government for 2021/22. Along with the estimate for Sales, Fees and Charges (SFC) income of £0.352m (the Government is providing support for SFC losses in the first quarter of 2021/22), a total of £8.089m COVID-19 funding is being used to offset a pressure of £11.400m caused by the pandemic. This leaves a residual unsupported pressure of £3.311m. As will be seen later in this report, this COVID pressure has to be addressed in 2022/23 as the Government is not providing any additional unringfenced funding to support COVID costs in 2022/23.

Table 2 - Analysis of Variances

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Month 8 £000
People and Place	540	(490)	50
Community Health and Adult Social Care	7,422	33	7,455
Children's Services	3,007	1,511	4,518
Communities and Reform	181	(1,301)	(1,120)
Commissioning	-	484	484
Chief Executive	250	(826)	(576)
Capital, Treasury and Corporate Accounting	-	(5,394)	(5,394)
COVID-19 Funding	(8,089)	-	(8,089)
Total	3,311	(5,983)	(2,672)

- 4.7 The key variances, including those related to COVID, are outlined in the following paragraphs on a Portfolio by Portfolio basis.

People and Place Portfolio

- 4.8 The People and Place Portfolio has a reported pressure of £0.050m with a proposed net use of reserves totalling £2.133m. Anticipated expenditure relating to COVID-19 accounts for £0.540m of the overspend with an offsetting. 'business as usual' underspend of £0.490m
- 4.9 The Environmental Services division is forecasting a £0.555m underspend with variances including highways operations, street lighting and environmental services management.

Enterprise and Skills has an adverse variance of £0.125m, largely due to the loss of Market Service income. Economic Development is forecasting an adverse position of £1.105m with pressures in the corporate landlord/Investment Estate, Schools Catering services and Strategic Housing (due to increased temporary housing costs). ICT and Customer Services have a total underspend of £0.625m due to a combination of vacancies and the offsetting of costs against COVID grants.

Community Health and Adult Social Care

- 4.10 Community Health and Adult Social Care (CHASC) is reporting an overspend of £7.455m, after a £0.234m use of reserves. The adverse variance is attributed to £7.422m of COVID-19 related expenditure, in the main due to the demand for care packages following hospital discharges. The residual adverse variance of £0.033m therefore relates to 'business as usual'. However, the underlying business as usual demand for services continues to increase with continuing pressures in Mental Health Services and Learning Disability Services.

Children's Services

- 4.11 Children's Services is forecasting an adverse variance of £4.518m of which £3.007m is related to COVID-19 and with a proposed £1.056m use of reserves. There are pressures within two main service areas: Education, Skills and Early Years at £0.210m and more significantly, Children's Social Care at £4.308m. The latter variance is being driven by ongoing demand for services requiring the continuing use of agency staff to also the costs of Out of Borough Placements Both COVID and business as usual pressures are showing a continuing upward trend.

Communities and Reform

- 4.12 Communities and Reform is reporting a favourable variance of £1.120m in the main due to vacancies and the offsetting of costs by COVID-19 grants, resulting in a business as usual favourable variance of £1.301m offset by a COVID pressure of £0.181m. There is a predicted £8.533m use of reserves (mostly Contain Outbreak Management Fund grant which is likely to be used in full during 2021/22).

Commissioning Portfolio

- 4.13 The Commissioning Portfolio is reporting an overall adverse business as usual variance of £0.484m within the Procurement Service. This is partly caused by the failure to achieve a budget reduction of £0.101m which has to be addressed in the 2022/23 budget.

The Chief Executive's Portfolio

- 4.14 The Chief Executive's Portfolio is reporting a net favourable variance of £0.576m, an operational underspend of £0.826m is offset by a £0.250m COVID-19 pressure. There are favourable variances in all areas of the Portfolio including the Finance Service and Legal Services.

Capital, Treasury and Corporate Accounting

- 4.15 In addition, Capital, Treasury and Corporate Accounting is showing an underspend of £5.394m. This 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 due to the reprofiling of the capital programme. These variances are expected to continue in 2022/23 and therefore are incorporated into the 2022/23 budget.

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- 4.16 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 by the year end. Clearly, as there is only a £0.033m Business as Usual variance projected for this Portfolio area, there is some optimism with regard to achieving the off-setting savings.

People and Place

- Creating a Better Place – Projects and Assets (£1.541m) - of this budget reduction, £0.758m is expected to be delivered whilst £0.385m is rated amber with £0.398m currently rated red.

Commissioning

- Staffing reductions in the Procurement Service - £0.101m. This will not be delivered in 2021/22.

- 4.17 In total, the net position is that £0.499m of the 2021/22 approved budget reductions cannot be offset by alternative means and these will be addressed within the 2022/23 budget.
- 4.18 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. The impact of the service and corporate actions can be seen; the positive variance reported for the first time at Quarter 2 has improved further. Action will of course continue with the aim of, at the very least, maintaining the current 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.
- 4.19 The effectiveness of management action will be 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 would seem to be worsening. The emergence of the Omicron variant has seen a rapid rise in the rate of infection which has led to the introduction of Plan B restrictions from 30 November, despite which the infection continues to spread with media speculation of further restrictions to follow. The position remains uncertain and volatile and inevitably leads to financial uncertainty in terms of the impact. Despite the worsening national position, no additional Government unringfenced financial support is expected beyond that already received and notified. However, despite the uncertainty, as highlighted above, the Council is projected to close the financial year with an underspend of £2.672m.

5 Revisions to 2022/23 Budget Estimates

The Initial Budget Reduction Requirement for 2022/23

- 5.1 The Council regularly reviews the assumptions and methodologies used to calculate the budget reduction requirement as part of its Medium Term Financial Strategy (MTFS). This is informed by new or updated funding notifications from Central Government, trends in inflation, other Government policy announcements and changes in issues directly under the influence of the Council. The estimates underpinning the calculation of the budget reduction requirement are based on current performance and service delivery levels adjusted for the financial impact of previously approved budget reductions, policy decisions, expenditure pressures, and additional burdens arising from new legislation or Central Government policy initiatives.
- 5.2 Members will recall that the initial budget reduction requirement for 2022/23 that was included in the Budget Report for 2021/22 and approved by Council on 4 March 2021 was £31.900m. Also approved were budget reductions with an impact in 2022/23 of £6.050m and planned used of reserves at a value of £12.297m. This resulted in a balance of £13.553m to be addressed. However, this projection was based on a series of estimates and assumptions influenced by three major issues:
- The on-going uncertainty with regard to the COVID-19 pandemic, especially the severity of the impact and how soon the economy would recover.
 - Government only advised of guaranteed funding allocations on major funding streams until the end of 2021/22, thus making it extremely difficult to confidently predict the budget reduction requirement for financial years beyond 2021/22.
 - An increase in Council Tax of 1.99% for general purposes and a provisional estimate of 2% for the Adult Social Care Precept, (it was not until the Provisional Local Government Finance Settlement that the option of a 2% increase was confirmed).
- 5.3 Although the Spending Review (SR21) announced on 27 October 2021 gave high level indications of Central Government funding intentions, it was not until the receipt of the Provisional Local Government Finance Settlement (PLGFS) on 16 December 2021 that there was real clarity about the Government grant funding available and hence the level of budget reductions that would be required to balance the 2022/23 budget. Using the notified funding allocations, together with the revisions to the budget that have been required to address local policy issues, the impact of the pandemic including demand for Council services and other national issues affecting Local Government, the budget position has been revised. This has changed the budget reduction requirement from £31.900m to £24.781m.
- 5.4 This section of the report therefore explains the movement of the budget estimates that underpin the calculation of the updated 2022/23 budget reduction requirement.

Summary of the Adjustments to the 2022/23 Budget Reduction Requirement

- 5.5 The starting point for the calculation of the 2022/23 budget is the approved net revenue budget for 2021/22 adjusted for the use of reserves i.e. £237.349m. The table below highlights at a summary level, the movements to the budget estimates from initial forecast of £31.900m to the revised position of £24.781m.

Table 3 – Revised Budget Reduction Requirement

	2022/23 original £000	Revisions £000	2022/23 £000
Prior Year Net Revenue Budget	237,349		237,349
Total Adjustments to the Base Budget (Section 6)	10,475	(2,178)	8,297
Total Expenditure Adjustments (Section 7)	10,786	14,709	25,495
Total Development Fund (Section 8)	1,500	180	1,680
Total Impact of Levies (Section 9)	678	(676)	2
Total Expenditure	260,788	12,035	272,823
Total Government Grant Funding (Section 10)	(65,969)	(9,792)	(75,761)
Total Business Rates Income (Section (12)	(61,462)	(8,471)	(69,933)
Total Council Tax Income (Section 13)	(103,649)	413	(103,236)
Total Collection Fund (excluding the impact of business rates reliefs) (Section 14)	2,192	(1,304)	888
Total Funding	(228,888)	(19,154)	(248,042)
Budget Reduction Requirement	31,900	(7,119)	24,781

- 5.6 In total, there are revisions to the estimates as summarised above resulting in a reduction to the budget reduction requirement of £7.119m to leave £24.781m. The explanations of the key issues producing this revised estimate are set out in sections 6 to 14 of the report.

6 Adjustments to the Base Budget

6.1 The budget for 2021/22 contained a number of one off adjustments. The base budget must therefore be amended to remove these one-off items to establish the start position for 2022/23. In addition, as the 2021/22 financial year has progressed there have been further revisions impacting on the base budget. All these areas of change are shown in the table and described below:

Table 4 – Adjustments to the Base Budget

	2022/23 original £000	Revisions £000	2022/23 £000
2021/22 Adjustments to the Base Budget			
Adjustment for one off expenditure in 2021/22 - Covid Legacy	(7,737)		(7,737)
Adjustment for one off expenditure in 2021/22 - Domestic Abuse Safe Accommodation Grant	(578)		(578)
Adjustment for Housing Benefit Administration Grant	(40)	40	0
Flexible use of Capital Receipts 2021/22	2,000		2,000
Reversal of Use of Reserves	16,830		16,830
Reduction in contribution to partners		(200)	(200)
Procurement Framework		(506)	(506)
Treasury Management Income		(1,512)	(1,512)
Total Adjustments to the Base Budget	10,475	(2,178)	8,297

a) **Adjustment for one-off COVID Related Expenditure in 2021/22 – £7.737m**

The 2021/22 approved budget reflected new funding from Government to support increased expenditure for general COVID pressures across all services at a value of £7.737m. The budget has to be adjusted to reflect the reduction in grant funded expenditure.

b) **Adjustment for one-off Expenditure related to a Domestic Abuse Safe Accommodation Grant - £0.578m**

The 2021/22 budget included additional expenditure funded by an unringfenced grant of £0.578m to enable the Council to undertake a new duty to provide support for victims of domestic abuse and their children. This was a one-off grant and the budget has to be adjusted to reflect the reduction in grant funded expenditure.

c) **Adjustment for an increase in Housing Benefit Administration expenditure - £0.040m**

It had been assumed that the Housing Benefit Administration Grant would be reduced for 2022/23 by £0.040m requiring equivalent reduction in expenditure. Confirmation of grant for 2022/23 has now been received and this expenditure reduction is no longer required.

d) **Flexible use of Capital Receipts 2021/22 – £2.000m**

In preparing the 2021/22 budget, the Council took the opportunity to utilise the flexible use of capital receipts to offset £2.000m of the revenue cost of transformational

projects that would deliver future ongoing revenue savings for either the Council or other public sector delivery partners. As this was a one-off adjustment, the budget has therefore been revised by £2.000m for 2022/23.

e) **Reversal of Use of Reserves – £16.830m**

The Council used £16.830m of reserves in 2021/22 to support the budget on a one-off basis. The base budget has therefore to be adjusted for the equivalent amount prior to any consideration of reserve use in 2022/23.

f) **Reduction in contribution to partners - £0.200m**

During the preparation of the 2021/22 budget it was assumed that due to the impact of the pandemic, a partner organisation would require on-going financial support to continue to provide services for the Council. Whilst the continuation of funding is required, a revised assessment of the level of support has been made. Consequently, the contribution can be reduced by £0.200m in 2022/23.

g) **Procurement Framework - £0.506m**

Members will recall that the March 2021 Cabinet meeting approved a report which identified an income generation opportunity of a potential £0.506m per annum for the four-year period 2022/23 to 2025/26 arising from the negotiation of a Construction Framework Delivery and Management Partner Concession Contract. This additional income stream requires inclusion in the 2022/23 to 2025/26 budget.

h) **Treasury Management Income – £1.512m**

The 2021/22 budget was adjusted to reflect the impact of COVID on the Treasury Management budget and therefore an anticipated loss of income from dividends, interest and other contributions. However, as is evidenced by the month 8 monitoring report, some of this income has not reduced as expected and has continued to be received. There is confidence that it will continue into 2022/23, so the Treasury Management income budget can be adjusted by £1.512m.

