

Oldham Council

Capital Strategy
2022/23 to 2026/27

Capital Strategy 2022/23 to 2026/27

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1 Aims of the Capital Strategy and its Links to the Council's Corporate Plan / COVID-19 Recovery Strategy, Creating a Better Place Programme, Medium Term Property Strategy, Housing Strategy and Budget and Policy Framework

- 1.1 In accordance with good practice, the Council has traditionally prepared a Capital Strategy, the overarching aim of which has been to provide a framework within which the Council's capital investment plans will be delivered. This Capital Strategy for 2022/23 to 2026/27 has been prepared to cover a five-year timeframe to allow sufficient opportunity for strategic capital planning. The Council's Medium Term Financial Strategy (MTFS) is aligned with the Capital Strategy as it also covers a five-year timeframe. However, it should be noted that the Government's Spending Review 2021 (SR21) only sets departmental budgets up to 2024/25. Recognising that funding estimates beyond SR21 are indicative, this Strategy therefore focuses on 2022/23 to 2024/25 in detail.
- 1.2 The Strategy does however include a longer term vision, which also covers the time frame for 10 years from 2027/28 to 2036/37. This takes a forward look at those projects that are likely to run beyond the initial five year strategy and programme period.
- 1.3 The format of the Capital Strategy reflects the requirements of both the latest Prudential Code for Capital Finance in Local Authorities and the Treasury Management in Public Services Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). As advised at 1.9, there had been consultations throughout 2021 with the new revised Codes being issued on 20 December 2021. The strategy therefore presents:
- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - An overview of how the associated risk is managed;
 - The implications for future financial sustainability.
- 1.4 The Capital Strategy is therefore prepared to ensure that all Council Members are presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.
- 1.5 The Capital Strategy incorporates specific information on historic non-treasury investments. This information is aligned to, but reported separately from the Treasury Management Strategy Statement. This ensures the separation of any historic commercial investment from the core treasury function which operates under the principles of security of capital, liquidity, yield and an ethical approach. To comply with current Public Works Loan Board (PWLB) lending criteria and the latest CIPFA Prudential Code for Capital Finance in Local Authorities, this strategy does not provide for new investment in commercial activities solely to generate additional income.
- 1.6 CIPFA's current Prudential Code requires the Capital Strategy to demonstrate the concept of proportionality between the treasury operations and the non-treasury operations. High-level indicators are referred to in Section 5.

COVID-19 Pandemic

- 1.7 The COVID-19 pandemic has had a major impact on the borough, its residents and the economy. COVID restrictions were eased during the summer of 2021 and the economy is expected to recover to pre-pandemic levels with economic growth of 6.5% for 2021 and a further 6% forecast for 2022. In spite of this and the success of the vaccine programme, COVID infections remain significant and are being closely monitored. It is also apparent that the pandemic will continue to have a lasting impact on economic sectors such as retail and tourism. It is also likely to impact on the way people work

with many organisations (including the Council) now adopting flexible, remote or mixed home/office working arrangements.

- 1.8 The delivery of schemes included within the Capital Programme is also being affected by the legacy of the pandemic. The construction industry has been impacted by supply chain issues and material shortages which are causing inflationary pressures and extensions of delivery timescales. Provision has been made within the strategy to help the Council manage the impact of these pressures so it can continue to deliver planned schemes.

CIPFA Prudential and Treasury Management Codes of Practice

- 1.9 In response to concerns about high levels of borrowing to fund commercial investment in a small number of local authorities, CIPFA consulted on revisions to the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice. The consultation ended on 16 November 2021 and the changes to the Codes were issued on 20 December 2021. The areas CIPFA has strengthened are as follows:

- Making it clear that borrowing solely for debt-for-yield investment is not permissible under the Prudential Code.
- Ensuring that any commercial investment undertaken is consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice.
- Requiring the assessment of the affordability of commercial activity within Local Authorities' capital strategies.
- Ensuring that capital expenditure is consistent with a Local Authority's corporate objectives.
- Introducing new 'affordability' prudential indicators.
- Introducing the liability benchmark to promote good practice and understanding of a Local Authority's debt management position in relation to capital investment.
- Strengthening arrangements for maintaining and monitoring Treasury Management knowledge and skills.
- Adding a new practice statement covering Environmental, Social and Governance Risk Management alongside related proposals to strengthen Treasury Management governance arrangements.

Both the Council's Treasury Management Strategy and Capital Strategy for 2022/23 have incorporated these recent changes to the Codes where information is readily available. As information becomes available during 2022/23 any changes will be incorporated into the Treasury Management Mid-Year review for 2022/23.

Co-operative Council

- 1.10 The 2022/23 to 2026/27 Capital Strategy is influenced by the principles which shape the overarching budget process for 2022/23 and is driven by the ethos of a Co-operative Council which has been important in determining the Council's response to the pandemic. The Council is therefore aiming to take a strategic view in relation to capital investment so that it can be directed to make a real and demonstrable impact on the economy of Oldham by:

- a) Regenerating the borough, building on the established investment programme, by attracting and securing significant amounts of external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer.

- b) Prioritising regeneration schemes to develop the local economy through for example:
- Taking forward the vision for Oldham town centre, facilitated by the acquisition of the Spindles and Town Square Shopping Centres;
 - Implementing key strands of the Housing Strategy to improve the housing offer;
 - Improving connectivity across the borough;
 - Supporting job creation and the Get Oldham Working initiative which will be key to economic and social recovery from the COVID-19 pandemic.
- c) Using regeneration schemes to drive up Gross Value Added (GVA) and increase the yield from business rates, taking advantage of the Greater Manchester 100% Business Rates Retention Pilot scheme which commenced across Greater Manchester on 1 April 2017. This has provided additional resources which have been used to support the revenue budget in previous years and will continue to do so in 2022/23.

1.11 The Council will continue to:

- a) Work with partners as a co-operative and commissioning borough particularly with regard to the integration of health and social care to take advantage of joint investment opportunities, co-location and the release of surplus assets through initiatives such as One-Public Estate and by taking a Place-Based approach to joint working.
- b) Instigate further transformational change to the delivery of services with and by communities and staff, that maximise involvement and delivery at a more local level, working with residents to reset priorities, manage expectations and promote self-help.
- c) Get the basics right, drive improved business performance with more flexible ICT systems and instigate new delivery models with place-based working.
- d) Focus on effective service delivery, achieving social value and maximising the impact of the resources invested.

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

1.12 Capital investment plans are driven by the Council's Corporate Plan. 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 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.

1.13 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-19 pandemic meant that this was no longer viable. Instead, the Council developed an interim COVID-19 Recovery Strategy which is acting as a temporary Corporate Plan until at least April 2022.

1.14 As a Co-operative Council, Oldham is committed to tackling the impact of COVID-19 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.

- 1.15 Building on the learning so far and the anticipated events to come, the COVID-19 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:
1. Driving equality
 2. Investing in quality housing
 3. Championing a green recovery
 4. Creating and protecting jobs and supporting businesses
 5. Prioritising education, skills and Early Years
 6. Promoting health and wellbeing - supporting the most vulnerable.
- 1.16 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.
- 1.17 A new Oldham Plan will be developed and adopted in 2022, building on the priorities identified in the COVID-19 Recovery Strategy. The new Oldham Plan provides 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 can set the course for the Council, and help us to set out key priorities and guiding principles for the years ahead.

Creating a Better Place Programme

- 1.18 The Creating a Better Place programme (originally approved January 2020) sets out a vision for the borough which is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The strategy aims to deliver these ambitions in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.
- 1.19 The strategy was reviewed and updated in August 2020, in light of the COVID-19 pandemic, to place more emphasis on economic recovery and accelerating the potential for generating revenue budget savings. The programme envisages delivering an already approved £8.2m of revenue budget savings between 2021/22 and 2025/26.
- 1.20 The programme includes several schemes which are approaching or are already at the delivery stage including the redevelopment of the Spindles and Town Square Shopping Centre, the Alexandra Park Depot and Eco Centre, the refurbishment of the Old Library building on Union Street and the development and letting of the Egyptian Room in the Old Town Hall complex. Other schemes which are at an earlier stage of development include Northern Roots, the redevelopment of a historic building in the town centre and the delivery of a new performance space for the town.
- 1.21 The Spindles and Town Square Shopping Centre scheme will release other town centre sites for redevelopment including the Civic Centre and Queen Elizabeth Hall complex as well as Tommyfield Market. The Council is currently examining options for progressing the development of these and other town centre sites including the former Magistrates Court and the former Leisure Centre sites.

- 1.22 The Council has succeeded in securing an allocation of £10.75m of Future High Street Fund (FHSF) grant and £24.4m of Towns Fund grant to support the Creating a Better Place programme. FHSF funding is supporting the delivery of three schemes (the development and letting of the Egyptian Room in the Old Town Hall Complex, the redevelopment of a historic building in the town centre and the Accessible Oldham project) whilst Towns Fund grant is supporting four schemes (the relocation of Tommyfield Market, the provision of flexible workspace within Spindles, the 'Making Space for Live Performance' project and Northern Roots).
- 1.23 The Chancellor's latest Autumn Budget and Spending Review (SR 21) included £4.8bn of Levelling Up Funds of which £1.7bn has already been allocated for projects to upgrade local infrastructure through the first bidding round. In addition, the £2.6bn UK Shared Prosperity Fund was also launched as the successor to the EU Structural Fund programme. These funds were confirmed in the Government's White Paper 'Levelling Up the United Kingdom' issued on the 2 February 2022. Both funds are intended to reduce regional inequalities by:
- spreading opportunity and improving public services, particularly where they are weaker.
 - boosting living standards, particularly where they are lower.
 - restoring local pride.
 - empowering local leaders and communities.
- 1.24 The Council will seek to bid for and secure as much of this funding as possible for the benefit of the Borough.
- 1.25 In alignment with the Creating a Better Place programme, existing and new projects have been reprioritised and reprofiled (as presented within the Capital Strategy). In addition, project delivery arrangements and team working has been embedded and governance arrangements have been consolidated around the operation of the Corporate Property Board.
- Medium Term Property Strategy
- 1.26 In August 2018, the Council adopted a Medium Term Property Strategy (MTPS). This, at a high level, incorporates a detailed Asset Management Plan for every group of the Council's assets. This plan was agreed at Cabinet for the term 2018 to 2022 and more recently has been incorporated into the Creating a Better Place programme of works.
- 1.27 For any organisation such as the Council, with a diverse property portfolio, best practice recommends that the Property Strategy describes the general direction that the organisation's property portfolio will take over the next 5-10 years, the approach to be adopted in getting there and the policies that will be applied to decision making. The refreshed Property Strategy will be presented for consideration in the next financial year to present such a vision and reflect the operational and emerging new business strategy of the organisation.
- 1.28 The implementation of the Creating a Better Place programme and the MTPS within is key to the Council achieving both cost savings and a more efficient use of the corporate estate, contributing to the delivery of approved budget reductions.
- 1.29 Given the legacy of the COVID-19 pandemic and its impact on current and future demand for property, the MTPS is currently under review as part of the Creating a Better Place programme. The MTPS is also at the centre of numerous inter-dependencies which will also shape future requirements including:

- The One Public Estate programme which seeks to deliver ambitious property-focused programmes in collaboration with Central Government and other public sector partners;
- Place-Based Working centred around providing services from five districts / hubs within the borough;
- The rationalisation of the Council's corporate estate and its contribution to the delivery of an already approved £8.2m of revenue budget savings between 2021/22 and 2025/26

1.30 In addition to facilitating the delivery of revenue budget savings, another objective of the property strategy is to reduce the requirement for backlog maintenance and inform the development of an asset disposals programme to reduce Council holdings of surplus assets and generate additional capital receipts.

1.31 The COVID-19 pandemic has undoubtedly had a major adverse impact on the economy, and this has inevitably disrupted the Council's asset disposal programme. Alongside the MTPS, the Council is currently reviewing its disposal programme to focus on 'fast tracking' a smaller number of assets for sale focusing on those with high management intensity and longer term liabilities/risks.

Housing Strategy

1.32 The Housing Strategy was approved in 2019 and was used to align priorities within the Creating a Better Place programme and the Oldham Plan, the GM Spatial Framework (replaced by 'Places for Everyone') and the GM Housing Strategy. It recognises the function that housing plays in supporting health and social care integration and wider public sector reform. A key objective of the housing strategy has been to reset the housing delivery framework that can start to tackle the challenges identified in the evidence based Local Housing Needs Assessment and help meet the housing priorities identified over the short, medium and long term. It is a strategic document to help shape the future service models and seeks to set housing and place shaping at the heart of the Oldham Partnerships collective vision for the borough.

1.33 Together with the Housing Strategy, a Strategic Housing Partnership was also developed whereby the Council works collectively with key stakeholders to achieve the goals identified within the Housing Strategy Delivery plan.