6.2 The overall impact of adjustments to the base budget for all the issues outlined above is £8.297m (a reduction of £2.178m compared to the original estimate of £10.475m).

7 Expenditure Adjustments

7.1 A range of budget adjustments and pressures and have been identified during the preparation of the 2022/23 budget. The table below presents the range of adjustments with explanations following on.

Table 5 - 2022/23 Expenditure Adjustments

	2022/23 original £000	Revisions £000	2022/23 £000
Expenditure Adjustments			
2021/22 Unachieved Savings		499	499
Investment Fund	1,488	(5,254)	(3,766)
Pay Inflation	1,900	(400)	1,500
National Insurance / Health and Social Care Levy Increases		994	994
Contractual and Service Inflation	1,750	350	2,100
Energy Price Inflation		1,250	1,250
Dedicated Schools Grant - Inherited Liabilities		212	212
Home to School Transport - additional costs		750	750
Children's Social Care - additional service pressures	1,400		1,400
Development of the Systems and Service Intelligence Team for Children's, Adults and Education services	272	600	872
Adult Social Care Pressures	1,900	864	2,764
Expenditure funded by Adult Social Care Precept (ASCP) - Including £0.990m to fund the Living Wage Foundation National Living Wage	2,076	(50)	2,026
Adult Social Care Reform – Impact of Market Sustainability and Fair Cost of Reform Fund		758	758
Increased expenditure funded by the passporting of Public Health Grant		164	164
Revenues and Benefits Service New Burdens		13	13
Organisational Redesign		1,300	1,300
Increase in the budget to reflect the cost of the Procurement function		250	250
COVID Legacy Costs		12,000	12,000
Up-front Investment to Support 2023/24 Budget Reductions		405	405
Revised Parish Precept		4	4
Total Expenditure Adjustments	10,786	14,709	25,495

7.2 A summary of each of these adjustments is set out in the following paragraphs:

a) **2021/22 Unachieved Savings - £0.499m**

Budget monitoring for the financial year 2021/22 has identified that for the financial year 2022/23 previously agreed budget reductions totalling £0.499m cannot be achieved or offset by compensating recurring savings in the service and therefore impact on the 2022/23 budget. As outlined in Section 4, these relate to:

- PPL-BR1-401 Creating a Better Place – Projects & Assets (£1.541m): Whilst some good progress has been made to take forward the Projects and Assets

budget reduction, it is expected to deliver £1.143m in 2021/22, a shortfall of £0.398m. This will however be reprofiled into a 2023/24.

- COM-BR1-411 - Procurement Staffing Reduction (£0.101m): This will not be delivered and there are no remedial actions being taken to address this shortfall.

b) Investment Fund - £3.766m

The original 2021/22 budget assumed that there would be an increase of £1.488m in the budget due to increased borrowing costs to fund the capital programme. Reflecting the budget monitoring position at month 8, it is now evident that the planned programme of expenditure has changed in part due to the ongoing impact of the Coronavirus pandemic and the receipt of additional capital grant from the Government. As a result, the estimates in this area have been adjusted by £5.245m producing a benefit to the Council of £3.766m in 2022/23.

c) Pay Inflation – £1.500m

When the initial budget estimate for pay inflation was prepared it was assumed that, pending any agreement made by the National Employers for Local Government Service, an inflationary increase of 2.5% would be required at a value of £1.900m. However, this has been reassessed at 2% reducing the budget requirement by £0.400m to £1.500m.

d) National Insurance / Health and Social Care Levy Increases - £0.994m

As part of the Government's initiative to reform health and social care, a national insurance increase of 1.25% is applicable from 1 April 2022. It has been calculated that in order to finance the increased cost for the Council, MioCare Group CIC and the Unity Partnership Ltd, that additional costs of £0.994m will be incurred. The increase in resources received from Government in the Provisional Local Government Finance Settlement is intended to provide some compensation for the increased cost.

e) Contractual and Service Inflation – £2.100m

An initial calculation of contractual and service inflation indicated that £1.750m would be sufficient to cover such costs in 2022/23. Given the recent increase in inflationary pressures, it was considered prudent to increase provision by £0.350m to a value of £2.100m.

f) Energy Price Inflation – £1.250m

Due to the rapid increase in energy costs over recent months it is anticipated, based on the latest information, that energy prices will increase considerably for 2022/23. This is anticipated to add £1.250m to the Council's energy bill and overall savings requirement (in addition £1.000m will be held in reserves in case the pressure increases during the year).

g) Dedicated Schools Grant (DSG) - Inherited Liabilities – £0.212m

There is a requirement to fund historic costs e.g. on-going pension liabilities, which can no longer be funded by the DSG but nonetheless continue to be incurred. This cost has been calculated at £0.212m for 2022/23.

h) **Home to School Transport – £0.750m**

During 2021/22 grant funding has been received to offset additional home to school transport costs arising specifically from COVID. However, the number of children requiring transport is continuing to rise with routes for the Spring and Autumn term 2022, having been recently agreed. As such there is an additional pressure of £0.750m.

i) **Children’s Social Care Additional Service Pressures - £1.400m**

Initial forecasts included budgetary provision of £1.400m for Children’s Social Care demand pressures. As is evidenced by the in-year financial monitoring information, this additional provision is still appropriate for 2022/23.

j) **Development of the Systems and Service Intelligence Team for Children, Adults and Education Services - £0.872m**

An initial estimate (£0.272m) was made of the additional cost of increasing the support for the systems and service intelligence team for children, adults and education services. However, this has now been reassessed at £0.872m, thus requiring additional funding of £0.600m.

k) **Adult Social Care Pressures - £2.764m**

In recognition of the financial pressures experienced by the service in 2021/22, the national trends in Adult Social Care (ASC) expenditure including wage inflation the ASC budget has been increased by £2.764m.

l) **Expenditure funded by Adult Social Care Precept (ASCP) - Including £0.990m to fund the Living Wage Foundation National Living Wage– £2.026m**

The initial budget estimate for 2022/23 assumed an increase in the Adult Social Care Precept (ASCP) of 2%, comprised of a 1% deferred from 2021/22 and a further 1% together with an increase in the Council Tax Tax Base. However, after the 2021/22 budget was set, there was uncertainty that a full 2% ASCP increase would be possible. Confirmation was only received with the issue of the PLGFS in December 2022.

Although the 2% increase generates a slightly lower sum (£0.050m) than was initially estimated (the impact of a reduced Council Tax Tax Base) it nonetheless provides £2.026m of resources. Of this sum £0.990m (1%) will be used specifically to enable the Council to work with ASC providers to implement the Living Wage Foundation National Living Wage for care staff from 1 October 2022.

m) **Adult Social Care – Impact of the Market Sustainability and Fair Cost of Care Fund - £0.758m**

The PLGFS announced a new grant (the Market Sustainability and Fair Cost of Care Fund) to allow for preparatory work to take place prior to the wider revisions to the Adult Social Care system from April 2023. This funding, at a value of £0.758m, has been passported in full to fund additional spending in the Adult Social Care service to undertake the new work.

n) **Increased Expenditure Funded by the passporting of Public Health Grant – £0.164m**

The Public Health Grant (PHG) allocations were announced after the budget for 2021/22 was set and this additional funding of £0.164m was passported to the service. A revision to the recurrent expenditure budget is therefore required to reflect the increased expenditure funded by the additional PHG received during 2021/22.

o) **Revenues and Benefits Service New Burdens – £0.013m**

A number of small new burdens grants to support Revenues and Benefits services have been notified. These grants are to compensate the Council for the costs of additional activities which require the revenue budget to be increased by £0.013m.

p) **Organisational Redesign – £1.300m**

Pump priming funding is being provided to support a programme of organisational redesign aimed at improved organisational efficiency and effectiveness as well as delivering budget reductions in future years. This £1.300m increased expenditure will be funded from reserves set aside for corporate transformational projects.

q) **Increase in the budget to reflect the cost of the Procurement function - £0.250m**

The budget for the Procurement Team requires rebasing to reflect current costs and financial forecasts at a value of £0.250m.

r) **Covid Legacy Costs - £12.000m**

The most up to date estimates suggest that £12.000m will be required to fund the legacy impact of the pandemic (the month 8 monitoring report highlights a pressure of £11.400m). However, the position remains subject to change, especially with regard to the impact of the Omicron variant. Therefore, £2.000m of reserves will also be set aside in case the financial pressure increases once 2022/23 begins.

s) **Up-front Investment to Support 2023/24 Budget Reductions - £0.405m**

There are two budget reductions that are presented later in the report which require up-front investment in 2022/23 to support longer term cost savings as follows:

1) ASC-BR1-548: Smarter Ways of Working £0.095m (made up of two elements)

a) E-payment solution - £0.045m

This investment is required to for the acquisition of an up-front payment solution IT system at £0.030m and £0.015m for the development and implementation costs.

b) Review of Residential and Nursing Pathway - £0.050m.

This investment is required to support system improvement and changes to the Mosaic client management system.

2) ASC-BR1-552: Review Care and Support Plans - £0.310m

There will be a requirement for up-front investment to create additional capacity to undertake targeted reviews to focus on high cost community care and support packages, low cost packages, care home packages with additional 1:1 support, medication only calls, and double handed care calls. This investment is intended to produce a revenue budget reduction from 2023/24. This will be a recurrent cost but in future years is netted off the budget reduction being generated.

t) **Parish Precepts - £0.004m**

There has been a small increase to the level of Parish Precepts as a result of the change to the Tax Base the Saddleworth Parish Precept (£0.003m) and the Shaw and Crompton Parish Precept (£0.001m). This change has no detrimental impact to the Council as it will be fully funded by the increased Parish Precept income. Final Parish Precept levels will be determined in late January 2022.

7.3 Overall the impact of all of the expenditure pressures outlined above is £25.495m which is £14.709m higher than the initial estimate, primarily due to the inclusion of a COVID legacy pressure of £12.000m.

7.4 In addition to the Reserves held for Energy price inflation and COVID pressures, there are further reserves available should there be contractual or service pressures above the current budgetary provision.

8 Development Fund

8.1 The original 2022/23 budget included an allocation of £1.500m to facilitate the funding of corporate priority developments which may be identified subsequent to or during the budget process. This has been increased by £0.180m to £1.680m. The table below presents the priorities for 2022/23 and the use of the £1.680m allocation in full.

Table 6 – Development Fund

	2022/23 original	Revisions	2022/23 Expected
	£000	£000	£000
Development Fund	1,500	(1,500)	0
Clean Street Initiative		1,000	1,000
District Partnership Working		300	300
Improved Customer Engagement		200	200
District Youth Work		80	80
Queen's Jubilee Celebrations		100	100
Total Development Fund	1,500	180	1,680

8.2 The initiatives that have been funded are:

a) Clean Streets Initiative - £1.000m

The clean streets initiative has emerged as a key priority for the Council and was approved at the July 2021 Cabinet. It is anticipated that this initiative will utilise £1.000m of the Development Fund in 2022/23 covering staffing and other costs.

b) District Partnership Working - £0.300m

In line with the Administration's priorities, it is planned to invest £0.300m to enhance the present District Partnership working arrangements during 2022/23.

c) Improved Customer Engagement – £0.200m

Another Administration priority is to improve opportunities for customers to engage with Council Services, particularly "in-person" engagement. In this regard, it is planned to invest £0.200m from the Development Fund to enhance the Council's customer provision.

d) District Youth Work - £0.080m

This additional £0.080m investment will support working with youth on the streets across the borough, to reduce anti-social behaviour and engage young people in more positive activities.

e) Queen's Jubilee Celebrations - £0.100m

The Council will invest £0.100m to support activities in the Borough to celebrate the Queen's Platinum Jubilee. This will be a one-off non-recurrent budget requirement and will be funded in 2022/23 from a specific reserve.