1.34 The Housing Strategy:

- Enables the Council to determine priorities in each district or local housing market area as defined by the Local Housing Needs Assessment evidence base;
- Informs bids for both public and private funding to support the development of new homes in Oldham;
- Supports the Council and its partners to make more informed People and Place making decisions about the targeting and future integrated commissioning priorities and underpins external funding bids to support investment in existing housing services and stock in Oldham;
- Enables the Council to focus and develop new policies and ways of working that better fit the operating environment; and
- Informs the Council to progress its energy conservation work, and to satisfy the Council's obligations under the Home Energy Conservation Act.

1.35 Delivery of Housing Strategy objectives has undoubtedly been disrupted by the COVID-19 pandemic. However, in line with the Creating a Better Place programme, work is underway to develop and deliver a programme of town centre housing development

currently focused on the identification and assembly of suitable residential development sites. Work is also underway to determine a suitable delivery model for such development.

Working with Partners

- 1.36 The Council is a key member of and a driving force in the activities of the Oldham Strategic Estates Group (SEG). The Department of Health initially required all Clinical Commissioning Groups (CCG) to establish a SEG within their locality, and whilst the group initially had a 'Health' focus, this has been broadened to encompass a 'One Oldham Estate' approach, closely aligned to the Government's One Public Estate (OPE) principles which in essence seek to maximise the efficient use of the public sector estate by co-location/joint service delivery, releasing surplus land and property to support regeneration, residential development and inward investment. The Oldham SEG has a 'strategic' rather than 'operational' focus and has developed a Strategic Estates Plan (SEP), identifying development of integrated public sector hubs and mapping existing estate and utilisation as key priorities. The SEP is closely aligned to and supports delivery of Oldham's Locality Plan for Health and Social Care.
- 1.37 The Strategic Estates Group (SEG) in Oldham is attended by representatives from a wide range of public sector partners, including the Oldham Clinical Commissioning Group (CCG), NHS Property Services Ltd (NHSPS), Greater Manchester Police (GMP), North West Ambulance Service (NWAS), North West Fire Service (NWFS), Community Health Partnerships (CHP), Action Oldham, and Pennine Care NHS Foundation Trust. The SEG is supported by the Operational Working Group which functions as the 'delivery arm' to ensure that the SEG remains strategic and One Public Estate focused. It reports to the SEG on key work areas, such as the project pipeline and increasing building utilisation.

2 The Principles of the Capital Strategy

- 2.1 The Capital Strategy is guided by a series of overarching principles. These principles seek to ensure capital resources are focused on gaining maximum benefit from their use in the context of supporting the delivery of the Council's vision and outcomes as described in the Corporate Plan. The sixteen principles of the Capital Strategy are summarised in paragraphs below and detailed in the rest of the document.

Principle 1

The Capital Investment Programme Board (CIPB) will lead the strategic direction of capital investment for the Council. The CIPB will operate on a commissioning basis. This will enable funding to be better aligned with other partners and funding sources and will link into the principles of the Co-operative Council. In accordance with the commissioning approach being championed within the Council, there continues to be a requirement for links to regional strategies and programmes. As such, the Council must ensure that, when it applies for funds on a regional basis (either individually or as part of a collective bid), it uses its best endeavours to reflect local and regional priorities. The Council must therefore ensure that its Capital Strategy complements the Greater Manchester (GM) Strategy.

Principle 2

All schemes already approved in the Capital Programme or contractually committed will be supported and sufficient resources will be provided to enable them to proceed or complete. These schemes are presented in Annex A, Priority Areas for Investment.

Principle 3

A capital project sponsor must be able to demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing. Capital investment proposals which will result in a revenue cost saving or efficiency are encouraged. The Strategic Regeneration Project Management Office has a clear role in ensuring that all the key requirements have been addressed at the initiation stage of a project.

Principle 4

All capital investment decisions will be made with reference to Council objectives and regional strategies and, only after a positive contribution to one or more of the objectives has been demonstrated, is a project to be considered for resource allocation.

Principle 5

The CIPB will ensure that the Council can take full advantage of the freedom and flexibility afforded by the removal of ringfencing from most funding allocations to facilitate achievement of the Council's objectives. All un-ringfenced capital funding and other non-specific Council capital resources that are not required to support existing commitments will initially be pooled into one central fund. Regard will, however, be had to obligations around the:

- a) COVID-19 Recovery Strategy and associated initiatives to create jobs and assist the regeneration of the local economy;
- b) Transport agenda and transport grant funding;
- c) Current pressure on primary and secondary school places in certain areas of Oldham and the lack of capacity in the current school stock and the Education Basic Need Government grant funding allocation to address such issues;
- d) Funding of adaptations to homes for the disabled and Disabled Facilities Grant funding;
- e) Social Care funding requirements arising from pooled funding arrangements
- f) Development of new policies for Social Care arising from the recent White Papers on the reform of Adult Social Care;
- g) Development of new schemes from the opportunities arising from recent White Paper 'Levelling Up the UK'; and
- h) Implementation of the Housing Strategy.

Principle 6

Un-ringfenced grants received in support of the above initiatives will be passported in full to these seven areas.

Principle 7

There will be no ringfencing of capital receipts to specific projects, with the exception of those detailed in section 10.3.15.

Principle 8

For the purposes of preparing the Capital Strategy and Capital Programme for 2022/23, an assumption has been made that all resources that remain unallocated within the 2021/22 programme will be treated as though they are fully committed and carried forward into 2022/23 as a central pool for reallocation to other projects.

Principle 9

The Capital expenditure/investment plans of the Authority will be prepared to ensure the Council is able to access PWLB resources having regard to their lending criteria which prohibits using borrowing solely for debt-for-yield investment. This will include as appropriate the UK Infrastructure Bank as announced in the Chancellor's 2021 Autumn Budget (see paragraph 10.3.6).

Principle 10

As well as using traditional funding mechanisms to finance capital schemes, the Council will also consider the use of alternative financing arrangements and develop these options if it is considered financially advantageous in the context of the Council achieving its capital investment objectives, but ensuring compliance with the Prudential and Treasury Management Codes of Practice.

Principle 11

Any public/private partnerships and initiatives requiring the deployment of Council capital resources or impacting in any way on the overarching capital investment policies or plans of the Council should be presented for consideration to the CIPB. The resources deployed to support such projects will also be subject to on-going review by the CIPB.

Principle 12

There will be a range of grant funding opportunities for which bids must be submitted; possibly at short notice and some of which may have a matched funding requirement. This will include the remainder of the £4.8bn Levelling Up Fund and the £2.6bn Shared Prosperity Fund confirmed in the Levelling Up the UK White Paper. The Council will respond as it considers appropriate to bidding opportunities, ensuring that bids are submitted which align with its objectives and capital investment priorities and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

Principle 13

The development of new or replacement schools will be led by the Education and Skills Funding Agency (ESFA) and such schools will be created as academies. Mindful of its overarching responsibility for the provision of education, where necessary, the Council will support or enhance ESFA projects using its land assets and/or financial resources.

Principle 14

Given the devolution agenda and the collaborative way in which the Council is working with the Greater Manchester Combined Authority (GMCA) and NHS partners, bids to the GMCA, the NHS or other organisations which may have a matched-funding requirement will be prioritised. Regard will be had during the appraisal process to ensure that the Council's objectives and capital investment priorities are achieved.

Principle 15

As Health and Social Care reform and the Integration agenda moves forward, the Council will prioritise the allocation of capital resources to support cross sector projects including facilities for joint service provision and the co-location of teams, with any consequent asset rationalisation. The Council will have regard to the restructuring of services in partner organisations in the National Health Service in line with the creation of an Integrated Care System.

Principle 16

The Council will have a range of capital investment priorities. Whilst these are initially determined on an annual basis, it will review and update the priorities in accordance with in-year developments, responding to local and national emerging issues. The priorities for 2022/23 to 2026/27 are set out in Section 3.

3 Priority Areas for Investment

- 3.1 The priority investment areas identified for the 2022/23 to 2026/27 period are covered below. This section highlights potential priority investment areas for 2022/23 onwards. These will be taken forward subject to the availability of resources and the approval of a full business case.
- 3.2 As part of the annual Capital Strategy, there is an ongoing requirement for continued funding of existing programmes of work on:
- a) Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function);
 - b) School Condition Works;
 - c) ICT Strategy;
 - d) Social Care;
 - e) Environmental Services.
- 3.3 The principle of continued funding for the above schemes remains and will be revisited as part of the 2023/24 Capital Strategy.
- 3.4 In addition to the projects specifically referred to above, the following is a list of further/new projects for which funding may be required grouped by key strategies underpinning the programme:
- 1) Creating a Better Place
 - a) School Investment
 - b) Housing
 - c) Housing Initiatives (funded by Housing Revenue Account resources)
 - d) Town Centre and Borough-Wide Regeneration (incorporating Spindles and Town Square Shopping Centres, Wider Town Centre Redevelopment, Future High Street Fund Schemes, Making Space for Live Performance, Northern Roots and Royton Town Centre Development)
 - e) Asset Management (including Medium Term Property Strategy, Surplus Sites and Working with NHS Partners)
 - f) Green Initiatives and Decarbonisation
 - 2) Highways and Transport
 - a) Growth Deal 3;
 - b) GM Mayor's Cycling and Walking Challenge Fund;
 - c) Department for Transport Highway Maintenance Challenge Fund;
 - d) Environment Agency (EA) Flood Management Programme;
 - e) Transport for Greater Manchester (TfGM) active travel grant.
 - 3) Other Programmes and Schemes
 - a) Social Care (including the Better Care Fund (Disabled Facilities Grant) and responding to the Adult Social Care White Paper requirements)
 - b) Fleet Replacement
 - c) Local Improvement Fund
 - d) GM Investment Fund Loans
 - e) GM Devolution and Related Initiatives
 - f) Opportunities arising from the Levelling Up the UK White Paper.
 - g) Matched Funding for Grant Bids
 - h) Funding for Emerging Priorities

- 3.5 Included within the Capital Strategy is an unallocated resource to provide funding for emerging priorities. This resource can be deployed to support existing priority schemes or new initiatives. This is considered a prudent approach to allow flexibility, revision and reassessment of priorities. The Capital Strategy also includes an additional unallocated resource to mitigate against the risk of scheme cost increases resulting from supply chain issues in the construction sector and associated inflationary pressures.
- 3.6 The Strategy does however include a longer-term vision, a forward look at those projects that are likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2027/28 to 2036/37.
- 3.7 Further details of the capital priorities can be found in Annex A of this Capital Strategy.

4 Supporting Greater Manchester Devolution and Accessing Levelling Up and Shared Prosperity Fund Resources

- 4.1 Greater Manchester remains at the forefront of the city-region devolution agenda. The Greater Manchester Combined Authority has powers across a range of services and policy areas including health and social care integration, transport, strategic planning, housing, work and skills and the justice system.
- 4.2 The Greater Manchester Strategy is the key policy document that will shape the future of Greater Manchester. The plan explains the region's ambitions for the future of those who live in the towns, cities, communities and neighbourhoods that make up Greater Manchester. It covers health, wellbeing, work and jobs, housing, transport, skills, training and economic growth.
- 4.3 As COVID-19 infections remain significant, GM's 'Living with Covid Resilience Plan' is still in place. The plan supports the region's ability to respond to COVID-19 and aims to build resilience in the city-region for both now and in the future. Greater Manchester has been clear that the building back better phase of responding to COVID-19 needs to start now. The plan therefore outlines how Greater Manchester will respond to the disproportionate impact COVID-19 has had on people's lives and businesses, how to recover and build resilience and the level and type of support vulnerable communities will still need.
- 4.4 In recent years the GM strategy has identified the influence that the Greater Manchester Spatial Framework (GMSF) will have on Oldham's local development hopes and opportunities. As Stockport Council decided to withdraw from the GMSF in December 2020, the plan has been replaced by 'Places for Everyone' which is a joint development plan for jobs, new homes, and sustainable growth for the nine remaining districts. Public consultation on the draft plan concluded in October 2021. Final preparations are now being made to submit the plan to the Secretary of State.

The Influence of National Policy on the Devolution Agenda

- 4.5 The Chancellor's Autumn Budget and Spending Review 2021 published on 27 October 2021 set out proposals for taking forward the devolution agenda. Further principles have been included in the recently published Levelling Up the UK White Paper although the Government has already committed £7.5 billion of unringfenced 'gainshare' investment funding over 30 years, as part of nine devolution deals agreed with city regions across England. In addition, the Budget and Spending Review also continues funding for the Places for Growth programme, which aims to move 22,000 civil service roles outside London by 2030.

4.6 The National Infrastructure Strategy (NIS) published alongside the Chancellor's 2020 Spending Review has, in the last year, overseen the launch of the UK Infrastructure Bank; confirmed a further 15 Towns Deals worth £335m (including Oldham's worth £24.4m) to revitalise towns across England; and provided £1.2 billion up to 2024/25 for gigabit broadband rollout across the UK. These are identified as key initiatives in the Levelling Up the UK White Paper.

5 Affordability, Delivery and Risk Associated with the Capital Strategy

5.1 In compliance with the requirements of the Prudential and Treasury Management Codes, the following paragraphs consider the Council's capital financing and treasury management activity and its contribution to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability looking at Prudence, Affordability and Sustainability.