9 Levies

- 9.1 Members will be aware that the Greater Manchester Combined Authority charges the Council for Waste Disposal and Transport Services in the form of levies and a statutory charge. It also charges for some other regionally provided services. In addition the Environment Agency also charges a levy for services. The Council has no discretion over the payment of levies and statutory charges.
- 9.2 A review of the estimated levy/statutory charge and contributions to be made in 2022/23 has resulted in a reduction in the anticipated GMCA Waste and Transport Levies and statutory charge of £0.660m. It is also anticipated that the Council's contribution to GM wide activities will remain unchanged for 2022/23, therefore reducing the budget gap by £0.016m.

Summary of Levies/Contributions

- 9.3 The changes to the estimates relating to Levies are summarised in the table below and show a total revised increase of £0.002m in respect of the Environment Agency levy.

Table 7 – Impact of Levies

	2022/23 Forecast Increases at 04/03/2021 £000	Change £000	2022/23 Revised Forecasts £000
GMCA - Waste Disposal Levy	338	(338)	0
GMCA - Transport Levy	177	(177)	0
GMCA – Transport Statutory Charge	145	(145)	0
Contributions to GM-Wide Activities	16	(16)	0
Environment Agency Levy	2	0	2
Total Levies	678	(676)	2

- 9.4 The table below presents the overall expected position for GMCA levies/charges and the Environment Agency Levy. This position will be confirmed in February 2022. It shows an overall expected increase of £0.002m in line with the table above.

Table 8 – Levies/Contributions for 2022/23

Levy/Contribution	2021/22 Budget £000	2022/23 Budget £000	Difference £000
GMCA - Waste Disposal Levy	16,892	16,892	0
GMCA - Transport Levy	8,844	8,844	0
GMCA - Transport Statutory Charge	7,250	7,250	0
Contributions to GM-Wide Activities	786	786	0
Environment Agency	111	113	2
Levies/Contributions for 2022/23 and change from 2021/22	33,883	33,885	2

10 2021 Spending Review, Provisional Local Government Finance Settlement (including Council Tax and Referendum Limits) and Unringfenced Grants.

10.1 A key element when determining revisions to the 2022/23 budget reduction requirement is the impact of Government funding announcements. The Government announced a three year Spending Review on 27 October 2021. Whilst this set out indicative funding levels for the Local Government sector, it was not until the Provisional Local Government Finance Settlement was issued on 16 December 2021 that the detailed impact could be determined. The impact of these announcements is set out below.

2021 Spending Review

10.2 On 27 October 2021, the Government presented the Autumn Budget and a three year Spending Review covering the period 2021/22 to 2024/25 (SR21). Key funding announcements affecting Local Government which have an impact on this report included:

- An estimated average increase in real terms Core Spending Power (CSP) of 3% a year - however, this 3% increase was dependent on Councils increasing Council Tax to the maximum permitted extent.
- The receipt by English Councils of £1.6bn of new grant funding in 2022/23 to 2024/25 on top of the funding to implement social care reform, including an additional £200m for the Supporting Families Programme.
- £3.6bn for Local Government over the SR21 period to implement the new Adult Social Care system and implement the cap on personal care costs and changes to the means test as well as help Councils better sustain their local care markets by moving towards a fairer cost of care.
- Confirmation that the Public Health Grant will be maintained in real terms over the Spending Review period.
- £37.8m of additional funding over the SR21 period to tackle cyber security challenges and invest in Local Authority cyber resilience.
- £34.5m over the period to strengthen local delivery and transparency and establish the Audit Reporting and Governance Authority as the new local audit systems leader and help Councils meet new transparency requirements.
- £4.7bn by 2024/25 for the core schools' budget in England over and above the Spending Review 2019 settlement (which had already announced significant increases).
- The referendum threshold for increases in Council Tax for general purposes was provisionally announced at 2% per year. In addition, Local Authorities with social care responsibilities are also expected to be able to increase the Adult Social Care Precept by up to 1% per year (in addition to any increase deferred from 2021/22 – which for Oldham was 1%).

10.3 A separate report was published alongside SR21 entitled Business Rates Review: Final Report. Its findings were interwoven within the SR21 document. Matters impacting on 2022/23 were specifically:

- The freezing of the Business Rates multiplier in 2022/23 keeping the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier).
- A new one-year Retail, Hospitality and Leisure Business Rates Relief for 2022/23. Eligible properties will receive 50% relief up to a cap of £110,000 per business.
- The existing Small Business Rate Relief system will be unchanged.

Provisional Local Government Finance Settlement (LGFS)

- 10.4 The 2022/23 Provisional Local Government Finance Settlement (PLGFS) was released on 16 December 2021. It was announced by the Secretary of State for Levelling Up, Housing and Communities the Rt. Hon Michael Gove MP, and set out the Government's formal proposals for the funding of English Local Authorities in 2022/23.
- 10.5 Rather than provide funding spanning a three year timeframe, this was a one-year settlement. Indeed, it was the fourth consecutive one-year Local Government Finance Settlement. It is clear that the emphasis was on providing stability, through rolling forward key elements of the 2021/22 settlement; alongside extra cash for priority areas, such as social care. This settlement is designed to maximise the scope for manoeuvre in implementing the reform of Local Government finance in later years.
- 10.6 Following the Spending Review 2021 the Government already has information regarding the resources available for years two and three of the spending period (2023/24 and 2024/25) but has chosen not to provide detailed allocations to individual Local Authorities. Therefore Authorities are not able to prepare a Medium Term Financial Strategy (MTFS) with firm funding allocations. As such, the Council's MTFS must remain indicative.
- 10.7 Included in the Provisional Settlement was key funding information for Local Authorities in relation to:
- Baseline funding levels for 2022/23.
 - Council Tax referendum limits.
 - Grants for 2022/23.
- 10.8 Councils have the opportunity to submit consultation comments on the Provisional Settlement. The Government has issued specific consultation questions in relation to the Settlement to which a response was requested by 13 January 2022. The Council submitted a response.

Settlement Funding Assessment

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

National Position

- 10.10 The figures presented in the PLGFS and the following table show a national increase in SFA from £16.207bn in 2021/22 to £16.282bn in 2022/23. This represents a 0.46% increase in national funding.

Table 9 – SFA for England

SFA for England	2021/22 £m	2022/23 £m	Change £m
Settlement Funding Assessment	16,207	16,282	75
of which:			
Revenue Support Grant	1,622	1,672	50
Baseline Funding Level	14,585	14,610	25

Oldham Council

- 10.11 The Oldham SFA presented in the table below shows an increase of £0.527m from £99.074m in 2021/22 to £99.601m in 2022/23. This represents a 0.53% increase, slightly higher than the increase in overall national funding.

Table 10 – SFA for Oldham

SFA for Oldham	2021/22 £000	2022/23 £000	Change £000
Settlement Funding Assessment of which:	99,074	99,601	527
Revenue Support Grant	0	0	0
Baseline Funding Level	99,074	99,601	527

- 10.12 The table below shows the contingent parts included in the Government's Settlement Funding Analysis figures with only the Baseline Funding Level and Revenue Support Grant elements being uplifted by the multiplier.

Table 11 – SFA Funding Streams

Funding Stream	2021/22 £000	2022/23 £000	Change £000
Baseline Funding Level	64,792	64,792	0
Revenue Support Grant	17,066	17,593	527
Public Health Grant	17,216	17,216	0
Total Settlement Funding Assessment	99,074	99,601	527

- 10.13 It can be seen that the increase is in its entirety due to an inflationary increase on the Revenue Support Grant and the Baseline Funding Level remains the same as in 2021/22. Public Health Grant allocations have yet to be notified for 2022/23 and, until notified otherwise, it is assumed to roll over at the same value as in 2021/22. As per previous practice any increase to the Public Health Grant will be passported direct to the service and does not impact on the budget gap.

Core Spending Power

- 10.14 Published alongside the PLGFS were the Government's estimates of Core Spending Power (CSP). This is the Government's assessment of the expected revenue resources available to Local Authorities in 2022/23 using Office of Budget Responsibility estimates.
- 10.15 The Provisional Settlement included detail by individual Authority and the amounts for Oldham are shown in the table below.

Table 12 – Core Spending Power

Core Spending Power for Oldham	2021/22 £000	2022/23 £000	Change £000
Core Spending Power	204,170	220,790	16,620

- 10.16 Whilst the settlement Core Spending Power implies the Council has £16.620m more resources than in 2021/22, the Government's CSP figures include assumptions as to the growth of the tax base and the maximisation of annual Council Tax increases that are not all in line with the Council's own budget assumptions and estimates.

Council Tax & Referendum Limits

- 10.17 Also included within the Provisional LGFS was information regarding Referendum Limits for Council Tax increases.

Council Tax Increases

- 10.18 Within the Provisional LGFS, the Government confirmed the referendum limit for general Council Tax at a maximum increase of 2% for 2022/23. As in previous years, Parish Councils remain excluded from the referendum limits.

Adult Social Care Precept

- 10.19 The threshold for Adult Social Care (ASC) Precept increases is at a maximum of 1% for 2022/23 alongside the ability to add up to an additional 3% of unused ASC Precept from 2021/22. Oldham Council has 1% of unused precept from 2021/22 (after an increase of 2% in 2021/22) so therefore the total applicable referendum limit for Oldham for the ASC precept for 2022/23 is 2%. There remains a requirement to evidence that the funds generated from this precept are used for Adult Social Care expenditure.

Mayoral Combined Authorities

- 10.20 The Government proposes not to set Council Tax referendum principles for Mayoral Combined Authorities in 2022/23 for general Mayoral functions. In Greater Manchester, the Mayor also has responsibility for Fire Services and the Government has capped the increase for Fire Services precepts at £5. The GM Mayor and the Greater Manchester Combined Authority will consider any increases through its budget setting processes and will advise the ten District Councils in due course.

Police and Crime Commissioners

- 10.21 The Government proposes that Council Tax referendum principles for Police and Crime Commissioners (including the GM Police and Crime Commissioner Precept) are that increases are capped at £10. The decision on precept intentions for 2022/23 will be taken by the GM Mayor as Police and Crime Commissioner in accordance with its budget setting timetable.

Main Unringfenced Government Grants Announced in or Derived from the Provisional Local Government Finance Settlement

10.22 The Provisional Local Government Finance Settlement (PLGFS) and associated announcements provided information about some but not all the Government grant funding that the Council is expecting to receive in 2022/23. However, as is shown in the table below and the accompanying commentary, the Council has received a considerable increase in general grant funding. However, there is no specific funding for COVID related costs or the increase in National Insurance Contributions, so the additional funding has to address all the pressures being experienced by the Council. As advised earlier, the COVID related pressures are expected to be £12.000m. Therefore the increase in grant of £9.792m must be considered in this context.

Summary of Government Grants Linked to the Provisional LGFS

10.23 A summary of all grants notified or anticipated (for which a sum has been assumed) as included in the PLGFS is shown in Table 13 below. Total funding equals £75.761m which is £9.792m higher than the forecasts presented to Council on 4 March 2021.