5.2 The table below shows the Council's current borrowing position and its borrowing need including the Council's Capital Financing Requirement (CFR). The CFR represents total historic outstanding capital expenditure which has not yet been financed from either revenue or capital resources (£520.247m for 2022/23). It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which is not immediately financed from cash backed resources, will increase the CFR. The CFR for 2022/23 is significantly higher than for previous years due to the anticipated impact of the investment relating to the Creating a Better Place programme.

5.3 The Council has a number of on-going Private Finance Initiative arrangements for the delivery of assets and services, presented at Other Long-Term Liabilities (OLTL) in the table below (£213.648m at the start of 2022/23) which has the effect of inflating the CFR. As can be seen, the Council's actual level of borrowing at the start of 2022/23 is expected to be £381.246m (the £213.648m plus debt at 31 March of £167.598m).

	2020/21 Actual £'000	Forecast position as at 31/3/22 £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
External Debt					
Debt at 1 April	167,843	172,843	167,598	195,993	240,988
Actual/Expected change in debt	5,000	(5,245)	28,395	44,995	25,995
Debt at 31 March	172,843	167,598	195,993	240,988	266,983
Opening OLTL* at 1 April	235,687	224,405	213,648	204,736	194,064
Expected change in OLTL	(11,282)	(10,757)	(8,912)	(10,672)	(11,365)
Closing OLTL at 31 March	224,405	213,648	204,736	194,064	182,700
Actual/ Forecast gross debt (borrowing requirement) at 31 March	397,248	381,246	400,729	435,052	449,683
The Capital Financing Requirement	491,713	494,877	520,247	545,998	561,922
Under / (over) borrowing	94,465	113,631	119,518	110,946	112,239

* Other Long-Term Liabilities

5.4 The CFR does not increase indefinitely, as the Council makes 'prudent' provision for debt repayment which broadly reduces indebtedness in line with each asset's life and

so charges the economic consumption of capital assets as they are used. The approach to making prudent provision is known as the Minimum Revenue Provision (MRP), in other words, making a direct charge to the Council's revenue budget to reflect the cost of repaying the borrowing. The Council's MRP Policy Statement is set out in Appendix 1 of the Treasury Management Strategy 2022/23.

- 5.5 It is important to note that the Council has for a number of years been projecting a borrowing requirement but has not needed to undertake any borrowing as there has been reprofiling of the Capital Programme and cash balances available, thus resulting in the under borrowed position. The Council did not fully borrow up to its CFR position therefore is still in an underborrowed position.
- 5.6 The Prudential Code states that it is the responsibility of the Council's Chief Finance Officer (Director of Finance) to explicitly report on the affordability, deliverability and the risks associated with this Strategy. These key elements are set out in the following paragraphs.

Affordability

- 5.7 Affordability is a key criterion when considering whether a project should be approved for inclusion within the Capital Programme. Before any decisions are made, new schemes are underpinned by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards associated with the scheme. The Business Case preparation and consideration process is set out fully in Section 11 of this Strategy.
- 5.8 All projects must also have a clearly identified capital funding source with a definite commitment of financial support if external funding, such as an external grant, is to be used. Also, there must be an identified source of funding to support any on-going revenue costs associated with the use of a capital asset, and these must be built into future years financial projections.
- 5.9 Where borrowing is to be used, the affordability test is the ability to fund interest costs linked to the borrowing, together with the repayment of the borrowing (the MRP charge). This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The Prudential Code sets out the requirements for the appropriate governance of such borrowing and the Council's processes comply with the requirements of the Code.

Delivery

- 5.10 The delivery of the individual schemes within the Capital Programme is directly linked to the process of approving the capital scheme. Each scheme has a project sponsor and a project manager responsible for the delivery and the subsequent achievement of the scheme objectives.
- 5.11 Project updates are provided at the regular meetings of CIPB as well as an overarching update on the Capital Programme. This facilitates the review and challenge to the delivery of projects and any changes to both the timing and value of the programme. In addition, an Annual Review of the Capital Programme is completed each year in accordance with the terms of reference of CIPB. The Annual Review process ensures that all schemes are examined to determine whether they are still aligned to corporate priorities. The review also considers the deliverability and progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations. It also considers rephasing of planned expenditure and identifies any unutilised or underutilised resources which can be reallocated to other projects.

- 5.12 The Council's senior officers also have the opportunity to review and challenge project and programme delivery via monthly updates on the changes/re-profiling of expenditure.

Risks

- 5.13 The Council is exposed to a range of risks with regard to the continued affordability and delivery of the Capital Programme as follows:
- Financial risks related to the investment of the Council's assets, cash flow and market volatility;
 - Macroeconomic risks related to the growth or decline of the local economy, interest rates, inflation and the wider national and global economy. Of particular relevance in this regard is the legacy of the COVID-19 pandemic and Brexit which some commentators believe has contributed to significant increases in material prices and supply chain disruption across the construction industry.
 - Inflationary pressures currently being experienced may have adverse financial implications for other approved capital projects that are currently under development. The proposed capital programme includes specific provision to mitigate against the delivery impact of these inflationary pressures;
 - Insurance risks whereby some contractors are either unable or unwilling to put policies and cover levels in place which meet the Council's requirements. Equally, some insurers are broadening the scope of policy exclusions which may mean some construction risks are uninsurable;
 - Credit and counterparty risks related to investments, loans to public and private institutions;
 - Operational risks related to operational exposures within its organisation, its counterparties, partners and commercial interests;
 - Strategic risks related to key initiatives undertaken by the Council such as areas of organisational change deemed necessary to enable the Council to meet its goals and objectives, significant capital schemes, major acquisitions and new ventures;
 - Reputational risks related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception;
 - Environmental and social risks related to the environmental and social impact of the Council's strategy and interests. This is a risk that is becoming more high profile given the recent national and international publicity in relation to climate change;
 - Governance risks related to ensuring that prudence and careful consideration are prominent in the Council's decision-making, augmented by quality independent advice and appropriate checks to ensure that the Council has the correct level of oversight, scrutiny and efficiency; and
 - Risks arising from a financial commitment by the Council in line with Government policy when that policy is then changed mid-stream leaving the Council to manage the position.
- 5.14 Managing the Council's risks is an area of significant focus for senior management and Members. The Council adopts an integrated view to the management and qualitative assessment of risk. The Risk Management Strategy and Framework was approved by Cabinet at its meeting on 16 December 2019 and refreshed under delegation in the summer 2021. This updating of the strategy aimed to simplify the risk management process and to have regard to the most recent good practice developments. The Council aims to minimise its exposure to unwanted risks through a range of mitigation strategies that are considered with each individual business case or capital project.

- 5.15 However, it is important to recognise that there are significant risks associated with a large Capital Programme and associated borrowing, but these are mitigated as part of the Council’s Treasury Management Practices and project management arrangements. As advised above, there is a robust capital business plan process, project management arrangements and/or project boards in place and all projects are delivered by suitably skilled staff. Appropriate consideration is given to tax planning, cash flow and the operational planning for the use of any asset. Governance is addressed by the establishment of officer/Member working groups with regular and transparent reporting. Due diligence is undertaken on loans and purchases and external advice is sought where necessary.
- 5.16 There are clear links from the Capital Strategy to the Treasury Management Strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at CIPB, Audit Committee, Cabinet and Council.
- 5.17 Members recognise that risk increases with any new borrowing and are mindful of this when considering funding arrangements. New borrowing will increase the Council’s annual level of fixed interest and repayment costs which are already currently forecast to increase in the coming years and could have a borrowing liability of £449.683m by 2026/27.

Concept of Proportionality

- 5.18 In line with the Prudential and Treasury Management Codes and guidance from the Department for Levelling Up, Housing & Communities (DLUHC) the Codes require that regard is had to the “concept of proportionality” and the resulting “level of debt and aggregate risk being proportionate to the size of the authority”. The Council has identified the following indicator (% of non-financial investment income as a contribution to the net revenue budget) to demonstrate the concept of proportionality as shown in the table below. This income relates to commercial activity which is generating additional income to support the financing of core services.

	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Total Net Non-Financial Investment Return	112	112	182	252	392
Net Revenue Budget	249,443	253,110	261,547	264,780	268,937
% of Net Non- Financial Investment Income as a contribution to Net Revenue Budget	0.045%	0.044%	0.069%	0.095%	0.146%

- 5.19 As can be seen in the table above, the net financial income as a contribution to the Net Revenue Budget is less than 1% over the life of the Capital Strategy. Within the Capital Strategy 2022/23 to 2026/27 there are no plans to invest in commercial activities solely to generate additional income in line with PWLB lending criteria.

6 Knowledge and Skills

- 6.1 The Capital and Treasury Finance Team has responsibility for both the preparation of and on-going management of the capital and treasury management strategies and Capital Programme. The team is staffed by professionally qualified accountants with extensive Local Government finance experience. Team members attend all relevant training courses, workshops and events to ensure that their knowledge and skills are

up to date and the Council is in a position to address all new technical developments. They all follow a Continuous Professional Development Plan (CPD) as part their individual accountancy accreditation. The overall responsibility for capital and treasury activities lies with the Council's Section 151 Officer who, in accordance with statute, is professionally qualified and is suitably experienced to hold the post.

- 6.2 The Council aims to provide training to Members on an annual basis, which is delivered by Council officers and external advisors. This ensures Members have a full understanding of key issues and have the appropriate knowledge and skills to make capital and treasury decisions. Members are updated on developments and any issues of significance throughout the year with information presented to the Audit Committee (responsible for Treasury Management), CIPB (responsible for the Capital Programme) and at Cabinet Member briefings.
- 6.3 The Council uses the Link Group, Treasury Solutions as its external Treasury Management advisors. The Council recognises that it is essential to engage with external providers of Treasury Management services in order to acquire access to specialist skills and resources. The Council also arranges for Treasury Management training to be provided to Members; particularly Audit Committee and Cabinet Members to facilitate robust scrutiny and decision making. The latest training session for Members was provided on 5 October 2021.
- 6.4 When looking at a commercial element within a particular capital scheme, where the primary focus is on public service, housing, regeneration, preventative objectives or treasury management investments, officers from relevant professional disciplines from across the Council are involved in conducting due diligence exercises. Alongside the internal teams the Council also uses external advisors to complete the due diligence process.

7 Treasury Management

- 7.1 The Council produces a Treasury Management Strategy which is approved by full Council annually as part of the Budget Setting process.
- 7.2 The Capital Strategy and Treasury Management Strategy are closely linked as the Capital Programme determines the borrowing need of the Council, essentially the long term cash flow planning and ensures that the Council can meet its capital spending obligations. The Capital Strategy is integral to treasury management activities throughout the year in the management of long term cash that may involve arranging long or short term loans or investing longer term cash flow surpluses. A treasury action is to look for opportunities to restructure any existing borrowing in support of the Councils budget process.
- 7.3 At the end of the five year Capital Strategy period the Council's debt is forecast to be £449.683m. Included within the Council's CFR under long term liabilities are items such as Private Finance Initiative (PFI) and leasing arrangements. The Council is currently expected to have £213.648m of such liabilities at the start of 2022/23 which is expected to reduce to £182.700m by the end of the Capital Strategy period. The Council's Operational Boundary for 2022/23 is forecast to be £523.000m. The Council's Authorised Borrowing limit will be £548.000m for 2022/23.
- 7.4 The Council is required to set aside 'prudent' provision for debt repayment where borrowing or credit arrangements have been used to finance capital expenditure. This is known as Minimum Revenue Provision (MRP). Over the Capital Strategy period the Council has an MRP provision of £82.300m.

7.5 The Audit Committee is responsible for the scrutiny and governance of Treasury Management activity within the Council. It reviews the Treasury Management policy and procedures and all Treasury Management reports. However, the Policy Overview and Scrutiny Committee also scrutinises the Treasury Management Strategy alongside the full suite of budget reports prior to their presentation to Cabinet and Council for final approval. As both the Treasury and Capital Strategies are reviewed together, it allows for a combined scrutiny process.

7.6 Throughout the year the Audit Committee receives regular updates on performance and emerging issues including the Mid-Year Review report which is also reported to full Council. It is also important to note that the Treasury Management function is subject to regular Internal and External Audit reviews. All recent reviews have highlighted the high standard by which the Treasury Management function is delivered.

7.7 Further detail can be found in the Treasury Management Strategy 2022/23.

8 Long Term Loans

8.1 The Council has the ability, should it choose to exercise its powers, to enter into loan arrangements to support the delivery of strategic corporate priorities.

8.2 The Council has chosen to make limited use of its ability to enter into loan arrangements, but in such instances, all loans have been and will be approved in line with the Council's Constitution under the Financial Procedure Rules which ensures that they are prudent and secured by:

- A full independent due diligence process;
- Ensuring adequate security for the loan is in place;
- Continuous monitoring of the loans and undertaking review meetings;
- Ensuring the financial exposure of the Council is proportionate to its size.

8.3 The Council may choose to provide assistance to organisations where they have experienced difficulty in securing funds from other sources at affordable interest rates. In order to deliver corporate priorities, loans to third parties may be offered at an interest rate below the market rate. Where the loan is advanced at less than a market interest rate there is an associated loss of investment return which would otherwise have been earned on these funds. The cost to the Council in this respect would be reflected in the Council's Annual Accounts. Any loans to third parties are recognised as investments and detailed within the Annual Investment Report in the Treasury Management Strategy.

8.4 Loans are treated as capital expenditure and will therefore be approved as part of the Capital Programme.

9 Other Non-Treasury Investments

9.1 Historically low interest rates and low investment returns have contributed to pressure on the Council's revenue budget. Combined with the revenue budget shortfall the Council faces and the relatively low returns available on cash investments, plus Central Government financial support for local public services having been reduced significantly during the previous decade, the Council has investigated various options for generating enhanced returns.

9.2 The Council holds commercial property assets that were acquired prior to the introduction of the revised PWLB lending criteria. These assets are located throughout the borough but were purchased primarily to support local policy objectives including

the acquisition of strategic sites to support long term redevelopment and regeneration. The fair value of these assets will be reviewed as part of the Council's Treasury Management activities. Should the valuation be lower than the purchase cost, the Council will report this in the Treasury Management Strategy, along with the consequences of the loss on security of investments and any revenue budget implications.

- 9.3 The Council has also invested in the Churches, Charities and Local Authorities (CCLA) property fund. As advised within the Treasury Management Strategy due to the anticipated fluctuations in price this is an investment with a minimum time horizon of 5 years. The Council currently holds £15.000m in the property fund and the investment currently generates a return of approximately 4.5% per annum.
- 9.4 During 2021/22, the property fund has seen a gradual increase in the value as the markets recover from the COVID-19 pandemic. As per previous years, occupier trends continued to be stable, and the dividends remained constant at a similar rate.
- 9.5 Any further investment in the CCLA or any such longer term investment funds/bonds will only be undertaken after detailed and thorough due diligence and having regard to the Treasury Management principles of security of capital, liquidity, yield and ethical investments.

10 Capital Resources to Support Capital Expenditure

10.1 The Utilisation of Capital Resources

- 10.1.1 The Council's strategy is to ensure that all resources are deployed to support the achievement of the Council's objectives. The Council's Capital Strategy and capital planning arrangements are consistent with, and linked to, the Greater Manchester Strategy but also enhance the Council's own co-operative ethos and other corporate initiatives such as Get Oldham Working, with the devolution of some resources and decision-making to Districts and Neighbourhoods. As such, the aspirations of District Partnerships need to be considered and they will be consulted, as appropriate, over potential bids for any available funding. The District Investment Fund and its replacement the Local Investment Fund are included in the Capital Programme, currently at £0.908m in the financial year 2022/23.
- 10.1.2 As most capital financing can be used for projects at the Council's discretion, the Council is able to address its own priorities and shape the Capital Programme to align with local, regional and national priorities.

10.2 Creation of a Central Pool of Capital Resources

- 10.2.1 The Council will ensure that it facilitates the achievement of Council objectives by taking full advantage of freedoms and flexibilities arising from the fact that most resources are un-ringfenced. All un-ringfenced capital funding and other non-specific Council capital resources, that are not required to finance existing commitments, will be pooled into one central fund. This corporate resource will then be managed so that only schemes which can demonstrate alignment with Council priorities will be allocated funds. The Capital Investment Programme Board (CIPB) will review all bids for resources, evaluate them and then make recommendations to:
- a) Cabinet/Council on the prioritisation of resources for the initial 2022/23 to 2026/27 Capital Programme.

- b) The appropriate decision-maker for any subsequent revisions to the Capital Programme.
- 10.2.2 The Budget Council will make the final decision on the overarching Capital Programme for 2022/23 to 2026/27 and will subsequently delegate (subject to the provisions in the Council's Constitution) the updating of the programme and revisions to projects following review and recommendations by the CIPB.
- 10.2.3 The CIPB will review the usage of any ringfenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council.
- 10.2.4 In determining the size of the central fund, the CIPB will have regard to the following:
- a) COVID-19 Recovery Strategy and associated initiatives to create jobs and assist the regeneration of the local economy, incorporating the Creating a Better Place programme
 - b) The statutory fourth Greater Manchester Local Transport Plan (GMLTP4). This is part of the long-term transport strategy for Greater Manchester to 2040 with a five-year delivery plan.
 - c) The current pressure on primary and secondary places in certain areas of Oldham and the lack of capacity in the current school stock.
 - d) The Disabled Facilities Grant (DFG) is provided to meet the Council's obligation to finance adaptations to the homes of disabled residents and its commitments to wider social care. The Council receives the DFG funding via the Better Care Fund (BCF) and this is included within the pooled funding arrangements with Oldham CCG and its successor body arising from the creation of an Integrated Care System for Oldham.
 - e) Social Care funding requirements arising from pooled funding arrangements
 - f) Development of new policies arising from the recent White Papers on the reform of Adult Social Care.
 - g) The development of opportunities for new schemes arising from the Levelling Up the UK White Paper.
 - h) The Council's ambition to deliver its Housing Strategy.
 - i) Any resources allocated by Central Government after approval of the Council's 2022/23 to 2026/27 Capital Strategy/Capital Programme.
- 10.2.5 The Council will therefore passport all of the un-ringfenced resources for schools (via the Education Basic Need grant), transport, Disabled Facilities Grant and housing related funding to support spending in each of these respective areas.
- 10.2.6 Grant funding allocations notified to the Council also include information regarding capital maintenance funding for Voluntary Aided (VA) schools. This grant is paid directly to the Church of England and Roman Catholic Diocesan authorities and is not therefore included within the Council's Capital Programme. Expenditure undertaken by the Council on VA schools is planned with regard to the availability of contributions from the VA grant and diocesan resources.

10.3 Methods of funding capital expenditure

10.3.1 There are a range of methods for funding capital expenditure. The methods that will be used by the Council are set out as follows:

a) Government Grants and Non-Government Contributions

10.3.2 Capital resources from Central Government can be split into two categories:

- i) Un-ringfenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding.
- ii) Ring-fenced – resources which are ringfenced to particular areas and therefore have restricted uses.

10.3.3 Where there is a requirement to make an application to an external agency for external funding and, when appropriate, to commit Council resources as matched funding to any bid for external resources, a business case (following the three-stage process described at Section 11) must be presented to the CIPB for approval. This must justify the bid for external resources and any Council matched funding prior to submission of the bid.

b) Prudential Borrowing

10.3.4 The Council will consider financing capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing.

10.3.5 Where it is considered that Prudential Borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be reflected in the revenue budget planning process.

10.3.6 The Council applied for and received the PWLB Certainty Rate reduction. This entitles the Council to receive a 20 basis points rate reduction on the prevailing rate of PWLB on any borrowing undertaken from 1 November 2021 to 31 October 2022. The obvious benefit to the Council of the certainty rate is reflected in reduced Treasury Management borrowing costs in relation to any PWLB borrowing undertaken. The Council will look at and assess all sources of external financing with a view to externally borrowing at an appropriate time when the borrowing need is identified. This will include, as appropriate, accessing funding through the UK Infrastructure Bank as announced in the Chancellor's Autumn Budget (October 2021).

c) Capital Receipts

10.3.7 Section 9 (1) of the Local Government Act 2003 defines a capital receipt as "a sum received by the authority in respect of the disposal by it of an interest in a capital asset".

10.3.8 Section 9 (2) of the Act states "an asset is a capital asset if, at the time of the disposal, expenditure on the acquisition of the asset would be capital expenditure".

10.3.9 Capital receipts are usually restricted to use for:

- i) Financing new capital investment.
- ii) Reducing borrowing under the Prudential Framework.
- iii) Paying a premium charged in relation to any amounts borrowed.
- iv) Meeting any liability in respect of credit arrangements.
- v) Meeting disposal costs (not exceeding 4% of the receipt).

10.3.10 In general, capital receipts arising from the disposal of housing assets and for which account is made within the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. In summary the regulations require that receipts arising from:

- i) Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government; and
- ii) All other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying of housing debt.

10.3.11 Such receipts have reduced substantially since the transfer of the housing stock to First Choice Homes Oldham (FCHO).

Value Added Tax (VAT) Shelter

10.3.12 As part of the Housing Stock transfer that took place in February 2011 a Value Added Tax (VAT) shelter agreement was entered into with FCHO. This allows FCHO to obtain the same VAT exemption on its capital works as the Council. The shelter only applies for first-time improvements and is expected to cease in 2024/25. FCHO retained all the benefits in the first four years and the savings thereafter have been split 50:50 with the Council, although the first £6.000m was top sliced to deal with outstanding FCHO asbestos liabilities.

10.3.13 FCHO has provided an indicative notification of the release of resources from the VAT shelter for 2022/23 and this is being used to support the capital receipts requirement underpinning the Capital Programme.

Ringfencing of Capital Receipts

10.3.14 Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the Capital Programme as a corporate resource.

10.3.15 The only areas where the Council ringfences capital receipts are in respect of:

- i) The Equity Home Loan Initiative.
- ii) Saddleworth School as part of the Priority Schools Building Programme.
- iii) The Flexible Use of Capital Receipts Strategy – in 2022/23 the first £2.500m of unallocated receipts will be used to support the revenue budget via the financing of transformational projects.

Flexible Use of Capital Receipts

10.3.16 As part of the Local Government Finance Settlement (LGFS) in March 2016, the Secretary of State for Housing, Communities and Local Government provided Local Authorities with the opportunity to use capital receipts to fund the revenue costs of transformation. This flexibility was then extended to 2021/22 as part of the 2018/19 LGFS. Alongside the Final LGFS in February 2021, this flexibility was extended for a further three year period (2022/23 to 2024/25). As previously stated, the Council intends to utilise £2.500m of capital receipts to fund elements of Oldham's transformational agenda in line with the Directive guidance. Therefore in 2022/23 the first £2.500m of unfettered receipts will be used to support the revenue budget via the financing of transformational projects.

10.3.17 The Flexible Use of Capital Receipts is designed to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners.

10.3.18 In order to take advantage of this freedom and flexibility, the Council must act in accordance with the statutory guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. The Council's Flexible Use of Capital Receipts Strategy is included in Annex D.

Availability of Capital Receipts

10.3.19 In considering the 2022/23 Capital Programme, and given the position with regard to capital receipts, a prudent approach has been taken with capital receipts assumed in accordance with an anticipated timeline for asset disposal. However as advised above, the Council anticipates utilising £2.500m under the Flexible Use of Capital Receipts Strategy in 2022/23 to support transformational projects.

10.3.20 The level of receipts upon which the programme relies to fund existing and new commitments has in the past been affected by the property market and more recently the COVID-19 pandemic which has impacted on the:

- i) Ability of the Council to sell assets within the timescale anticipated.
- ii) Level of receipt actually generated, which has sometimes been less than originally forecast.

10.3.21 The Council's objective to rationalise the corporate estate (as highlighted in the Medium Term Property Strategy and the Creating a Better Place programme), will lead to the marketing of increasing numbers of surplus assets. This has the potential to affect both (i) and (ii) above. This is being carefully managed to ensure that the Council receives the best disposal price possible. The Council has specific staffing resources to manage the phased disposal of former schools' sites, residual Housing Market Renewal sites and other strategic regeneration sites. External expertise has been engaged to supplement in-house teams if required when rationalisation activity increases.

10.3.22 The availability of sites for sale could potentially be reduced if there is earmarking of key plots for inclusion in any future Joint Venture opportunity for or any regeneration projects throughout the Borough. Again, this position will be carefully managed in the context of the overall financial position of the Council.

10.3.23 Monitoring of capital receipts is undertaken through an officer sub-group that reports to the CIPB and the Corporate Property Board (CPB); follow-up actions are initiated to address any comments raised. The capital monitoring report is usually presented to Cabinet at months 3, 6, 8 and 9 and advises Members of receipts compared to target.

d) Revenue Contributions

10.3.24 A service or school may wish to offer some of its revenue budget or reserves to support the financing of a capital project. This is acceptable if it can be demonstrated that this funding is unfettered.

e) Use of Leasing

10.3.25 Some of the assets used by the Council have previously been financed by leasing arrangements. Leasing is considered as a viable option for consideration when

financing options are being appraised. Leasing may occasionally offer better value for money than financing through prudential borrowing, however, at the time a decision is required, a full financial appraisal will be undertaken.

f) Section 106 Agreements

10.3.26 In considering an application for planning permission, the Council may seek to secure benefits to an area or restrict uses or activities related to a proposed development through the negotiation of a 'planning obligation' with the developer. Such obligations, authorised by Section 106 of the Town and Country Planning Act 1990, generally either improve the quality of the development, or overcome difficulties which would otherwise result in planning permission being refused. A planning obligation must be:

- i) Necessary to make the development acceptable in planning terms;
- ii) Directly related to the development; and
- iii) Fairly and reasonably related in scale and kind to the development.