Table 13 – Government Grants

	2022/23 original £000	Revisions £000	2022/23 £000
Government Grant			
Business Rates Top Up	(42,118)	(321)	(42,439)
Improved Better Care Fund Grant	(10,859)	(328)	(11,187)
Social Care Support Grant	(8,947)	(3,185)	(12,132)
Lower Tier Services Support Grant	(407)	(21)	(428)
Independent Living Fund Grant	(2,500)	(80)	(2,580)
Housing Benefit Administration Grant	(778)	(46)	(824)
Council Tax Administration Grant	(360)	(11)	(371)
New Homes Bonus Grant	0	(562)	(562)
2022/23 Services Grant	0	(4,467)	(4,467)
Market Sustainability and Fair Cost of Care Fund	0	(758)	(758)
Revenues and Benefits Service New Burdens	0	(13)	(13)
Total Government Grant Funding	(65,969)	(9,792)	(75,761)

10.24 The unringfenced Government Grants notified or expected for 2022/23 are detailed below:

a) **Business Rates Top Up - £42.439m**

Business Rates top up grant for 2022/23 is £42.439m as notified in the Provisional LGFS. This is £0.321m more than anticipated. It is, however, expected that there will be an allocation of Public Health Grant which, due to the Council piloting 100% Business Rates Retention, will have the impact of increasing the Business Rates Top Up grant. This will not improve the financial position of the Council as its policy is to passport the Public Health grant in full to the service.

b) Improved Better Care Fund Grant - £11.187m

The PLGFS confirmed the Improved Better Care Fund for 2022/23 at £11.187m, which is £0.328m higher than the estimated sum as a result of an inflationary increase.

c) Social Care Support Grant - £12.132m

The PLGFS confirmed an increase in the unringfenced Social Care Support Grant which is a grant provided to support expenditure on both Adults and Children's Social Care. The 2021/22 element of the grant remains the same at a value of £8.947m and two new elements have been introduced, equalisation for the ASCP flexibility for 2022/23 at a value of £0.583m and an additional funding stream of £2.602m linked to the Adult Social Care Relative Needs Formula (RNF) and is therefore weighted towards Authorities with higher levels of deprivation. The total funding from this grant for 2022/23 is therefore at a value of £12.132m, a total increase of £3.185m as presented below:

Table 14 – Social Care Support Grant

Social Care Support Grant	PLGFS 2022/23 £000	Expected Position £000	Variance £000
Rollover of Social Care Grant for 2021/22	(8,947)	(8,947)	
Element used to equalise for 1% ASC precept flexibility for 2022/23	(583)		(583)
Additional funding through existing ASC RNF for 2022/23	(2,602)		(2,602)
Total	(12,132)	(8,947)	(3,185)

d) Lower Tier Services Grant - £0.428m

The Government introduced the Lower Tier Services Grant in 2021/22 to support Local Authorities with responsibility for lower tier services (e.g. homelessness, planning, recycling). This has been continued into 2022/23 and increased from £0.407m in 2021/22 by £0.021m to £0.428m.

e) Independent Living Fund Grant - £2.580m

Whilst there has been no notification of grant allocations for 2022/23, the current assumption is that there will be a small increase in funding of £0.080m over that anticipated resulting in a revised grant of £2.580m.

f) Housing Benefit Administration Grant - £0.824m

The Council has received notification of the 2022/23 funding allocation from the Department of Work and Pensions at a value of £0.824m, an uplift of £0.046m compared to the 2021/22 funding allocation and the original estimate.

g) Council Tax Administration Grant - £0.371m

The Council Tax Administration grant has yet to be notified, however, it is anticipated that the grant will increase by £0.011m over the previous estimate and therefore be received at a sum of £0.371m.

h) New Homes Bonus Grant - £0.562

It was previously expected that the New Homes Bonus Grant would cease at the end of 2021/22, however, the PLGFS included provision to continue the scheme for another year and confirmed Oldham's allocation at a value of £0.562m.

i) 2022/23 Services Grant – £4.467m

A new grant for 2022/23 is the Services Grant which has been provided to all tiers of Local Government. Oldham will receive an allocation of £4.467m in 2022/23. This has been allocated on a one-off basis but it is expected that it will be redistributed from 2023/24 as part of the reform of Local Government funding and the levelling up agenda.

j) Market Sustainability and Fair Cost of Care Fund - £0.758m

A new grant has been made available with a funding allocation nationally of £162m. This is aimed at supporting activities in preparation for Adult Social Care reform. This is to enable Councils to prepare their markets for Adult Social Care Reform and to help move towards paying a fair cost of care. Oldham will receive an allocation of £0.758m in 2022/23. The activities that the Government expects Councils to undertake include:

- Conducting a cost of care exercise to determine sustainable rates and how close they are to paying those rates.
- Engaging with local providers to improve data on costs and numbers of self-funders, to assist them in undertaking the impact of reform on the market (in particular 65+ in residential care, but also domiciliary care).
- Strengthening capacity to plan for and execute greater market oversight and improved market management, ensuring markets are positioned to deliver on reform ambitions.

Given the nature of the grant, the funding has been used to directly support anticipated additional costs for implementing the expected activities (see paragraph 7.2 m).

k) Revenues and Benefits Service New Burdens - £0.013m

The Department of Work and Pensions has notified of a number of small new burdens grants to recompense the Authority for additional requirements. These include the cost of additional activities required to support Universal Credit claimants that are living in temporary or supported accommodation and receive their housing costs through Housing Benefit, the migration to Universal Credit and compliance with the single fraud investigation service. Again, the funding has been used to directly support anticipated additional costs for implementing the additional requirements (see paragraph 7.2 o).

11 Ringfenced Grants

- 11.1 The estimates underpinning the Council's MTFS are based on ringfenced grants being allocated to fulfil their intended purpose. Such grants include the Dedicated Schools Grant, Housing Benefit Subsidy Grant, Supporting Families Programme (formerly Troubled Families), Discretionary Housing Payments, Adult Education Budget and Homelessness Prevention Grant. Ringfenced grant assumptions are based on the allocations that have been notified by the funding body. It is important to note that any spending above the ringfenced grant level can impact on the Council's financial position. It is essential that services funded by ringfenced resources are managed with the same level of challenge and scrutiny as those funded by general resources.

Dedicated Schools Grant

- 11.2 The Dedicated Schools Grant (DSG) is a ringfenced grant payable to Local Authorities by Government for the funding of schools. For several years, the Government has been changing the way it distributes schools funding via the DSG from locally agreed arrangements towards a standard means of allocating resources. This is known as the National Funding Formula.
- 11.3 The overall DSG allocation was confirmed at £297.200m in information accompanying the PLGFS on 16 December 2021. Further details regarding the DSG are included in **Appendix 1**.

Supporting Families (formerly Troubled Families) Programme

- 11.4 The Supporting Families Programme aims to support families with deep rooted problems relating to issues such as crime and antisocial behaviour, education, life chances, living standards, domestic abuse and mental and physical health. It provides much-needed support to improve outcomes for children and families on these issues. The programme is delivered through a devolved agreement between Government and Greater Manchester via a Reform Investment Fund. In 2021/22 Oldham's allocation was £0.868m with a target of supporting an additional 400 families (numbers reduced due to COVID-19). In the October 2021 Comprehensive Spending Review, the Chancellor committed to a continuation of the programme for the next three financial years with an additional £200 million nationally over this period. This will result in around a 40% real-terms uplift in funding for the programme by 2024/25. District level allocations for 2022/23 have yet to be announced, though it is not anticipated that these will be less than that received in 2021/22.

Housing Benefit Scheme / Housing Benefit Subsidy Grant

- 11.5 The Council receives Housing Benefit Subsidy Grant funding from the Department for Work and Pensions (DWP) to fund the costs of operating the Housing Benefits scheme. Allocations are determined on the submission of a Local Authority's initial estimate for its anticipated levels of rent allowances and rent rebates within a financial year. A revised estimate takes place mid-year. In addition to these estimates the DWP also allocates an amount for the administration of the scheme which is based on the number of new housing benefit claims and overall caseload.
- 11.6 In 2021/22 the Council is currently forecasting £44.224m of funding for Housing Benefit from the DWP. This allocation is likely to be reduced during 2022/23 as Housing Benefit caseloads continue to fall as a direct result of the transition to Universal Credit (UC). The estimated 2022/23 position will be captured following the Council's submission of updated information in accordance with the statutory deadline of 1 March 2022.

Discretionary Housing Payments (DHP)

- 11.7 The Council is awaiting notification of DHP grant allocations for 2022/23. For the 2021/22 financial year, the amount received by the Council was £0.605m and it is expected that the allocation for 2022/23 will be at a similar level. When received, this will be treated as a ringfenced grant as Authorities are required to provide a statement of grant usage and to return any unspent DHP allocation to the Government at the end of each financial year.

Homelessness Prevention Grant

- 11.8 The Government has announced continuation of a ringfenced to tackle homelessness and rough sleeping. Allocations have been notified and a grant of £0.553m has been awarded in 2022/23.
- 11.9 Homelessness Prevention grant is to give Local Authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. The Government expects it will be used to:
- Enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness.
 - Reduce family temporary accommodation numbers through maximising family homelessness prevention.
 - Eliminate the use of unsuitable bed and breakfast accommodation for families for longer than the statutory six week limit.

12 Business Rates and Grant in Lieu of Business Rates

- 12.1 As Government grant funding reduced, locally generated income from Business Rates provided an increasing proportion of funding for Council services. This income is driven by the rateable value of business premises and the Government notified business rates multiplier. There are however, a range of other factors such as Government policy announcements, empty premises and local economic conditions that influence the level of Business Rates that can be collected. A key influence of Business Rates income has been the granting of a range of reliefs and discounts which has generated Grants in Lieu of Business Rates as explained at 12.13 and 12.14.
- 12.2 As advised in SR 21 the PGLFS confirmed the freezing of the Business Rates multiplier in 2022/23, therefore the multipliers are:
- non-domestic rating multiplier: 51.2p
 - small business non-domestic rating multiplier: 49.9p
- 12.3 The impact of Retained Business Rates and Grants in Lieu of Business Rates on the 2022/23 budget is set out in the following table, comparing the original 2022/23 estimate to the expected position.

Table 15 – Business Rates

	2022/23 original £000	Revisions £000	2022/23 £000
Locally Generated Income - Business Rates			
Retained Business Rates	(50,619)	(706)	(51,325)
Grant in Lieu of Business Rates	(10,843)	(7,765)	(18,608)
Total Business Rates Income	(61,462)	(8,471)	(69,933)

- 12.4 The key financial implications for the 2022/23 budget are explained in the following paragraphs.

Retained Business Rates

- 12.5 On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. Under the pilot scheme, additional Business Rates income was initially offset by reductions in other funding streams such as Revenue Support Grant and Public Health Grant in exchange for the local retention of all future growth in Business Rates revenue (rather than just 50% as is the case with the national scheme of rates retention). The pilot scheme has delivered financial benefits for its participants. Whilst there has been some uncertainty as to the continuation of the 100% Business Rates retention piloting arrangements, the PLGFS advised that the pilot scheme would continue for at least 2022/23.
- 12.6 It was initially anticipated that Retained Business Rates income for 2022/23 would be £50.619m and assumed the continuation of the pilot scheme as outlined above. The estimate was prepared before the notification by Government of Business Rate Reliefs applicable from 1 April 2022, which has the impact of reducing the amount of Business Rates that can be billed. Despite the reliefs (for which the Council will receive compensation through Grants in Lieu of Business Rates (see paragraph 12.13)), the estimated level of Business Rates has increased by £0.706m to £51.325m. This increase is in part the consequence of the assumption of a benefit of £2.720m from the Business Rates pilot

scheme for 2022/23. The current arrangements are that the Council can retain 50% of this benefit with the balance attributable to the GMCA. The Council's share, £1.360m will be made available to support the 2022/23 budget whilst the GMCA share will be transferred to a reserve to be paid to the GMCA once the final position has been agreed. It is important to note that these figures will only be confirmed at the end of 2022/23.

- 12.7 The level of Business Rates to be relied upon for budget setting (the Business Rates Tax Base) has to be formally approved by Cabinet. A report setting out the estimated Tax base was presented to Cabinet on 24 January 2022. However, under the current Local Government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the Government a locally determined and approved Business Rates forecast through the National Non-Domestic Rates (NNDR 1) return by 31 January each year. The work to finalise the NNDR1 is still underway, therefore, the Cabinet report of 24 January 2021 gives delegation for the decision to vary the final Business Rates forecast and hence the Business Rates Tax base, to the Deputy Leader and Cabinet Member for Finance and Low Carbon in consultation with the Director of Finance. There may, therefore, be a further change to the estimates.
- 12.8 For the purposes of formal decision making, Oldham Council's share of the Business (Non-Domestic) Rates forecast for 2022/23 is presented at £48.605m a reduction of £2.013m compared to 2021/22 (reflecting the offsetting receipt of grant compensation). However, when including the Retained Business Rate pilot scheme growth, the Council's share increases to £49.965m, with £1.360m available for the GMCA. This represents the best estimate available. The total sum of £51.325m is represented as follows:

Table 16 – 100% Pilot Scheme Benefits

	£000	£000
Council's share of 2022/23 Retained Business Rates income	(48,605)	
Council's share of Retained Business Rates Pilot scheme growth	(1,360)	
Total Benefit to the Council		(49,965)
GMCA share of Retained Business Rates Pilot Scheme Growth	(1,360)	
Total Benefit to GMCA		(1,360)
Total Retained Business Rates income		(51,325)

- 12.9 The final Business Rates forecast for 2022/23 will be confirmed when preparing the submission of the Council's NNDR 1 return in late January 2022.
- 12.10 Members will recall with the exception of 2020/21; Oldham has participated in Business Rates pooling since 2015/16. The aim of pooling is to retain the benefits of any Business Rates growth within Greater Manchester for the benefit of the region. An initial expression of interest was submitted to the Government for the creation of a 2022/23 GM Business Rates Pool including all ten GM Districts.
- 12.11 The Business Rates Pooling proposition is such that no Local Authority should be worse off by pooling than it would be if it did not pool. Therefore, if there is any growth in Business Rates as a result of the economic regeneration activity planned within the borough, the Council would be able to keep its share of that benefit also benefiting from a share in any levy payment that any other levy paying Authority in the pool would normally pay to Central Government.
- 12.12 The fact that Greater Manchester is piloting full Business Rates retention, suggests participating in Business Rates pooling is no longer necessary as there are no additional

financial gains to be made. However, a decision on membership could not be made until the contents of the 2022/23 Provisional Local Government Finance Settlement had been examined and the impact understood. Confirmation of pool membership had to be made within 28 days of the receipt of Provisional Local Government Finance Settlement (12 January 2022). Having considered all the relevant information, the conclusion reached by all Councils was that pooling was not advantageous for 2022/23. With that collective decision, the Government was informed that there would be no GM pool in 2022/23.