10.3.27 As such, therefore, the Council may in some instances receive funds to enable it to undertake works arising from these planning obligations. Examples of the use of planning obligations are the:

- i) Provision of affordable housing.
- ii) Improvement to community facilities - Public open space/play areas, educational facilities.
- iii) Improved transport facilities - contributions have previously been used towards Oldham bus station, park and ride and the provision of cycle lanes.
- iv) Public art.
- v) Renewable energy measures.
- vi) Specific measures to mitigate the impact on a local area, for example parking restrictions, landscaping or noise insulation.

10.3.28 The use of any Capital Section 106 funding will be presented to the CIPB for review.

g) Community Infrastructure Levy

10.3.29 The Council has the option to charge a Community Infrastructure Levy (CIL), a planning charge based on legislation that came into force on 6 April 2010. The Council has considered this but at this time there are no plans to progress the CIL. The position will be kept under review as work is taken forward in relation to the Greater Manchester initiatives and the Council's own Local Plan.

h) Private Finance Initiative (PFI)

10.3.30 PFI was a means by which the Council facilitated major new infrastructure projects. Typically, the schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital. Oldham has considerable experience of PFI with two schools' projects, two housing projects, the Library and Lifelong Learning Centre and the street lighting initiative.

10.3.31 In the Autumn Budget 2018 the Government announced that there would no longer be the use of PFI for major investments and a new centre of excellence would be established to manage existing deals “in the taxpayer’s interest”. The Government emphasised its commitment to maintaining current commitments on PFI contracts. As a result, no new PFI projects or similar initiatives are anticipated within the Strategy period.

i) UK Municipal Bonds Agency Plc

10.3.32 The UK Municipal Bonds Agency (UKMBA) is owned by the Local Government Association (LGA) and managed by PFM; the largest independent financial advisory firm in the United States that works solely for public sector clients. It has extensive experience in the US bonds market and has a wealth of experience of bringing bonds to market for public sector clients. The aim of the agency is to provide Councils with a cost-effective source of long term borrowing (as an alternative to the PWLB) and to introduce sector owned diversity into the Local Government lending market.

10.3.33 To date the UKMBA has made two issuances on behalf of one individual Council which have resulted in a lower than the equivalent rate from the Public Works Loan Board. At this present time, work is ongoing, to issue the UKMBA’s first proportionally guaranteed bond, that is likely to involve a number of Local Authorities. The pooled bond is expected to be a £250m 10-year fixed rate bond.

10.3.34 The Council has invested a total sum of £0.100m in the equity of the UKMBA. The Council will continue to monitor issuances by the UKMBA and cost of funds from the UKMBA as an alternative source of finance with a view to borrowing at an appropriate time if terms are preferential.

11. Capital Investment and Disposal Appraisal

11.1 Capital Investment

11.1.1 All capital investment will be commissioned on the recommendation of the Capital Investment Programme Board (CIPB) which will enable any expenditure and its funding to be better aligned with corporate priorities, partners and funding sources. Partners, from both the public and private sector will be at regional and local levels as well as at a district level.

11.1.2 Within the Council, a concept for a potential capital project should originate from, or at least be ‘owned’ by Senior Responsible Officer (SRO) or Directorate Management Teams (DMTs). The SRO or DMT that ‘owns’ the concept should prepare or direct the preparation of a Strategic Business Case (SBC) for the proposed project. The Strategic Business Case should be submitted to CIPB for consideration, with the exception of Strategic Regeneration projects where the Corporate Property Board (CPB) first reviews the SBC.

11.1.3 If the CIPB (or the CPB in the case of Strategic Regeneration Projects) is satisfied that the proposal meets investment criteria, it will be given approval to progress to Stage 2 of the process – the completion of an Outline Business Case (OBC). The OBC builds on the SBC providing more detailed information including the benefits that could be realised and may include a number of options to deliver the proposed benefits. The OBC will be submitted to the CIPB for consideration, and if it is satisfied with the proposal will give guidance for the development of a preferred option.

11.1.4 Stage 3 of the process entails the completion of a Final Business Case (FBC) which will then be submitted to the CIPB for final consideration. Again, building on the OBC, the FBC will contain evidence of a:

- a) Detailed financial analysis of all costs/income including how the project is financially sustainable and that any adverse revenue implications can be dealt with within existing budgets.
- b) Robust delivery plan including how the chosen option delivers the highest impact in achieving the required outcomes with identified key project milestones enabling progress review.
- c) Risk assessment and that appropriate actions to negate these risks have been identified.
- d) Full exit strategy where the project involves a disposal.
- e) Method of procurement that represents value for money.

11.1.5 By adopting the process outlined above, CIPB exercises control over capital projects through the recommendation of approval of:

- a) Strategic Business Cases (SBC) outlining the initial idea or 'concept' for a project.
- b) Outline Business Cases (OBC) which will focus on links to the Corporate Plan and outcomes.
- c) Full Business Cases (FBC) – the final investment decision. This will focus on how the priorities set out in the OBC will be delivered, including:
 - i) Project description
 - ii) Consultation
 - iii) Expenditure and funding including whole life costs and revenue implications
 - iv) Outputs
 - v) Option Appraisal
 - vi) Value for Money
 - vii) Delivery
 - viii) Risk Management
 - ix) Sustainability, forward strategy and evaluation
 - x) Asset Management
 - xi) Procurement
 - xii) Social Value Impacts
 - xiii) Equality Impact Assessment
 - xiv) Environmental Impact Assessment
 - xv) Contribution to the achievement of corporate initiatives including Get Oldham Working

11.1.6 Depending on the circumstances of the bid for resources, the CIPB has the discretion to vary the three stage review process and omit one or more of the stages.

Gateway Review System

11.1.7 The Council has adopted a gateway review system for all projects within the Capital Programme to promote the following principles:

- a) Carrying out structured reviews at decision checkpoints, defined by boundaries between management stages, to test the project's management and its readiness to progress to the next stage.

- b) Promoting project assurance through the application of a structured project management system.
 - c) Informing the governance process.
- 11.1.8 The Gateway Review structure is designed to be efficient by only requiring detail when it is needed to get to the next stage. It also tries to minimise additional work for team members by using templates that build on each other, reducing the need for reworking.
- 11.1.9 Gateway Reviews are undertaken by the Strategic Regeneration Project Management Office which has been specifically set up to ensure there is a robust review process in place to support the delivery of capital schemes and therefore to support the work of the CIPB.
- 11.1.10 There are four Gateway Reviews which are initiated at key milestones in the delivery of a programme, Gateways 1 to 3 are undertaken in the approval process for the Strategic, Outline and Final business cases respectively, Gateway 4 is undertaken in support of the delivery and handover phase. It is important to note that the Gateway report is used to advise and inform those responsible for making the investment decision, the decision will not be made by the Gateway Review team.
- 11.2 Service Challenge & Review, Efficient Use of Assets**
- 11.2.1 As part of the Creating a Better Place programme, the Council has started an ambitious programme of transformation which includes rationalising the corporate estate as a key driver for change which includes the delivery of revenue budget reductions.
- 11.2.2 A review of the Council's operational land and property portfolio has been initiated to consider:
- a) The core office estate;
 - b) The operational asset base used for district-based service delivery; and
 - c) Land.
- 11.2.3 Through the Creating a Better Place programme, an Assets Accommodation and Investment Group is leading work to further streamline the Council's core office accommodation, working collaboratively with other public sector partners, to exploit collective town centre property ownerships (including the Spindles and Town Square Shopping Centres) to maximise benefits from regeneration, inward investment and improve efficiency in operating costs. This will align with the Government's One Public Estate (OPE) Programme and the work undertaken by the Strategic Estates Group (SEG).
- 11.2.4 With regard to the review of operational district assets and Place-Based operating arrangements, the Property Team and services continue to work closely alongside wider public and third sector partners to ensure that portfolios are the best fit for purpose and efficient usage is maximised. Work with NHS partners has been accelerated to support the health and social care integrated working agenda.
- 11.2.5 In taking forward the Creating a Better Place programme, the disposal of land and property assets will be progressed with alignment to corporate objectives and incorporated into the asset rationalisation programme. The review of the Council's existing investment portfolio will be included as part of proposals to further streamline the Council's Asset Estate, in line with required capital receipts targets and approved revenue budget savings.

- 11.2.6 Governance of the Council's land and property portfolio is provided via the Land and Property Protocols which form part of the Council's Constitution, providing a strategic governance framework within which land and property transactions are undertaken and the corporate portfolio is managed in a consistent, transparent and appropriate manner. The Protocols are regularly updated to reflect Statutory, Administrative and Organisational changes and have recently been revised in line with the recommendations of the Creating a Better Place programme.
- 11.2.7 The Corporate Property Board oversees the acquisition and disposal of land and property assets and monitors the progress of the asset rationalisation programme and performance of the investment portfolio.

12 The Prioritisation of Capital Requirements

- 12.1 Once a bid for capital expenditure has passed through the Gateway process and has demonstrated that it aligns with Council priorities and links to the Greater Manchester Strategy (if appropriate) and it has been agreed that it is suitable for capital investment, the strategic requirements will be prioritised using the following criteria (it should be noted that these are not mutually exclusive or in ranking order):
- 12.2 The criteria examine whether the proposal is:
- a) Related to mandatory, contractual or legislative service delivery requirements.
 - b) Required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process.
 - c) Required to support Service Plan priorities.
 - d) Enhancing the Co-operative Council agenda and demonstrating the delivery of wider Social Value.
 - e) Supporting the Get Oldham Working priority initiative and demonstrating how it delivers the aim of local jobs for local people.
 - f) Supporting integrated working with NHS partners or in support of other GM strategic objectives
 - g) Linked into other regional objectives.
 - h) Enhancing the asset management/estate management agenda.
 - i) Providing general revenue budget reductions or offering the delivery of a more efficient service including promoting the digitisation of Council services.
 - j) Fully-funded from external resources.
 - k) Securing substantial external resources for which Council matched funding is required.
 - l) Likely to have the highest impact on achieving improved performance against the Council's key objectives.
 - m) Making a contribution to carbon reduction targets and renewable energy initiatives as part of the Council's Green New Deal.
 - n) Supporting regeneration and economic growth, particularly in the town centre and district centres.
 - o) Supporting recovery from the impact of the COVID-19 pandemic.
- 12.3 The results of this process will be presented to Members each year as part of the capital budget setting process, or during the year if projects come forward outside of the normal timeframe.

13 The Procurement of Capital Projects

- 13.1 The structure of the Council's procurement and strategic relationship management function includes designated Commercial Procurement Managers whose focus is to support all capital projects.
- 13.2 Integration of revenue and capital financial planning provides opportunities for greater efficiency by selection of the most effective procurement processes to ensure the best commercial solution.
- 13.3 The Council is keen to ensure that Social Value, is demonstrated during the procurement process, linked to the principles of the co-operative agenda. Therefore, this is of key importance in the procurement of all capital schemes. The social value deliverables are actively monitored by the procurement team throughout the life of the contract.
- 13.4 Efficiency gains via procurement will be achieved by:
- a) Efficient procurement processes which are constantly being enhanced with opportunities being developed to ensure the best commercial solution is selected and delivered.
 - b) Expanding the range of providers included within the Council's early payment discount scheme.
 - c) Strategic contract management of the wider supply chain to ensure continuous savings through the life of the project.
 - d) Procuring fixed price contracts with risk/reward terms to incentivise further efficiencies.
 - e) Joining in GM wide procurement initiatives which will provide savings through economies of scale.
 - f) Public Private Partnership (PPP) agreements and other innovative financing arrangements where practicable.
 - g) Leasing/borrowing strategies which will consider the most effective means of acquiring assets.
 - h) Establishing the Northwest Contactor Framework from April 2022 to facilitate the engagement of construction contractors to deliver Council planned projects. The framework will also generate additional income from other public bodies who wish to use the framework.

14 The Measurement of the Performance of the Capital Programme

- 14.1 The capital commissioning approach that has been adopted by the Council is supported by a strong programme management process in order to ensure a co-ordinated corporate approach to the strategic alignment of investments. The process has been modelled on the PRINCE 2 project management methodology and the Office of Government Commerce (OGC) Gateway Review System, incorporating risk assessment, risk management, option appraisal, cost v benefit analysis, etc. This ensures that investments are planned, managed and delivered prudently.
- 14.2 The Capital Investment Programme Board (CIPB) has a remit to review the financial performance of the Capital Programme and from month 3, it receives a monthly monitoring report. In addition, financial monitoring reports will be considered by Cabinet at months 3, 6, 8 and 9 together with a capital outturn report. Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports.

- 14.3 The undertaking of the detailed annual review of the Capital Programme provides the opportunity to review all schemes or focus on specific areas of concern.
- 14.4 Where a potential cost overrun has been identified, the CIPB will explore possible solutions in detail. It will also consider any under spending or identified surplus resources which can be added to the central pool of resources. The CIPB may also suggest a reallocation of resources to other projects.
- 14.5 Where there is a delay in the commitment of programme/project resources, the CIPB will require project managers to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of un-ringfenced resources to other projects.
- 14.6 The performance of the Capital Programme is also measured by the prudential indicators which are reported to Cabinet/Council as part of the Treasury Management Strategy, the Treasury Management half-yearly review, and the Annual Review. Some grant regimes, such as the Towns Fund, have separate monitoring arrangements with reports required to be submitted to Government. Where appropriate CIPB will consider such external reports.