Grant in Lieu of Business Rates

12.13 Directly aligned to Business Rates income that the Council can generate is the level of Grant in Lieu of Business Rates. This grant represents compensation for Government policy announcements and events that have the impact of reducing the amount of collectable Business Rates revenue including:

- Caps on increases in the Business Rates multiplier for 2014/15, 2015/16 and post 2018/19;
- The doubling of Small Business Rates Relief (SBRR) and threshold changes for 2020/21;
- The additional SBRR compensation for loss of supplementary multiplier income;
- Other small reliefs for discretionary schemes and supporting small businesses;
- Freezing the small business rate non-domestic rating multiplier for 2021/22 and 2022/23;
- The introduction of retail, hospitality and leisure Business Rates Relief for 2022/23; and
- The extension of transitional relief and supporting small business relief for small and medium properties scheme.

Grant in lieu of Business Rates is effectively a substitute for Retained Business Rates income. The grant is awarded under Section 31 of the Local Government Act 2003 and is currently forecast to be £18.608m for 2022/23. This is £7.765m more than had been anticipated, caused by almost a doubling of the adjustment factor in the way that compensation is calculated for some of the items highlighted above.

12.14 The compound effect of these changes coupled with the impact of appeals means the calculation of these amounts has become incredibly complex. Final figures are derived from the Council's Central Government return (NNDR 1) which will be submitted by 31 January 2022.

13 Council Tax

13.1 Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. Council Tax and ASCP income changes each year due to changes in the tax base (increase/decrease in chargeable Band D equivalent properties), fluctuations in collection rates and the Council's annual decisions on the level of the tax as set out below.

Council Tax Tax Base

13.2 Each year the Council is required to review its Tax Base by considering the:

- numbers of properties within the boundary of the borough which determines the number of Band D equivalent properties upon which the Council Tax calculations are based; and
- anticipated level of Council Tax that will be collected known as the Collection Rate.

13.3 The Tax Base for 2021/22 was set at 57,200 Band D equivalents, but when considering the initial position for 2022/23, it had been assumed that the Tax Base would rise to 57,683. However, the Tax Base has not increased as expected. On 24 January 2022 Cabinet considered and approved the calculation of the Council Tax Tax Base for 2022/23. The approved tax base has increased by 250 from 57,200 to 57,450. This supports the overall level of Council Tax that the Council can use for 2022/23. The tax base calculations are summarised in **Appendix 2**.

Council Tax Policy

13.4 Members will recall that in 2021/22, the Council increased its Council Tax by 2.99% which was comprised of 0.99% for general purposes and 2% for the Adult Social Care Precept (the Council had the option to increase the ASCP by 3% but chose to defer 1% until 2022/23).

13.5 The Council Tax policy for 2022/23 approved within the 2021/22 budget was an increase in Council Tax of 1.99% for general purposes plus 2% for the ASCP (using the 1% that was deferred from 2021/22 and an anticipated further 1% increase for 2022/23). This produced an overall increase of 3.99%. However, subsequently, there was uncertainty that Government would permit a 2% ASCP increase. Confirmation was only received when the PLGFS was announced thus enabling a 3.99% increase to be formally proposed.

13.6 The referendum criteria for 2022/23, as advised above permits the current approach.

Council Tax Income – General Purposes

13.7 As advised above, when the original estimates were prepared for 2022/23, it was assumed that the Tax Base would increase by 483 Band D equivalents. However, the approved Tax Base has increased by 250 from 57,200 to 57,450.

13.8 The net effect of the revision to the tax base combined with the anticipated 1.99% general purposes increase to Council Tax is a reduction of Council Tax income of £0.367m to that previously anticipated from £90.750m to £90.383m.

Council Tax Income - Adult Social Care Precept

13.9 It is proposed that the precept, which has to be highlighted separately on the face of the Council Tax bill, will be increased by the Council by 2% for 2022/23. This increase will generate an additional £2.000m Council Tax income for 2022/23 albeit that it is slightly lower than originally expected due a Tax Base variance.

- 13.10 The revenue raised from the ASCP must be ringfenced to support the increased costs of Adult Social Care and £0.990m (1%) will be used specifically to enable the Council to work with ASC providers to implement the National Foundation Living Wage for care staff from 1 October 2022. To ensure that Councils are using income from the precept for Adult Social Care, Councils are required to publish a description of their plans, including changing levels of expenditure on Adult Social Care and related services which requires sign off from the Council's Chief Finance Officer (the Director of Finance). In total the Council expects to collect £12.549m from the ASCP
- 13.11 Although the Government has not advised of ASCP policy intentions beyond 2022/23, it is assumed that it will not continue due to the major reforms planned for Adult Social Care. This position will be revised if Government policy does continue the ASCP.

Council Tax Levels

- 13.12 Taking into account the proposals above, Oldham Council Band D Council Tax for 2022/23 is therefore recommended to be £1,791.68 of which £218.43 relates to the Adult Social Care Precept. This represents an overall increase of 3.99% in Council Tax for Oldham Council services. Table 17 highlights the general purposes Council Tax this will generate together with the Adult Social Care Precept. Any changes to the Parish Precepts will be for the respective Parishes to determine.

Table 17 – Council Tax Income

	2022/23 original	Revisions	2022/23 Expected
	£000	£000	£000
Council Tax Income	(90,750)	367	(90,383)
Adult Social Care Precept	(12,599)	50	(12,549)
Parish Precepts	(300)	(4)	(304)
Total Locally Generated Income	(103,649)	413	(103,236)

Relevant Basic Amount of Council Tax

- 13.13 Members are reminded that the Council is required to calculate its Relevant Basic Amount (RBA) of Council Tax to determine whether there is a requirement to hold a referendum about a Council Tax increase above a level that the Government considers excessive.
- 13.14 This "excessiveness" is determined annually and for 2022/23 was detailed in 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2022/23 (draft)' which was published as part of the Provisional LGFS for 2022/23. For Oldham Council, the RBA consists of an increase in the RBA of Council Tax comprising a maximum of 2% for general Council Tax plus 4% minus the percentage increase in the RBA of Council Tax for expenditure on adult social care for 2021/22. For Oldham this means a maximum of 2% for the ASCP.
- 13.15 For Oldham, the 2022/23 maximum Council Tax increase available is 4% (2% for general purposes and 2% ASCP). Therefore any increase below 4% would not be classed as excessive and would not trigger a referendum. The Council Tax intention set out above is therefore not "excessive"

Council Tax Reduction (CTR) Scheme

- 13.16 The CTR Scheme (see report elsewhere on the agenda), sets out how the Council supports residents who qualify for assistance in paying Council Tax. Councils are required by statute to put in place a Local CTR scheme. Any changes to the scheme for the year ahead must be considered and approved annually by Council by no later than 10 March of the preceding financial year. The proposed scheme for 2022/23 is unchanged from the 2021/22 scheme. The financial impact of the Council's proposed scheme is reflected in the Council Tax Tax Base estimates which were approved by Cabinet on 24 January 2022. The taxbase, in turn, underpins the budget estimates included within this report.

Council Tax Empty Property Premium

- 13.17 Following a legislative change in 2018 to the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Council currently applies a Council Tax Empty Property Premium of 100% for properties empty and unfurnished for over two years. This policy was introduced from 1 April 2019 to encourage owners of empty properties to bring properties back into use and to help mitigate the impact of reduced Central Government funding.
- 13.18 As part of the revised legislation, Councils were also given the power from 1 April 2020 to introduce additional premiums for properties that have been empty and unfurnished for between five and ten years (200%) and over ten years (300%). However, the Council has chosen not to adopt this additional increase.

Impact of Decisions of Precepting Authorities

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

Mayoral Police and Crime Commissioner Precept

- 13.20 The Mayoral Police and Crime Commissioner precept will be considered by the Police and Crime Panel by the end of January 2022. The PLGFS allows an increase of up to £10. It is expected that the precept will be formally determined at the GMCA meeting on 11 February 2022. As the Mayor's approach has not been determined, for reporting purposes, the precept is shown as remaining at a value of £218.30.

Mayoral General Precept (including Fire Services)

- 13.21 The Mayor will also propose the Mayoral General Precept on 11 February 2022 (this will incorporate funding for Fire and Rescue Services as well as other Mayoral functions). The PLGFS advised that there is no cap on a Mayoral General Council Tax increase but there is a £5 cap on a precept for Fire Services. Again, the Mayor's intention has yet to be determined so at this stage the only position that has been assumed is an unchanged precept at a value of £90.95.

Parish Precepts

- 13.22 Parish Precept income is collected by the Council on behalf of the Saddleworth and Shaw and Crompton Parish Councils. This is then paid to the Parish Councils and this income and expenditure is included in the net revenue budget of the Council. These precepts are included on the Council Tax bills of properties falling within these parish areas. The revenue collected is for the benefit of each parish and thus has no impact on the financial projections presented in this report. At this stage no change in Parish Precepts has been assumed.

- 13.23 Saddleworth and Shaw & Crompton Parish Councils are due to agree their budgets and precepts imminently. At present no change is assumed in the level of precept.
- 13.24 The Parish Precept income will however increase slightly as a result of an increase in respective tax bases. This change will generate extra Parish Precept at a value of £0.003m for Saddleworth Parish Council and £0.001m for Shaw Parish Council.

Council Tax to be Used to Support 2022/23

Council Tax

- 13.25 Subject to confirmation from all precepting bodies, taking account of the estimated Council Tax Base of 57,450 for 2022/23 and the Council Tax and Adult Social Care Precept proposals, the sums anticipated to be drawn from the Collection Fund for Council Tax in 2022/23 are:

Table 18 – Draw on Collection Fund

Precepting Body	2022/23 £000
Oldham Council including Social Care Precept (subject to confirmation)	102,932
Mayoral Police and Crime Commissioner Precept (subject to confirmation)	12,541
Mayoral General Precept (including Fire Services) (subject to confirmation)	5,225
Saddleworth Parish Council (subject to confirmation)	208
Shaw & Crompton Parish Council (subject to confirmation)	96
TOTAL	121,002
Less: contribution from Parish Taxpayers	(304)
TOTAL Draw on Collection Fund for Major Preceptors	120,698

- 13.26 The 2022/23 Band D Council Tax is shown in the table below at anticipated levels for Oldham Council services, Mayoral Precepts and Parish Precepts. These will clearly change as the budget setting processes of each organisation develop.

Table 19 - Anticipated Band D Council Tax

Council Tax Raising Body	2021/22 £	2022/23 £	Change %
Oldham Council (subject to confirmation)	1,722.94	1,791.68	3.99%
Mayoral Police and Crime Commissioner Precept (subject to confirmation)	218.30	218.30	0.00%
Mayoral General Precept (including Fire Services) (subject to confirmation)	90.95	90.95	0.00%
TOTAL BAND D COUNCIL TAX	2,032.19	2,100.93	
Saddleworth Parish Council (subject to confirmation)	23.51	23.51	0.00%
Shaw & Crompton Parish Council (subject to confirmation)	17.37	17.37	0.00%

14 Collection Fund

- 14.1 The Collection Fund is a statutory fund separate from the General Fund of the Council. The Local Government Finance Act 1992 (as amended) requires that the Council as the Billing Authority calculates a Collection Fund outturn estimate by 15 January each year. This may produce a Council Tax surplus or deficit which can then be distributed to the Council and the GMCA for the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept. In addition, the Business Rates surplus or deficit can be distributed to the Council and the GMCA (in respect of the Fire Services element of the Mayoral General Precept).