15 The Capital Investment Programme Board

- 15.1 The Capital Investment Programme Board (CIPB) is an Advisory Board and is chaired by the Deputy Leader and Cabinet Member for Finance and Low Carbon. The lead Chief Officer for CIPB is the Executive Director – Place and Economic Growth. The Leader of the Council and the Deputy Leader and Cabinet Member for Neighbourhoods have a standing invitation to all meetings. The Board is supported by the Director of Finance, the Director of Education, Skills and Early Years and the External Funding Manager. The Board has a Terms of Reference and detailed reporting performance processes which are included at Annex B.
- 15.2 All Directorates are represented at Director level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet Member to attend when a project within their portfolio is being discussed.

Priority Areas for Investment

The priority investment areas identified for the 2022/23 to 2026/27 period covered by this Capital Strategy document are set out below, along with information about longer term projects which form part of the vision for the borough.

The Capital Strategy is split between two distinctive elements, the short to medium term and a longer-term vision. In the short to medium term (years 0 to 5), the primary focus is geared towards the delivery and implementation of a wide range of priority capital schemes. At this stage, the management of potential risks in relation to delivery is significant for the Council. It must be noted that within the short to medium term timeframes the Capital Programme may be amended with the introduction of urgent, high priority capital schemes. This Capital Strategy allows for flexibility to ensure that new schemes can be included in the programme or existing schemes re-scoped to deal with changing circumstances or to secure new funding opportunities that may arise. This stage also allows the Council to develop plans that contribute to the Council's immediate priority objectives such as the town centre vision, housing and borough wide regeneration as encompassed in the Creating a Better Place programme.

The Council incorporates Capital Programme expenditure and funding projections into its medium term cashflow forecasting which in turn drives the debt management strategy for the Council. Decisions on debt financing will be influenced by capital projections as well as forecast capital receipts. The Capital Programme and the implications of the programme for MRP and debt financing costs are incorporated into the revenue budget and Medium-Term Financial Strategy.

The breakdown of funding by project area is shown across the current programme to 2026/27 at Annex C. The narrative supporting the programme is set out below together with information about projects which the Council plans to take forward in the following 10 years from 2027/28 to 2036/37.

A) Schemes to be Delivered in Years 0-5 (2022/23 to 2026/27)

Capital schemes for which funding may be required and for which funds could be allocated are set out in the following paragraphs. Each of these schemes would need to be progressed by the submission of detailed and fully costed business cases demonstrating how they achieve corporate priorities. Schemes have been categorised based on current information over a delivery timeframe focused on;

- those that will be initiated and delivered in the five years of this strategy period (2022/23 to 2026/27); and
- those which will progress from 2027/28 to 2036/37 (a further 10 year timeline).

It is probable that due to rephasing, some projects will move from the first to the second delivery period.

1 Ongoing Requirements

There are requirements for the continued annual funding of existing programmes of work across the current five year programme and beyond. The continuation of funding schemes are summarised as follows:

- a) Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function)

Spending in this area aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. Provision for such expenditure is included within the People and Place – Corporate Property service budget which has an allocation of £8.493m in 2022/23.

b) School Condition Works

The Council has provided resources to address the most immediate needs (priority 1) for condition works within the school estate. There is however, increasing demand on the school condition works budget to address priority 1 condition issues as well as other preventative works prior to arrival at priority 1 status. Provision is included within the People and Place – Corporate Property (Education Premises) budget.

c) ICT Strategy

The core elements of the ICT strategy are still relevant, as supported by the Delivering a Sustainable Future (DaSF) review initiative taking forward the Council's transformational change agenda to address the revenue budget challenge. This has recommended the Council invests in a number of themes. The investment in ICT is further categorised into two main focus areas, Technology and Digital Transformation.

Technology is essentially delivering the technical components to maintain a secure IT Service and builds on the Technology Roadmap from previous years.

Digital Transformation is a key enabler for Service and Organisational change that can deliver improvements and savings. DaSF recognised that investment in this area will enable savings to be delivered but that such savings will materialise from Service areas that benefit from the digital change activity (i.e. demand reduction should enable cost reduction and / or productivity gain in the Customer environment, Business Support and Operational service areas). The target for savings therefore is within these core base budgets, therefore these investments should be business case backed and considered as 'invest to save' opportunities.

The six key areas for ICT investment including those linked to invest to save opportunities have been identified as:

- **Digital & Technology Foundations** – the main focus of this area is to further implement the technology necessary to safely and securely exit the Council's on-premise data centre and move legacy Council systems into the MsAzure cloud environment. This will include further development of the Council's client estate and network, so data connections no longer traverse the datacentre.
- **Line of Business Systems** – the line of business systems investment is necessary for the upgrade and re-platforming of key business systems, moving to cloud provision where appropriate. An allowance is also provisioned to implement Application Platform Management, rationalisation of functionality and decommissioning.
- **Business Support, HR/OD foundations** – the implementation of Workforce management automation, implementation of an Electronic Data Records Management Solution (EDRMS) and improvements to employee self-service within Council's payroll system (iTrent).

- **Workforce Collaboration and Productivity** – enabling staff to work from anywhere and access their stored documentation through SharePoint, migrating the on-premise shared files from the datacentre into SharePoint Online. Implementing more of the collaborative tools included within MsOffice365 to increase productivity of the workforce.
- **Customer Experience** – utilisation of the Customer Digital Platform to create end to end digital services, redesigning services which can be accessed through a new website and utilising customer insights.
- **Business Insight Performance, Strategy & Policy Foundations** – Leveraging existing investments to deploy a data analytics platform. This platform builds upon the above themes and principles to create the conditions where Oldham Council can understand the borough better and use this insight to improve services, through the deployment of a Business Intelligence (BI) accelerator for the customer, finance and social care business units.

In order to finance the investment in the areas highlighted above, provision is included within the People and Place – Information Technology service budget which has funding available of £5.590m in 2022/23.

d) Social Care

This resource will provide additional support for disabled adaptations, transformational schemes to further health and social care integration, and wider social care initiatives. The Adult Social Care Reform White Paper published in December 2021 includes references to additional capital funding; details of which are set out in the section below entitled “Other Programmes and Schemes”.

e) Environmental Services

To support the purchase of environmental machinery, provision is included within the People and Place – Environment service budget. New funds for investment of £0.100m are available in 2022/23, from a total of £0.500m.

2 Creating a Better Place

The Creating a Better Place programme sets out a vision for the borough, which is focused on building more homes for the borough’s residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The strategy aims to support the Borough’s recovery from the COVID-19 pandemic and deliver these ambitions in ways that contribute to a reduction in carbon emissions in support of the Council’s Green New Deal strategy.

Creating a Better Place also encompasses the Housing Strategy and Medium Term Property Strategy. Efficient utilisation and rationalisation of the Council’s corporate estate (land and property) is crucial to the delivery of £8.2m of approved revenue budget savings between 2021/22 and 2025/26. The Creating a Better Place programme incorporates £256.738m of schemes including £19.374m within the programme up to 31 March 2022. A further £237.364m of schemes are included over the period 2022/23 to 2026/27.

The ambition set out within the Creating a Better Place programme will be supported with significant grant funding identified in the Levelling Up the UK White Paper in the

form of £24.400m from the Towns Fund (£24.200m over this Capital Strategy period) and £10.750m from the Future High Streets Fund (£9.957m over this Capital Strategy period). The Council will seek to secure further funding to support decarbonisation and the Green New Deal strategy from funds such as the Public Sector Decarbonisation Scheme as well as the £2.6bn UK Shared Prosperity Fund. There may be further grant funding opportunities arising from the recently published Levelling Up the UK White Paper.

Key programme areas and schemes included within the Creating a Better Place programme are set out below.

a) School Investment

The Creating a Better Place programme encompasses schemes financed through Education Basic Need grant. It includes a range of new build and school expansion schemes to ensure there are sufficient school places for the borough's children. Schemes include the provision of a new secondary school at Saddleworth, the expansion of North Chadderton school and the provision of a nursery extension at Fir Bank primary school. The borough will also benefit from a new Cranmer Education Trust school located at Bloom Street in the centre of Oldham.

There continues to be pressure on primary and secondary places within areas of Oldham, with little capacity at several schools as the school population continues to increase. School capacity and improving the standard of the facilities within schools remains a priority and the Council will consider additional investment in its own right or to complement any Government resources that may become available.

The Council is aware that the Government could in the future introduce a range of grant funding opportunities for schools. There may also be opportunities to utilise funding from the Department of Education (DfE) for new schools with an academy partner. Schemes of this nature require the Council to release land for the school to be built upon. In such instances the Council will dispose of land without recompense, via a land swap or other such appropriate land transaction. The Council may also deem it appropriate to allocate its own resources to support schemes as it sees fit.

Provision for new investment as well as on-going commitments is included within the Children's Services – Schools (General, Primary, Secondary, Special and New Build) service budget.

b) Housing

The aim of the Housing Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focusses on the dynamics between people, homes and the wider economy. A key strand of this approach remains the provision of a Flexible Housing Fund (FHF). This is a fund to support external partners and the Council to self-develop housing in less viable areas. It will ensure developments are brought forward and support the delivery of the required number of new homes within the borough. Investment in building new homes is a priority at key town centre sites and sites around the borough.

As well as a number of schemes supported with Housing Revenue Account (HRA) resources (see below), the programme anticipates establishing an appropriate delivery mechanism for delivering a pipeline of residential schemes including sites at Derker and Southlink. These schemes are currently in their development stage.

c) Housing Initiatives (Funded by Housing Revenue Account resources)

There are several major approved housing capital projects that the Council wishes to implement over the medium to long term to support the delivery of the overall Housing Strategy. Approved capital projects that will specifically rely on use of HRA balances include:

- Ambitious town centre residential proposals to develop up to 2,000 new homes in the town centre over the next 5 – 10 years.
- Developing temporary accommodation to meet homelessness demands - There has been a significant increase in the number of homeless households who need help and support. To address this, a range of sustainable options are being considered including the purchasing of a building which could accommodate 18 self-contained flats, and a long-term lease on a building which could accommodate 25 units of mixed accommodation (self-contained and shared). Pursuing these types of long-term arrangements would not only address a definite need but also support the revenue budget by reducing the high levels of reactive costs such as bed & breakfast accommodation charges.
- Developing the Purchase and Repair and Lease and Repair pilot schemes in the private rented sector - The Council has launched a pilot empty homes intervention project to work with owners of empty homes to bring their properties back into use through one of the two options available from the Council. A combination of HRA funding and Homes England Grant funding has enabled the development of Purchase & Repair and Lease & Repair options; designed to financially support landlords in bringing their properties back into use. It is envisaged that this scheme will be widened post the pilot phase. This accommodation will be used to prevent homelessness by offering suitable, long term accommodation for those in need. This accommodation will also assist with the 'move-on' options from those households in temporary accommodation by providing a suitable, longer term, settled abode.
- Direct delivery of new homes – Through the Creating a Better Place programme and the Flexible Housing Fund the Council is able to bring new homes online which will be added to the Council's HRA stock. The development at Primrose Bank has produced 19 units for social rent that came online in January 2021. Some HRA infill sites are also being used to deliver specialist housing provision with a view to bringing on 40+ new units of specialised housing for social rent.

d) Town Centre and Borough-Wide Regeneration

The Council has plans for considerable investment in schemes which will support economic regeneration across the borough as well as in the town centre. These schemes are aligned with wider objectives to rationalise the Council's corporate estate and asset management commitments as well as deliver against its Green New Deal Strategy to achieve carbon neutrality for Council Buildings and Street Lighting (by 2025) and for the borough (by 2030).

Details of key regeneration schemes are set out below.

Spindles and Town Square Shopping Centres

The Council acquired the shopping centres in October 2020 as a critical strand of wider plans for the redevelopment of the town centre. The centre's acquisition and redevelopment will facilitate the release other town centre sites for repurposing including the provision of housing and additional green space. These proposals will

also help reduce corporate landlord costs and backlog maintenance liabilities which will contribute to the delivery of an already approved £8.2m of revenue budget savings between 2021/22 and 2025/26.

Plans for the redevelopment of the centre include the relocation of Tommyfield Market and the provision of flexible office accommodation which will enable the Council to eventually vacate its existing Civic Centre site. The current retail offer will remain a key element of the centre albeit with better overall use of the space available. Redevelopment of the centre is partially financed from over £12m of Towns Fund grant out of an allocation totalling £24.400m

Wider Town Centre Redevelopment

The Council is currently examining options for progressing the redevelopment of sites which will become vacant as a result of the Spindles and Town Square Shopping Centre scheme. These and other town centre sites including the former Magistrates Court and the former Leisure Centre sites will also form part of these proposals.

Future High Streets Fund (FHSF) Schemes

Grant of £10.750m from the FHSF is supporting the delivery of three regeneration schemes. Firstly, the Egyptian Room in the Old Town Hall Complex is being converted to a food hall which will see a coffee shop, pizzeria and a bar centred around a communal dining area. The fund will also support the acquisition and redevelopment of a historic building in the town centre as well as the Accessible Oldham project which will deliver public realm and connectivity improvements in and around the town centre.

Making Space for Live Performance

Funding of £6.133m of Towns Fund Grant will help provide a new flexible performance space in the town centre for use by local arts and culture providers including Oldham Coliseum. This will be based within a redeveloped Old Post Office and former Quaker Meeting House at 84 Union Street.

Northern Roots

This scheme is part of a long term vision to create the UK's largest urban farm and eco-park on 160 acres of land at Snipe Clough in the east of the borough. The scheme incorporates a wide range of initiatives including growing hubs, recreation areas and educational facilities. The scheme will also contribute to social prescribing and boost tourism. Towns Fund Grant of £6.133m will support the cost of enabling works and access routes as well as the construction of key infrastructure including a visitor centre, education centre, market garden and mountain biking hub.

Royton Town Centre Development

In line with the Co-operative Council ethos, a capital priority is investment in neighbourhoods, in particular the creation of hubs around neighbourhood town halls. The allocation within the Capital Strategy for the Royton Town Centre development is £2.475m in 2022/23.

Other Regeneration Schemes

Other schemes which are progressing through to the construction phase include the provision of a new depot at Alexandra Park and the refurbishment of the Old Library building on Union Street. The Council is also developing housing and employment sites at Broadway Green, Hollinwood and Salmon Fields. All these sites are expected to advance further within the next five years. The Council will take advantage of suitable development opportunities throughout Oldham in order to advance its regeneration objectives.

e) Asset Management

Medium Term Property Strategy (MTPS)

The MTPS review is a key element of Creating a Better Place encompassing exciting plans for property led change.

The MTPS and its implementation is key to the Council achieving both cost savings and a more efficient use of the corporate estate, contributing to the delivery of an already approved £8.2m of annual revenue budget savings and a reduced requirement for backlog maintenance as well as informing the development of an asset disposals programme to reduce Council holdings of surplus assets and generate additional capital receipts.

Given the impact of the COVID-19 pandemic on current and future demand for property, the MTPS is currently under review. The MTPS is also at the centre of numerous inter-dependencies which will also shape future requirements including:

- The revised Creating a Better Place programme (see above);
- Housing delivery targets set out in the Council's Housing Strategy;
- The One Public Estate programme which seeks to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners;
- Place-Based Working centred around providing services from five districts / hubs within the borough.

The MTPS seeks to take a holistic review of land and property assets whether Council owned or within the ownership of One Public Estate partners to ensure the Council:

- delivers against ambitions for energy efficiency;
- delivers against ambitions for public buildings to be carbon neutral by 2025;
- ensures scrutiny of its own accommodation to ensure value for money and best utilisation for staff and services; and
- has regard to the views of Ward Members / Portfolio holders.

The COVID-19 pandemic has undoubtedly had a major adverse impact on the economy, and this has inevitably disrupted the Council's asset disposal programme. Alongside the MTPS, the Council is currently reviewing its disposal programme to focus on 'fast tracking' a smaller number of assets for sale focusing on those with high management intensity and longer term liabilities/risks.

Surplus Sites

The Council has an extended portfolio of surplus sites scheduled for disposal, for which up front capital funding may be required for enabling and other works to ensure that the land is suitable for redevelopment. The Medium Term Property Strategy and Creating a Better Place programme encompass the disposal of surplus sites to create capital receipts and create a revenue saving. The Capital Strategy 2022/23 to 2026/27 includes an allocation within the People and Place – Other Regeneration Priorities service budget to support this enabling work. It must be noted that the Capital Programme’s financing is reliant on the income generated from these disposals in the form of capital receipts.

Working with NHS Partners

The Council is a key member of and a driving force in the activities of the Oldham Strategic Estates Group (SEG). The Department of Health initially required all Clinical Commissioning Groups (CCG) to establish a SEG within their locality, and whilst the group initially had a ‘Health’ focus, this has been broadened to encompass a ‘One Oldham Estate’ approach. This is closely aligned to the Government’s One Public Estate (OPE) principles which in essence seek to maximise the efficient use of the public sector estate through co-location and joint service delivery, releasing surplus land and property to support regeneration, residential development and inward investment. The Oldham SEG has a ‘strategic’ rather than ‘operational’ focus and has developed an SEG Implementation Plan (SEP), identifying development of integrated public sector hubs and mapping existing estate and utilisation as key priorities.

f) Green Initiatives and Decarbonisation

In March 2020 the Council adopted the Oldham Green New Deal Strategy, which set carbon neutrality targets for Council Buildings and Street Lighting (by 2025) and for the borough (by 2030). The approach set out by the strategy envisages a mix of Council, private sector and national / third sector grant funding to finance the achievement of these targets, with a focus on stimulating economic activity in the key low carbon and environmental sector to create jobs and training opportunities for Oldham residents and businesses.

Achieving these targets will necessitate the alignment of the Council’s Capital Programme with the decarbonisation agenda. This will mean addressing new building projects and routine maintenance through the lens of whole-life business cases taking into account the future costs and carbon implications of energy use. Policy and regulatory changes at national level will change the cost balance between mains gas and electricity, making the former more expensive in relative terms, to reflect the higher carbon content of gas as a fuel. This means that a switch to electrical heating should become business as usual for Council-owned buildings. Funds already allocated for maintenance operations should be used in this way, to be augmented by further Council funds or external grants for energy efficiency improvements and electrical heating where the business case exists, as set out in the 2025 target hierarchy of actions in the Oldham Green New Deal Strategy.

The social value of Council capital projects will be captured for Oldham’s Green Technology and Services Sector via a Social Value Portal which contains a range of Themes, Outcomes and Measures (TOMs) supporting the creation of local jobs and training opportunities as well as Green New Deal outcomes such as carbon emissions reduction and improvement of greenspace in the borough.

The Government's financial support for the decarbonisation agenda continues, with another £1.3bn allocated to the Public Sector Decarbonisation Scheme (PSDS3). The Council has applied for £2.45m from PSDS3 to support the decarbonisation of heat provision for the Oldham Spindles project, in partnership with Rochdale Council via a GMCA consortium. Additionally the Council has applied for circa £0.150m in revenue funding from the Department for Business, Economy and Industrial Strategy (BEIS) Heat Network Development Unit to develop the next phase of feasibility work for the proposed town centre minewater district heat network. The new BEIS Green Heat Network Fund will provide capital funding for any future heat network which either the Council or a private developer will be able to access. The cost of the proposed heat network has been estimated at £20m. No specific provision has been included within the capital programme to fund the cost of the proposed heat network as it is envisaged financing will either be sourced from Central Government or the private sector.

3 Highways and Transport

The Council secures capital funding for investment in maintaining and improving the local transport network from several different sources, including Central Government, which allocates funding largely through the statutory Local Transport Plan (LTP) - the Greater Manchester Transport Strategy 2040 - and its supporting 5-year Delivery Plan. Most of this funding is brought into the Transport Capital Programme and comprises a mix of grants and borrowing.

Updated GM2040 Transport Strategy documents were approved by GMCA in January 2021 including: a refreshed version of the long-term, statutory local transport plan (LTP) - the Greater Manchester Transport Strategy 2040; a final version of Our Five-Year Transport Delivery Plan (2021-2026) based on committed resources and intended to be updated annually; and ten new Local Implementation Plans (one for each Greater Manchester Council), providing more detail on the how the GM2040 Transport Strategy will be delivered locally.

Oldham Council has adopted the principle that all un-ringfenced capital grants secured through the GM Local Transport Plan will be passported for investment in the transport network. In previous years, Oldham has prepared a Transport Capital Programme to cover a three-year timeframe for the resources allocated through the Local Transport Plan (LTP). However, Government has changed the funding arrangements for Mayoral Combined Authorities from 2022/23 and has introduced a single City Region Sustainable Transport Settlement (CRSTS) covering the 5-year period 2022/23 to 2026/27. CRSTS includes new funding for transport as well as existing funding streams that have been consolidated into the 5-year settlement, such as the Highway Maintenance Block which previously formed the basis of Oldham's Transport Capital Programme, and the Integrated Transport Block.

Government has recently announced that Greater Manchester is to receive £1.09 billion of funding from the City Region Sustainable Transport Fund for the five-year period 2022/23 to 2026/27. Greater Manchester's bid for this funding included several transport projects put forward by Oldham Council, as well as Transport for Greater Manchester (TfGM) led schemes and Greater Manchester wide programmes which could result in further investment in the borough. The projects that will be delivered with through CRSTS and any Oldham Highway Maintenance Block and Integrated Transport Block allocations will be confirmed over the coming months.

Key elements of Oldham's current Transport Capital Programme include:

- A £6m investment of Devolved Growth Deal funding for the Growth Deal 3 Accessible Oldham Town Centre scheme, which is forecast to be completed in 2022/23 with spending of £4.032m in year;
- A GM Mayor's Cycling and Walking Challenge Fund grant of £11.8m for Tranche 6 Bee Network schemes £10.125m forecast to be spent in 2022/23;
- A £4.714m DfT Highway Maintenance Challenge Fund grant for Waterloo Street and Wellington Street bridges on Oldham Way with a forecast spend of £3.100m in 2022/23 and £0.601m in 2023/24.
- A Future High Street Fund grant of £1.482m for further elements of the Accessible Oldham Town Centre programme;
- An Environment Agency (EA) Flood Management Programme (Grant in Aid and Local Levy Fund) award for delivery of a scheme at Golburn Clough, with an approximate scheme value of £0.550m, of which £0.057m is a local Oldham Council contribution.

Securing additional grant funding for investment in transport infrastructure is an Oldham Council priority and an ongoing activity. The Council is currently awaiting the outcome of a decision on a bid for a £1.8m Department for Transport Active Travel Fund Tranche 3 grant.

There is also the potential to secure additional funding for Oldham through TfGM led programmes including:

- The GM Mayor's Cycling and Walking Challenge Fund for Bee Network Crossings and Active Neighbourhoods;
- The bus pinchpoint programme;
- The Quality Bus Transit Corridor demonstration project on the A671/A627 Rochdale-Oldham-Ashton corridor.

Transport for Greater Manchester is working in partnership with the ten GM Local Authorities to ensure that the city-region is in a position to maximise its share of any transport funding that becomes available. As part of this process, Oldham Council will continue to make the case for transport investment in Oldham, which could require the Council to provide local funding contributions.

Provision for transport capital spending is included within the People and Place – Transport service budget (£20.545m in 2022/23).

4 Other Programmes and Schemes

a) Social Care

The Council has extensive responsibilities to deliver an adequate standard of social care and works closely with National Health Service partners. The Council will address identified needs or opportunities to facilitate enhanced service provision and support income generation in respect of community health and adult social care. The current budget within the strategy is £1.900m and is available for such investment.

This resource will provide additional support for disabled adaptations, transformational schemes to further health and social care integration, and wider social care initiatives.

Better Care Fund (Disabled Facilities Grants)

The demand for major property adaptations to premises continues to rise, particularly because of the increase in numbers of elderly clients and also of very disabled children where medical advances have seen improvements in life expectancy. There are also increased requests for adaptations to FCHO properties.

For 2021/22, the final Better Care Fund (BCF) capital allocation in the form of Disabled Facilities Grant (DFG) was £2.091m. The grant was un-ringfenced but, given the Council's obligation to undertake adaptations, the strategy of the Council is to passport the full grant allocation for the intended purpose; to support housing adaptations (it is important to note that grant is included within the Pooled Fund in place between the Council and Oldham CCG). Where 2021/22 resources have not been utilised, they will be carried forward into 2022/23 (estimated at £1.004m). At present, there is no notification of funding allocations for 2022/23. As a result, an estimated of £1.343m has been included in the 2022/23 Capital Programme, bringing total resources for 2022/23 to £2.347m with further funding over the period to 2025/26.

In the recently published Adult Social Care Reform White Papers, the Government has promised to facilitate a new practical support service to make minor repairs and changes in peoples' homes to help people remain independent and safe in their home. This will be accompanied by an increase in the upper limit of the Disabled Facilities Grant clients can access for home adaptations. Any funding received will be allocated using the same principles as were applied in 2021/22. Total provision of £2.437m is included within the Community Health and Adult Social Care - Disabled Facilities Grant service budget for 2022/23.

Adult Social Care Reform White Paper (Published December 2021)

The White Paper sets out a vision for future social care provision. As well as reforms to the way in which care is paid for, the Government wants to ensure people:

- have choice, control, and support to live independent lives.
- can access outstanding quality and tailored care and support.
- find adult social care fair and accessible.