2020/21 Collection Fund Deficit

- 14.2 The Government, in 2020/21 passed legislation that required Councils to spread any deficit of the Collection Fund in that year over the next three years. This was applied to both Council Tax and Business Rates and was incorporated into the regulatory process of estimating the collection fund deficits in January 2021. This meant that 2020/21 Collection Fund deficits would still be recovered but over a longer time frame. After applying this approach to normal Collection Fund activity, a deficit of £0.353m was recovered from the General Fund in 2021/22 with a further £2.192m to be recovered in both 2022/23 and 2023/24.

2021/22 Collection Fund Surplus

- 14.3 The 2021/22 Collection Fund forecast outturn projection is presented as part of the revenue monitoring reports considered by Cabinet throughout the year. The Collection Fund forecast outturn position (incorporating both Council Tax and Business Rates) has been estimated at a deficit of £8.074m of which the Councils share is £7.741m. Grants received in lieu of Business Rates in 2021/22 relating to the provision of Extended Retail Relief in the sum of £9.045m will be carried forward into 2022/23 to offset the Business Rates deficit (as reported to in the month 8 financial monitoring report elsewhere on the agenda). This will leave £1.304m which will be available to support the 2022/23 revenue budget.
- 14.4 The net impact of these two issues produces a Collection Fund impact on the 2022/23 budget of a deficit of £0.888m as shown in the table below.

Table 20 – Collection Fund Summary

	£000
2020/21 General Collection Fund Deficit	2,192
2021/22 General Collection Fund Surplus	(1,304)
Collection Fund Impact 2022/23 (excluding the impact of business rates reliefs)	888

Collection Fund Deficit – Impact of Business Rates Reliefs

- 14.5 As in 2021/22, a technical adjustment to the budget is required in 2022/23 as a result of the Collection Fund deficit caused by the Government notifying the continuation of Business Rate reliefs for retail, leisure, hospitality and nursery businesses after the 2021/22 budget had been set. The estimated sum (the final figures will only be confirmed at the end of the 2021/22 financial year) is £9.045m (as referred to at 14.3). Government is providing the Council with grant compensation for the loss of Business Rates income throughout 2021/22 and this will be carried forward as a reserve. The use of this reserve will then offset part of the Collection Fund deficit that will be incorporated into the 2022/23 budget.

Revised Budget Reduction Requirement after Adjustments to Estimates

- 14.6 As previously highlighted, the result of these revisions to estimates is that the comparative budget reduction requirement has reduced from £31.900m to £24.781m as illustrated at a summary level in the table below. After incorporating the impact of the technical adjustment for business rates reliefs described in paragraph 14.5, the requirement increases to £33.826m as presented below.

Table 21 – Revised Budget Reduction Requirement

	2022/23 original £000	Revisions £000	2022/23 £000
Prior Year Net Revenue Budget	237,349		237,349
Total Adjustments to the Base Budget	10,475	(2,178)	8,297
Total Expenditure Adjustments	10,786	14,709	25,495
Total Development Fund	1,500	180	1,680
Total Impact of Levies	678	(676)	2
Total Expenditure	260,788	12,035	272,823
Total Government Grant Funding	(65,969)	(9,792)	(75,761)
Total Business Rates Income	(61,462)	(8,471)	(69,933)
Total Council Tax Income	(103,649)	413	(103,236)
Total Collection Fund (excluding the impact of business rates reliefs)	2,192	(1,304)	888
Total Funding	(228,888)	(19,154)	(248,042)
Budget Reduction Requirement	31,900	(7,119)	24,781
Collection Fund Deficit – Impact of Business Rates Reliefs	0	9,045	9,045
Adjusted Budget Reduction Requirement	31,900	1,926	33,826

- 14.7 The detailed budget estimates for 2022/23 summarised in the table above are shown in full at **Appendix 3**.
- 14.8 The addressing of the £33.826m budget gap is set out in Section 15 to 18 of the report.

15 Balancing the 2022/23 Budget – Review of 2021/22 Budget Reduction Proposals

- 15.1 The approach used by the Administration for balancing the 2022/23 revenue budget has followed on from the successful processes adopted in previous years. Using the well-established Member review process, there has been consideration of the financial pressures facing the Council alongside available funding and resources. All of the budget revisions, including the investment in Administration priorities have been reviewed and the budget reduction requirement agreed.
- 15.2 A first step towards balancing the budget was a review of the twelve Budget Reductions totalling £6.050m that were approved at the 4 March 2021 Council meeting for delivery in 2022/23.
- 15.3 Responsible officers were required to provide Members with an update on the achievability of these approved budget reductions. The progress reports indicated that most of the budget reductions could still be delivered in full, but there is a variance of £0.583m. The table below shows all the approved budget reductions, the updated position and the variance.

Table 22 – Achievability of 2021/22 Budget Reduction Proposals

Reference	Proposal Name	Approved Budget Reduction £000	Updated Position £000	Variance £000
Community Health & Adult Social Care				
CSA-BR1-423	Maximising independence through alternative models of care	(1,000)	(1,000)	0
CSA-BR1-424	CHASC Workforce Reduction	(50)	(50)	0
CSA-BR1-429	KeyRing	(20)	(20)	0
CSA-BR1-430	Achieving Better Outcomes: Supported Living & Learning Disabilities	(500)	(500)	0
Communities and Reform				
REF-BR1-415	Mahdlo Funding Reduction	(100)	0	100
Children's Services				
CHS-BR1-443	External Placements Cost Avoidance	(500)	(500)	0
CHS-BR1-445	Early Help Remodelling	(200)	(200)	0
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	(114)	(114)	0
People and Place				
PPL-BR1-403	Digital Mail	(100)	(100)	0
PPL-BR1-401	Creating a Better Place - Projects & Assets	(2,991)	(2,620)	371
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	(430)	(363)	67
PPL-BR1-421	Transformation of the Contact Centre	(45)	0	45
Grand Total		(6,050)	(5,467)	583

15.4 As can be seen, there are four budget reduction proposals where a variance has occurred against the original approved plans. The key issues in relation to these are:

a) Mahdlo Funding Reduction - £0.100m

Further consideration has been given to the continuation of the second element of the £0.200m budget reduction in the Councils contribution to the operation of Mahdlo (£0.100m over each of 2 years, 2021/22 and 2022/23). As a result, 2022/23 budget reduction of £0.100m has been withdrawn.

b) Creating a Better Place – Projects & Assets - £0.371m

A revised profile for the delivery of the budget reduction has been presented which delivers the same overall budget reduction total of £8.216m, but over five rather than three years. As a result, £0.371m will have to be reprofiled from 2022/23 into later years. Clearly every effort will be made to continue to pursue the Creating a Better Place agenda as quickly as possible but given the scale of the programme and the impact of the pandemic, some delays have been unavoidable.

c) Internal Efficiency Initiatives – Unity Partnership Ltd - £0.067m

This proposal consisted of a number of initiatives all except one of which is expected to be achieved. The shortfall of £0.067m relates to home working and other efficiencies in the Benefits Team which, due to the workload pressures being experienced and the requirement to improve the service to customers, will not be achieved.

d) Transformation of the Contact Centre - £0.045m

It is considered that due to the pressure on the service provided by the contact centre and the need to improve customer service performance, that this budget reduction cannot be delivered.

15.5 The impact on the overall budget position after taking into account the impact of the revised 2021/22 budget reductions at £5.467m is that there is a revised balance to address of £28.359m.

Table 23 – Revised Budget Gap after 2021/22 Budget Reduction Proposals

	2022/23 £000	2022/23 £000
Revised Budget Reduction Requirement after Adjustments to Estimates		33,826
Impact of 2021/22 Budget Reduction Proposals		(5,467)
Revised Budget Reduction Requirement after 2021/22 Budget Reduction Proposals		28,359

16 Balancing the 2022/23 Budget - 2022/23 Budget Reduction Proposals

- 16.1 Having reviewed the budget reductions that were initially approved in 2021/22 but impacting on 2022/23, Cabinet Members and service officers then undertook an in-depth review of their respective elements of the budget to determine areas that could be the subject of budget reduction proposals and hence contribute to bridging the budget reduction requirement. After detailed examination, a total of 53 budget proposals have been presented by Cabinet Portfolio for consideration and approval.
- 16.2 Member support for Portfolio specific proposals has been demonstrated by each budget reduction proforma (BR1) bearing the signatures of the relevant Cabinet Member.
- 16.3 The 53 budget reduction proposals at a cumulative value of £6.268m for 2022/23, a further £1.895m in 2023/24 and a further £1.150m in 2024/25 with an FTE impact of 22.60 in 2022/23 are now presented in summary at **Appendix 4** and in detail at **Appendix 5**. There is a detailed budget reduction pro forma for each individual proposal and an Equality Impact Assessment as appropriate. The 2022/23 impact of budget reduction proposals by Cabinet Portfolio are shown in the table below. Two of the proposals require investment of £0.405m in 2022/23 to deliver savings in 2023/24, these are:
- a) ASC-BR1-548 - Smarter Ways of Working - £0.095m
 - b) ASC-BR1-552 - Review Care and Support Plans - £0.310m
- 16.4 Assuming approval of the 2022/23 budget reduction proposals, the budget reduction requirement for 2022/23 reduces from £28.359m to £22.091m as shown below.

Table 24 – Summary of Proposed Budget Reductions

	2022/23 £000	2022/23 £000
Revised Budget Reduction Requirement after 2021/22 Budget Reduction Proposals		28,359
2022/23 Budget Reduction Proposals		
Economic and Social Reform	(331)	
Neighbourhoods	(644)	
Housing	(73)	
Health and Social Care	(2,915)	
Education and Skills	(356)	
Employment and Enterprise	(56)	
Corporate Services	(389)	
Children and Young People	(235)	
Finance and Low Carbon	(1,269)	
Total Budget Reduction Proposals		(6,268)
Revised Budget Reduction Requirement after Budget Reduction Proposals		22,091

- 16.5 The 2023/24 and 2024/25 impact of these budget reductions is reflected in the Medium Term Financial Strategy report elsewhere on the agenda.

17 Balancing the 2022/23 Budget - Flexible Use of Capital Receipts

- 17.1 It is expected that the ability to use capital receipts to support the cost of transformational activities the 'Flexible Use of Capital Receipts' will continue in 2022/23 (although the guidance has not yet been published). Working on the basis that the guidance is substantially the same as previous years, therefore, the revised budget projections now include £2.500m of capital receipts to support transformational activity.
- 17.2 A suggested approach (which has been included in the proposed budget presentation) in the light of the flexible use of capital receipts opportunity, is to reduce the general use of reserves of £12.297m as included in the original projections for 2022/23 by £2.500m. This effectively substitutes the capital receipts for reserves to maintain the same level of one-off use of resources. This enables £2.500m of reserves to be used in a future financial year.

Table 25 – Flexible Use of Capital Receipts

	2022/23 £000
Revised Budget Reduction Requirement after Budget Reduction Proposals	22,091
Flexible use of Capital Receipts 2022/23	(2,500)
Revised Budget Reduction Requirement	19,591

- 17.3 After the application of the Flexible use of Capital receipts a budget gap of £19.591m remains.

18 Balancing the 2022/23 Budget - Use of Reserves

- 18.1 Using reserves as outlined below, brings the 2022/23 to a balanced position. However, in addition to a general use of reserves, there are other specific reserve movements as outlined in paragraphs 18.2 to 18.7.
- 18.2 As in 2021/22, the 2022/23 budget requires a technical adjustment as a result of the Collection Fund deficit caused by the Government introducing Business Rate reliefs for retail, leisure, hospitality and nursery businesses after the 2021/22 budget had been set. The estimated sum (the final figures will only be confirmed at the end of the financial year) is £9.045m. The Government is paying the Council grant compensation for the loss of Business Rates income through 2021/22 and this will be carried forward as a reserve. The use of this reserve will then offset part of the Collection Fund deficit.
- 18.3 As advised at Section 12 there is an anticipated Business Rates gain for the Council and the GMCA as a result of the piloting of Business Rates Retention in 2022/23. There will be a requirement to hold the GMCA element in reserves until such time as the payment is required, hence there is a movement to reserves of £1.360m.
- 18.4 Budgetary provision has been included for the cost pressures associated with organisational redesign that is planned for 2022/23. This is expected to generate efficiencies and budget reductions from 2023/24, hence the use of one-off funding from reserves to pump prime this initiative.
- 18.5 One-off budgetary provision has been included to fund planned activities to support celebrations for the Queen's Platinum Jubilee. As this is one-off in nature, this is to be funded from a specific reserve in 2022/23.
- 18.6 The two budget reductions presented earlier in the report which require up-front investment in 2022/23 to support longer term cost savings will also generate efficiencies and again the use of one-off funding of £0.405m from reserves set aside for transformational projects will enable this approach.
- 18.7 The initial estimates for 2022/23 were prepared on the basis of the use of £12.297m of reserves to support the budget to allow time for the transformational change to take place. Given, in the main, the availability of £2.500m via the flexible use of capital receipts, the requirement for the use of reserves has fallen to £10.101m.

Table 26 – Use of Reserves

	2022/23 £000	2022/23 £000
Revised Budget Reduction Requirement		19,591
Use of Reserves - Collection Fund Deficit - Impact of Business Rates Reliefs	(9,045)	
Transfer to Reserves - GMCA 100% Business Rates Retention Pilot Gain	1,360	
Organisational Redesign	(1,300)	
Queen's Jubilee Celebrations	(100)	
Up-front Investment to Support Budget Reductions	(405)	
General Use of Reserves	(10,101)	
Total Reserves		(19,591)
Revised Budget Reduction Requirement after Reserves		0

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- 18.8 The overall use of reserves to balance the budget is £20.951m. As described above, this is comprised of :
- a. the use of reserves to support the technical adjustment arising from the granting of business rates relief after the budget for 2021/22 was set;
 - b. three reserves funding one off initiatives; and
 - c. £10.101m supporting general Council business.
- 18.9 The contribution to reserves of £1.360m relating to Business Rates Retention pilot scheme gains nets the total use of reserves to £19.591m.
- 18.10 It is acknowledged that the 2022/23 revenue budget is underpinned by the deployment of reserves and that this is not sustainable in the medium term. However, the Council is committed to delivering its Transformation Programme to support the revenue budget in future years. This is set out in more detail in the Medium Term Financial Strategy report (elsewhere on the agenda).

19 Ability to Address COVID Related Pressures

- 19.1 An important consideration in preparing the 2022/23 budget is the impact of COVID and the ability of the Council to withstand any additional financial pressures. Unlike 2021/22, the Government has not provided any additional funding specifically to support the impact of COVID. Any COVID pressures must be managed within the general grant increase that the Government has provided. As advised, £12.000m has been built into the budget to support anticipated additional COVID costs reflective of the costs that have been incurred in 2021/22 and mindful of the pressures arising from the Omicron variant.
- 19.2 In 2021/22, in addition to the general COVID grant funding received from the Government the Council also received extensive support to cover a number of initiatives. This includes support to assist hospital discharges into adult social care services. This has been financed the Department of Health via Oldham CCG in line with Government policy. These hospital discharge costs will continue beyond 1 April 2022, but no NHS funding is expected.
- 19.3 In addition, the Council has received significant COVID specific ringfenced grants in 2021/22. Confirmation has been received that any remaining resources of the biggest grant, the Contain Outbreak Management Fund can be carried forward into 2022/23 (although none has been included in the year end reserve projections). It is also anticipated that there may be further allocations of specific resources beyond the end of 2021/22, depending on the course of the pandemic. However, the continuation of any of these grants into 2022/23 is unclear.
- 19.4 The reserves and balances outlined in the next section are a key element in the Council's ability to manage in-year pressures, particularly those related to COVID. Reserves are also being held to provide support should there be any overspending in both Children's Services and Adult Social Care. Reserves are also available to support initiatives in the transformation programme which will underpin the Council's budget strategy, potential increases in energy costs above budgeted provision and should pay awards be agreed above the sum built into the budget. Balances have been risk assessed to provide support in case budget reductions are not delivered to timeline.
- 19.5 Reserves and balances will be used should there be any significant unplanned costs in 2022/23, including those arising from the costs of COVID.
- 19.6 Given the financial position and uncertainties that will prevail in 2022/23, it is important that the measures introduced in 2020/21 and continued in 2021/22 to more effectively manage expenditure are continued (or adapted as appropriate) in 2022/23. Members will recall that these measures were agreed initially in the Financial Update – Budget 2020/21 and 2021/22 report to Cabinet on 24 August 2020 and confirmed in a further report of the same name, approved at Cabinet on 30 November. These measures are:
- A continuous review of the capital schemes within the capital programme to ensure that the schemes are focussed on maximising the benefit to the Borough whilst minimising the revenue impact;
 - Maintaining expenditure controls to stop the commissioning of goods and services not deemed essential to the operation of the Council at a time of emergency – both revenue and capital items;
 - Maintaining tight recruitment controls and reviewing the use of agency/temporary staff;
 - Reviewing all revenue budgets to assess if there is an excess resource that can be reallocated to offset the financial challenge presented by COVID;
 - More rigorously enforcing budget holder accountability, especially on all overspending budgets via task and finish meetings with officers and the Cabinet Members with responsibility for the relevant budgets;

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- Stopping the introduction of new initiatives unless they are essential (such as a response to a Government initiative) which will enable resources (staffing and financial) to be focussed on existing priorities; and
 - Maintaining the stringent controls on the use of any reserves in order to minimise the call down of reserves and undertaking a continuous review of reserves to decommission those deemed to no longer be a priority so they are available to underpin the financial position of the Council.

19.7 Whilst the financial challenge remains significant, there are resources available to address such challenges in 2022/23. There are also actions in train to deliver transformational change that will provide financial stability. However, the in-year position will be kept under close review with the financial monitoring reports presented to Cabinet being an early indicator that management action is required and allowing the formal agreement of measures to contain expenditure.

20 Reserves and Balances

20.1 The forecast year-end Earmarked Reserves position presented below reflects the estimated closing balance for 2021/22 and hence the total reserves available for the financial year 2022/23. However, this is before the proposed use of reserves of £20.951m in 2022/23 as highlighted at paragraph 18.7 and contribution to reserves of £1.360m

Table 27 – Reserves Position

Earmarked Reserves	2021/22 Opening Balance	2021/22 Estimated Closing Balance
	£000	£000
Adverse Weather Reserve	(1,000)	(1,000)
Balancing Budget Reserve – 2021/22	(42,012)	-
Balancing Budget Reserve – 2022/23	(12,297)	(20,951)
Balancing Budget Reserve – 2023/24	-	(6,000)
Balancing Budget Reserve – 2024/25	-	(3,932)
Council Initiatives Reserve	(2,891)	(1,982)
Directorate Reserves	(2,192)	(1,345)
District Executive Reserves	(594)	(594)
Emergency and External Events Reserve	(2,000)	(2,000)
Fiscal Mitigation Reserve	(11,582)	(11,283)
Insurance Reserve	(9,985)	(9,985)
Integrated Working Reserve	(17,380)	(12,028)
Levy Reserve	(340)	-
Life Cycle Costs Reserve	(1,651)	(1,521)
Local Restrictions Support Reserve	(37)	-
Regeneration Reserve	(3,564)	(2,152)
Transformation Reserve	(5,987)	(5,952)
Total	(113,512)	(80,725)

20.2 Although the estimated level of reserves at the end of 2021/22 is £80.725m, this is higher due to the technical requirement to carry forward as a reserve, the £9.045m of Government grant compensation to support the loss on the Collection Fund due to the granting of Business Rates reliefs after the 2021/22 budget had been set. The use of this reserve, alongside the use of £11.906m of general reserves and specific reserves to underpin the 2022/23 budget (a total of £20.951m), will therefore utilise in full the Balancing Budget Reserve for 2022/23 at the start of the 2022/23 financial year. This will reduce the balance of Earmarked Reserves to £59.774m but with the addition of the £1.360m reserve created to hold Business Rates gains, reserves will be £61.134m on 1 April 2022.

20.3 In addition, a number of these reserves are committed to finance expenditure planned for future financial years meaning they are not available for alternative uses. This includes a further £8.500m to support the revenue budget over 2023/24 (£6.000m) and 2024/25 (£2.500) plus a further £1.432m for Bus Reform required in 2024/25 and also the:

- Integrated Working Reserve, to enable joint working with NHS partners to support health and social care integration.
- Regeneration Reserve, to facilitate up-front expenditure linked to capital projects including the Creating a Better Place Strategy.
- Transformation Reserve, to facilitate the continuation of existing and implementation of new transformational activity that will support improvements in service delivery as well as create efficiencies and budget reductions.

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- 20.4 It should be noted that, as in previous years, there may be opportunities to establish reserves based upon the Council's need, dependent on the outturn position and after the Council's General Fund Balance requirement has been met. Any Earmarked Reserve creation will therefore change the current projections; however this will not be known until the end of the 2021/22 financial year.
- 20.5 Having regard to all relevant information, it is recommended that the level of General Fund balances required to support the 2022/23 budget increases from £17.263m to £19.935m. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. The statement is included in a report elsewhere on the agenda. Members are reminded, therefore, that all budget proposals have been subject to a risk assessment undertaken by the Director of Finance.

21 Overall 2022/23 Revenue Budget Strategy

21.1 The key elements of the 2022/23 revenue budget strategy are:

- The revised budget reduction requirement of £33.826m for 2022/23;
- The budget reduction proposals set out in Sections 15 and 16 of the report;
- The use of other funding opportunities to balance the 2022/23 budget, namely, the flexible use of capital receipts and specific and general corporate reserves;
- The approach to reserves and balances set out in Section 20 of the report; and
- Proposed Council Tax and Adult Social Care Precept levels set out in Section 13 of the report.

21.2 Having regard to the issues outlined at paragraph 21.1, the overall budget strategy for 2022/23 can be summarised as follows:

Table 28 – Overall Budget Strategy

Budget Strategy	2022/23	
	£000	£000
Directorate budget requirements	270,323	
Budget Reductions excluding use of reserves	(11,735)	
Budget for 2022/23 before use of reserves		258,588
<u>Less Government Funding</u>		
Business Rates Top Up	(42,439)	
Improved Better Care Fund Grant	(11,187)	
Social Care Support Grant	(12,132)	
Lower Tier Services Support Grant	(428)	
Independent Living Fund (ILF) Grant	(2,580)	
Housing Benefit Administration Grant	(824)	
Council Tax Administration Grant	(371)	
New Homes Bonus	(562)	
2022/23 Services Grant	(4,467)	
Market Sustainability and Fair Cost of Care Fund	(758)	
New Burdens - Revenues and Benefits	(13)	
		182,827
<u>Less</u>		
Retained Business Rates	(51,325)	
Grants in Lieu of Business Rates	(18,608)	
Collection Fund Impact	888	
Collection Fund Deficit – Impact of Business Rates Reliefs	9,045	
Parish Precepts	(304)	
		122,523
<u>Add Precepts – to be confirmed</u>		
Mayoral Police and Crime Commissioner Precept	12,541	
Mayoral General Precept (including Fire Services)	5,225	
Total Council Tax including Levies (A)		140,289
Current Council Tax, adjusted for Tax Base (B)		120,698
Difference (A-B)		19,591
This additional expenditure is being funded by net resources from appropriations from earmarked reserves		

21.3 If the proposals in this report are approved, the revised revenue budget position for 2022/23 would be as set out in detail at **Appendix 6**, a net revenue expenditure budget of £258.588m. The position for 2022/23 to 2026/27 is set out in the Medium Term Financial Strategy report elsewhere on the agenda.

22 Fees and Charges

22.1 Attached at **Appendix 7** is the proposed fees and charges schedule for the 2022/23 financial year. Consideration has been given as to whether charges should be increased, reduced or left unchanged in the context of each service. In determining their proposals, Members have considered whether:

1. it is appropriate to review fees and charges given on-going challenges associated with the legacy of the COVID-19 pandemic;
2. charges need to increase to keep pace with service specific cost pressures and inflation in order to avoid creating a future budget pressure;
3. proposals support the long-term sustainability and viability of services which rely on a significant proportion of fee income to cover service costs;
4. increased charges are necessary to mitigate overspends or alternatively support the delivery of budget reduction proposals;
5. the market can bear any additional increase; and
6. fee increases could be counter-productive as they have the potential to reduce demand or have wider adverse implications.

22.2 For the majority of charges, a range of increases are recommended primarily to cover anticipated pay and price pressures. It should be noted that the Consumer Prices Index (CPI) for December 2021 was 5.4%, the highest level since March 1992. Where charges are not increasing, this is largely for the reasons set out at paragraph 22.1 (points 1, 5 or 6) but may also be because some charges are determined under separate Statutory arrangements.

22.3 Where proposals have been put forward to increase charges, this is deemed necessary to support the long-term sustainability and viability of specific services or to deliver several proposed revenue budget reductions. If charges were not increased, above-inflation increases would be needed in future years to recover real terms income losses. The impact of fees and charges increases have therefore been included within the budget estimates or budget reduction proposals outlined earlier in the report.

22.4 Below is a brief summary of the fees and charges proposals for each service:

Registrars (Births, Deaths and Marriage Duties)

22.5 Charges for discretionary services are typically being increased by between £5 and £10. This gives rise to a range of percentage increases; some of which are higher than the prevailing rate of inflation. Charges have been increased in this way to ensure they can be rounded to nearest pound or £5 as appropriate. Some charges have not been changed as these are determined in line with Statutory provisions. A small number of discretionary charges have been left unchanged due to low demand/uptake.

Libraries, Leisure and Culture

22.6 It is proposed that charges for Library Services, Local Studies, Archives and Oldham Gallery remain unchanged at 2021/22 levels. It is proposed that Music Service charges are increased by around 3%. Oldham Theatre Workshop charges have been restructured. Show ticket charges have been reduced but some charges have been increased by up to 5% to maintain income yield. Several new services/charges have been introduced across Oldham Theatre Workshop and Oldham Gallery.

Outdoor Education

- 22.7 Charges for the Castleshaw centre and the provision of instructors are proposed to increase by between 2% and 3%. A small number of increases will be less than 2%. Charges for the School Swimming Service are proposed to increase by 3%. It is proposed that charges for study support remain largely unchanged at 2021/22 levels although the Schools Linking Project Core Offer will increase by 2% compared to 2021/22. Charges are no longer published for Sports Development as this service was transferred to Oldham Community Leisure on 1 November 2021.

Lifelong Learning

- 22.8 Many lifelong learning tuition fees remain free to users of the service. Where charges are levied, it is proposed these are increased by around 3%. In addition, Community Learning classes are now charged at the lower 'Adult Education Budget' rate.

Adult Social Care

- 22.9 It is proposed that three specific housing and care charges covering helpline services are increased by 50p. All other housing and care charges remain unchanged. Many housing and care charges have remained frozen since at least 2014/15. A 2.5% increase is proposed for services associated with the protection of property. Court of Protection fees remain unchanged at present, but these will be determined in line with Statutory provisions.

Corporate Landlord/Facilities Management

- 22.10 At present, no increase is proposed in room hire or facilities charges at sites including Chadderton and Failsworth Town Halls, the Queen Elizabeth Hall, the Link Centre and the Honeywell Centre.

Parking

- 22.11 At this stage, no change has been proposed for any parking tariffs. However, budget reduction proposal PPL-BR1-502 includes a £0.025m per annum saving from a review of town centre parking charges. These are currently under review with proposals expected to be presented for consideration during the 2022/23 financial year.

School Meals

- 22.12 School meal charges for children are currently £2.60. It is proposed that charges are increased by 10p to £2.70 from 1 September 2022. The additional charge represents a 3.8% increase which is lower than the current rate of inflation as measured by CPI.

Parks, Open Spaces and Outdoor Facilities

- 22.13 An increase of around 3% is proposed for the hire of changing accommodation, pitches and open spaces.

Cemeteries and Crematorium

- 22.14 Charges for funerals which arrive later than the agreed appointment time have been abolished. Charges for most services are proposed to increase by an average of 3%.

Highways

- 22.15 It is proposed that new charges are introduced for skip permits for unregistered companies and long-term applications for scaffolding licences. A new fee has also been introduced for the renewal of access protection markings. Most charges are being increased by between 2.5% and 3.5% with differences accounted for by rounding to the nearest pound. Highway adoption fees are proposed to increase by 10% to align with charges levied by other Greater Manchester districts.

Planning

- 22.16 It is proposed that most discretionary planning fees are increased by around 3%. A small number of increases vary from this amount due to rounding to the nearest pound or £5 as appropriate. Budget reduction proposal PPL-BR1-503 anticipates income from planning fees will be sufficiently buoyant to yield a £0.050m per annum saving from 2022/23.

Public Protection

- 22.17 It is proposed that charges associated with Food Safety, Environmental Health, Health and Safety, Neighbourhood Enforcement, Housing, Public Health and Licencing (excluding Taxis) are typically increased by around 3%. Some increases vary from this amount due to rounding to the nearest pound or £5 as appropriate. Animal Health Licences are proposed to be increased by around 5%. It should be noted that Animal Health Licence charges have not been increased since at least 2019/20. No increases are proposed for Taxi Licencing or Trading Standards charges with the exception of the 'Do You Pass' training course. Similarly, Betting and Adult Entertainment Licence fees remain unchanged as charges are capped by legislation. Finally, Pest Control fees have been reviewed and a variety of increases are proposed to improve the alignment of charges with the cost of service provision.

Security

- 22.18 It is proposed that charges are increased by around 3%. A small number of increases vary from this amount due to rounding.

Waste and Fleet Management

- 22.19 To remain competitive, it is proposed that fleet MOT charges remain unchanged. Trade Waste charges will, in future, be disclosed when business customers make an enquiry. In terms of domestic waste, many services remain free to residents. Where charges are levied, increases are largely between £1 and £5.

Summary

- 22.20 Fee increases for 2022/23 are necessary for most chargeable services in order to maintain income levels in real terms. This is in the context of general price inflation which is currently in excess of 5% (as measured by the CPI). Additional income generation is needed to cover anticipated pay awards and service specific price inflation. Whilst, in some instances, charges remain unchanged, applying this approach across most or all services would increase the 2022/23 budget reduction requirement.

23 Pay Policy Statement

23.1 Included at **Appendix 8** is the Council's Pay Policy Statement. This Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011, which requires approval of the Statement through full Council. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees, with particular emphasis on the level of remuneration for the Council's most senior staff.

24 Options/Alternatives

24.1 The options as follows:

- Option 1 – The Policy Overview and Scrutiny Committee accepts the 2022/23 assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 3.
- Option 2 – The Policy Overview and Scrutiny Committee proposes amendments to the assumptions which will change the resulting budget reduction requirement and financial forecasts.
- Option 3 – The Policy Overview and Scrutiny Committee recommends all the 2022/23 budget reduction proposals included in this report to the value of £6.290m for approval and the approach to the use of reserves and balances and as well as Council Tax and Adult Social Care Precept increases.
- Option 4 - Policy Overview and Scrutiny Committee can request that further work is undertaken on some or all of the budget proposals and the approach to reserves and balances and that Cabinet considers a revised position.

25 Preferred Option

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

26 Consultation

26.1 Members of the public and stakeholders will be consulted on our proposals and invited to submit their feedback. A proactive approach to communications will be taken, with a multi-channel communications strategy incorporating digital, social and traditional media, ensuring that residents and businesses across Oldham are aware of our budget proposals and are able to have their say.

(Jeni Harvey, Head of Communications and Research)

27 Financial Implications

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

28 Legal Services Comments

28.1 Legal issues are addressed in the body of the report. The Council has a legal obligation to pass a resolution to agree its budget and Council Tax resolutions before 11 March 2022.

(Paul Entwistle, Director of Legal Services)

29 Co-operative Agenda

- 29.1 As a Co-operative Council, Oldham is committed to reforming public services and encouraging innovation, leading to better outcomes and delivery. The revenue budget projections have been prepared so that they support the Council's co-operative agenda with resources being directed so that the aims, objectives and co-operative ethos of the Council are delivered.

(Jonathan Downs, Corporate Policy Lead)

30 Human Resources Comments

- 30.1 The FTE reductions detailed within the budget proposals comprise of a mix of vacant and filled positions. As the number of filled positions proposed for deletion as a result of the budget options are below the legally set threshold of 20, there will be no requirement for the issuance of a formal Section 188 notice. This will not, however, negate the need for redesigns and potential redundancies to be conducted with the appropriate consultation periods and in line with the Council's relevant policies and procedures. Where staff are displaced as a result of service redesign the Council's redeployment process will be applied and redundancies mitigated as far as possible. Full consultation with staff and recognised Trade Unions will form a part of these processes.

Paul Dernley (Assistant Director - HR Operations)

31 Risk Assessments

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

Mark Stenson (Assistant Director of Corporate Governance and Strategic Financial Management)

32 IT Implications

- 32.1 Any specific IT implications associated with the proposals included in the report are detailed within the individual budget reduction proformas included at Appendix 5.

33 Property Implications

- 33.1 Any specific property implications associated with the proposals included in the report are detailed within each individual budget reduction proformas included at Appendix 5.

34 Procurement Implications

- 34.1 Any proposals that impact on the procurement of goods, services etc. will be undertaken in full liaison with the Procurement Service and in compliance with all necessary Council and statutory requirements.

35 Environmental and Health & Safety Implications

- 35.1 Environmental and Health and Safety implications will be considered when dealing with the individual proposals as appropriate.

36 Equality, community cohesion and crime implications

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

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- 36.2 Demonstrating that “due regard” has been given involves:
- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process - so that it informs the development of policy and is considered before a decision is taken; and
 - ensuring that decision makers are aware of the equality duties and any potential equality issues when making decisions.
- NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that the Council must be clear where this is the case and must be able to demonstrate that it has consulted, understood and mitigated the impact.
- 36.3 To ensure that the process of impact assessment is robust, it needs to:
- Be specific to each individual proposal;
 - Be clear about the purpose of the proposal;
 - Consider available evidence;
 - Include consultation and involvement with those affected by the decision, where appropriate;
 - Consider proposals for mitigating any negative impact on particular groups; and
 - Set out arrangements for monitoring the actual impact of the proposal.
- 36.4 The Equality Act 2010 extends the public sector equality duties to cover nine protected characteristics, namely:
- age,
 - disability,
 - gender,
 - gender reassignment,
 - marriage and civil partnership,
 - pregnancy and maternity,
 - race,
 - religion and belief and
 - sexual orientation.
- 36.5 In December 2010, the Government announced that it would not be taking forward the socio-economic duty for public bodies. Despite this the Council has continued to consider people on low incomes as part of its equality impact assessment process.
- 36.6 Assessing the potential equality impact of proposed changes to policies procedures and practices is one of the key ways in which public authorities can show ‘due regard’. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.
- 36.7 Oldham’s EIA form is based on the experience of previous years and incorporates elements from good practice elsewhere. The main aims of our current EIA are to:
- strengthen the process through improved accountability – identifying a lead officer for each EIA;
 - stimulate a more rigorous and overt analysis of the impact and possible mitigations; and
 - implement a stronger equality monitoring and management process to ensure that the Council follows through on any commitments. This includes identifying risks to implementation and how these will be managed.
-

36.8 The equality impact assessment process undertaken for the Council's budget process involves:

- 1) An initial equality impact screening – The budget proposal action plan forms completed by each Director / Service Manager incorporate an initial equality screening to identify whether any proposal has the potential for significant disproportionate adverse impact in respect of any protected characteristic i.e. whether the impact of the proposal falls disproportionately on any particular group – such as people with a disability.

The key aims of this review process are to:

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

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

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

- Consideration of equality impacts throughout budget process, including through the initial screenings on the proposal forms and a briefing paper.
- Briefings between Directors and Cabinet Members during development of proposals and working together to consider the equality impacts and identify any mitigating actions.

(Jonathan Downs, Corporate Policy Lead)

37 Key Decision

37.1 Yes

38 Key Decision Reference

38.1 FCL-06-21

39 Background Papers

39.1 The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as defined by that Act.

File Ref: Background papers are contained in Appendices 1 - 8
Officer Name: Anne Ryans / Neil Stott
Contact: anne.ryans@oldham.gov.uk (0161 770 4902)
neil.stott@oldham.gov.uk

40 Appendices

- Appendix 1 - Dedicated Schools Grant 2022/23
- Appendix 2 - Council Tax Tax Base Calculation 2022/23
- Appendix 3 - Current Budget Position 2022/23
- Appendix 4 - Budget Reductions Summary
- Appendix 5 - Detailed Budget Reduction Proposals and Draft EIA's
- Appendix 6 - Budget Position 2022/23 post Budget Proposals
- Appendix 7 - Proposed 2022/23 Fees and Charges Schedules
- Appendix 8 - Pay Policy Statement 2022/23
 - 8a – Table 1: Senior management remuneration
 - 8b – Chart 1: Family tree of officers earning over £50k as at December 2021
 - 8c – Table 2: Salaries expressed as a ratio of the Chief Executive as at December 2021