The White Paper promises to make additional funding available although it is not yet fully clear how this funding will be accessed/distributed. A proportion of this funding is likely to be for capital purposes. Announced within the White Paper is:

- At least £300m to integrate housing into local health and care strategies.
- At least £150m of additional funding to drive greater adoption of technology and achieve widespread digitisation.
- At least £500m so the social care workforce has the right training and qualifications.
- Up to £25m to support unpaid carers.
- £30m to help local areas innovate around the support and care they provide in new and different ways.
- More than £70m to increase the support offer across adult social care to improve the delivery of care and support services.

When the capital grant notifications are made available, these will be incorporated into the Capital Programme.

b) Fleet Replacement Programme

An additional £2.000m has been included in the programme to support the Council's vehicle fleet replacement programme. Whilst the service already makes provision for vehicle replacement, it is anticipated that costs are likely to escalate in the medium term as the Council seeks to upgrade its fleet to cleaner, safer vehicles which are electrically powered where possible. This is in line with the city-region's Clean Air Plan and will support the Green New Deal Strategy to achieve carbon neutrality for the borough by 2030.

c) Local Improvement Fund

An additional £0.500m has been included in the programme to allow for a one-year extension to the Local Improvement Fund (LIF). The LIF was originally established in 2019 to encourage the active participation of residents and local organisations in improving the quality of life in the local area. The fund can be used to improve community buildings, equipment and other facilities and encourages residents to prioritise the schemes that matter to them.

d) GM Investment Fund Loans

In line with the approved scheme initiated and underwritten by the Greater Manchester Combined Authority (GMCA), the Council may manage loans to qualifying businesses to support the growth ambitions as set out in the GM strategy.

No specific provision has been allowed but will be managed from within available resources as schemes are identified.

e) Greater Manchester Devolution and Related Initiatives

Development under the devolution agenda is an evolving programme of activity at the wider GM level. Working in partnership with the GMCA and other Local Authorities, the Council will seek to support new initiatives related to transport, housing and economic regeneration.

No specific provision has been allowed for such investment but will be managed from within available resources as schemes are identified.

f) Opportunities for the development of new schemes arising from the Levelling Up the UK White Paper

On the 2 February 2022 the Government released the White Paper 'Levelling Up the UK'. This included a wide range of initiatives and funding streams and confirmed the £4.8bn of Levelling Up Funds (of which £1.7bn has already been allocated) and £2.6bn UK Shared Prosperity Funding. The Council will ensure as more information becomes available, the opportunities provided by these funding streams will be maximised to the benefit of Oldham. Bids will be submitted and resources deployed to support the key objectives of the Council's capital strategy.

g) Matched Funding for Grant Bids

The Council is mindful that the Government or the GMCA may introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council's strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are

submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

h) Funding for Emerging Priorities

The Capital Programme includes an unallocated resource that can be deployed to support existing priority schemes or new initiatives, including those highlighted above for which no specific allocation exists, for example Greater Manchester Devolution and Related Initiatives and Matched Funding for Grant Bids.

This is considered a prudent approach to allow flexibility, revision and reassessment of understanding priorities. Provision of £2.520m is available in 2022/23 with a further £4.771m available over the rest of the Capital Programme period. In addition, the Capital Strategy also includes an additional unallocated resource to mitigate against the risk of scheme cost increases resulting from the legacy of the pandemic. The construction industry has been impacted by supply chain issues and material shortages which is causing inflationary pressures and extensions of delivery timescales. Corporate provision has been made within the strategy to help the Council manage the impact of these pressures so it can continue to deliver planned schemes.

B) Schemes to be delivered over a further 10 years (2027/28 to 2036/37)

The Council is implementing the Creating a Better Place programme which encompasses ambitious town centre and borough-wide regeneration plans, the MTPS and Housing Strategy. The Council has reviewed and developed these new strategies for meeting the investment need in the much longer term where there is considerable uncertainty and complexity. It has given consideration to:

- economic, social and technological factors that drive regeneration and redevelopment initiatives.
- long term planning issues to deliver new development e.g. the Council's ambition to deliver new homes.
- the HRA business plan which seeks to identify over a long term time horizon the likely financial and housing need provision for the HRA.
- the joint strategic needs assessment for Adult Social Care.
- pupil planning data for future provision of school places.
- asset management planning for long-term property need and investment.

The Council therefore has a longer-term vision for capital spending outside the initial five year timeframe.

There is a clear link between long term planning for capital and for treasury management purposes. The Council's current debt portfolio contains loans that mature over the period up to 2079/80. The debt repayment profile will be managed alongside the longer-term expectations for capital expenditure and funding forecasting.

It is challenging to make accurate long-term forecasts. Those forecasts that are made can only be classed as best estimates and will be subject to amendment over time. However, long-term forecasting is valuable in informing strategic plans taking account of the sustainability and affordability of existing and planned investment, which will need to be repaid over future years. It is important that the funding arrangements and financial implications of major capital projects and investments that have been included within the updated strategies mentioned earlier, are understood and planned well in advance.

Most schemes included within the longer-term programme are developments of projects already included within the initial 0 to 5-year timeline. However, each scheme will move through different phases with different objectives and expected outcomes. The schemes below have an implementation period of between 6 to 15 years covering the period 2026/27 to 2035/36 and reflect the next stage of the Creating a Better Place programme.

a) Town Centre

The extent of capital funding required by the Council is currently uncertain and will need to be kept under review. As the programme of work evolves, this may require complementary investment for additional strategic acquisitions, car parking, public realm works or other regeneration developments.

b) Borough-Wide Regeneration

The Council is currently investing in borough-wide regeneration initiatives through housing and employment sites at Broadway Green and Hollinwood. Through the development partnerships and the Creating a Better Place programme, further investment is required by the Council for larger regeneration at these sites.

c) Partnership and Joint Working

The Council will aim to pursue joint partnership working with other public bodies, not for profit organisations and the private sector where it is advantageous to do so and to keep under review existing relationships.

d) Northern Roots

As outlined earlier in the report, this scheme is part of a long term vision to create the UK's largest urban farm and eco-park on 160 acres of land at Snipe Clough in the east of the borough. It will be delivered in phases over an expected 10 year programme.

e) Housing

The Housing Strategy was approved at the Council meeting of 10 July 2019. The Strategy's key objective has been to reset the housing delivery governance framework that can then begin to start to tackle the challenges identified in the evidence based Local Housing Needs Assessment. Clearly, addressing the housing requirements in the borough is a long term initiative. However, business cases will be developed during the current Capital Programme timeframe, to take forward specific initiatives that will then be delivered over an expected 5 year plus horizon.

Capital Investment Programme Board

1 Terms of Reference

1.1 The Capital Investment Programme Board (CIPB)'s terms of reference are:

- a) To develop the overall Capital Strategy and annual programme in accordance with the priorities set out in the Council's corporate plan.
- b) The recommendation of the overall Capital Strategy and programme to Cabinet and Council.
- c) Once the overall Strategy and annual programme of expenditure have been approved at Council:
 - i) The consideration and recommendation of approval of the detail of the thematic programmes (e.g. Transport Capital Programme).
 - ii) The consideration and recommendation of approval of any amendments to the annual programme.
 - iii) The recommendation of approval of any new capital projects.
 - iv) The detailed appraisal of projects, taking into consideration the Council's Capital Strategy, priorities and annual aims and objectives.
 - v) The review of potential commercial risk and Value for Money issues on any proposal for the use of capital funding/expenditure.
 - vi) To provide a forum for establishing and providing robust challenge and debate around the Capital Programme.
 - vii) To undertake a detailed annual review of the Capital Programme.
 - viii) The review of the Council's Capital Programme on an on-going basis and to ensure it is achieving the agreed outcomes and consideration of the financial monitoring report.
 - ix) The monitoring of the performance of projects and programmes within the Council's Capital Programme.

1.2 The Board oversees capital projects from inception to completion to ensure they are delivered efficiently and effectively and in line with the Council's corporate objectives.

1.3 The Board assesses all submissions for capital expenditure prior to them entering into the normal reporting process for approval. The Board therefore makes recommendations to the appropriate decision maker/forum, whether this is a Member under delegated responsibility, Cabinet or Council.

2 Membership

- 2.1 The Chair of the CIPB is the Deputy Leader and Cabinet Member for Finance and Low Carbon. The Leader of the Council and the Deputy Leader and Cabinet Member for Neighbourhoods have a standing open invitation, other Cabinet Members may be invited to attend CIPB at the discretion of the Chair.

The lead Chief Officer for CIPB is the Executive Director – Place and Economic Growth.

Officers in attendance at CIPB are:

- a) Executive Director – Place and Economic Growth
 - b) The Director of Finance
 - c) Senior Members of the Finance Service
 - d) Director of Education, Skills and Early Years
 - e) External Funding Manager
 - f) Representatives from Legal Services, Human Resources, Procurement and Information Technology as required
- 2.2 All Directorates will be represented at Director level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet Member to attend when a project within their portfolio is being discussed.
- 2.3 The CIPB is supported in its work by the Strategic Regeneration Project Management Office which oversees the management and governance of strategic regeneration projects.

3 Reporting and Performance Process

- 3.1 CIPB will report to Cabinet, Council and the Policy Overview and Scrutiny Committee as appropriate.
- 3.2 CIPB has a remit to review the financial performance of the Capital Programme and it will receive a monthly monitoring (highlight) report from month 3 onwards.
- 3.3 The Board meets on a monthly basis to ensure there is a managed approach to:
- a) Discussing and recommending actions in relation to capital issues
 - b) Developing the Capital Strategy
 - c) Developing the Capital Programme for the year ahead
 - d) Considering and approving business cases
 - e) Monitoring performance of individual capital projects and the whole Capital Programme
 - f) Reviewing the availability of capital resources and reprioritisation of resources as required
- 3.4 The CIPB also undertakes an annual review of the Capital Programme which will examine all schemes in the programme to:
- a) Ensure that schemes still meet corporate priorities
 - b) Review their continued relevance in the context of a dynamic and constantly developing organisation
 - c) Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and rephasing of planned expenditure
 - d) Identify any unutilised or underutilised resources

e) Consider any reallocation of resources

- 3.5 It will also initiate periodic reviews of the whole or part of the programme as required in response to specific issues or concerns.
- 3.6 Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports, presented at months 3, 6, 8 and 9 (at least).
- 3.7 Pooled and locally ring-fenced corporate capital resources will be managed by the CIPB; it will review all bids for resources, evaluate them and then agree on the prioritisation of resources accordingly. A proposal will be prioritised in accordance with criteria set out in Section 12 of the Strategy.
- 3.8 The CIPB will also review any bids for and use of any ringfenced capital resources to ensure alignment with other spending plans and the maximisation of benefits to the Council and achievement of Council objectives.
- 3.9 The CIPB will recommend the use of both un-ringfenced and ringfenced capital resources and also the general prioritisation of resources so that Council, Cabinet and Cabinet Members exercising delegated authority can make a final well-informed decision on the utilisation of resources, as appropriate.

4 Decision Making

- 4.1 In relation to the approved Capital Programme, CIPB will make recommendations regarding the approval of business cases and virements both within and between approved programme areas. In all such cases, the decision maker is the Deputy Leader and Cabinet Member for Finance and Low Carbon, in consultation with Executive Director – Place and Economic Growth and the Director of Finance.

5 Decision Recording

- 5.1 CIPB will make recommendations on receipt of a formal delegated decision report which will be presented to the appropriate Members/Officers for approval. Key decisions must be included in the published key decision document and all decisions taken (see above) will be recorded on Modern.gov.

6 Governance

- 6.1 CIPB is the only body within the Council (below Council level) that can recommend new investment in projects within the approved Capital Programme. Therefore, the key role of CIPB is to consider the following milestones which define key stage boundaries that require investment decisions. A project can only progress to the next stage on the recommendation of CIPB.
- a) Strategic business case – initial concept/scope of a project.
 - b) Outline business case - delivery strategy to design and procurement stage.
 - c) Full business case - design and procurement stage to delivery and handover stage.

7 CIPB Sub-groups

- 7.1 CIPB may at its discretion convene a sub-group for a specific purpose or purposes. Updates from these meetings are reported to CIPB.

Current sub-groups are:

- a) Corporate Property Board
- b) Schools Capital Programme Board
- c) IT Strategic Investment Board
- d) Transport Programme Board

The core officer membership for each sub-group comprises:

- a) The relevant Service Director for specific Boards as Chair; e.g. the Director of Education, Skills and Early Years chairs the Schools Capital Programme Board
- b) The Director of Legal Services
- c) The Director of Finance

- 7.2 In addition there is an External Funding Group, chaired by the Assistant Director of Finance. The terms of reference for this group include:

- a) Managing external funding at a strategic level.
- b) Identifying potential grants and additional sources of funding.
- c) Managing the process for applying the funding and approving bids for funding.
- d) Monitoring on-going compliance with grant terms and conditions and assessing any financial risk including grant claw back.
- e) Providing a Regeneration Plan/framework that can enable the Council to proactively react to funding opportunities as they arise whether locally or nationally.
- f) Ensuring there are sufficient personnel to enable the Council to proactively react to funding opportunities as they arise.

Capital Programme 2022/23 to 2026/27

Expenditure	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Corporate Services	4,000	69	138	138	10,120
Strategic Investments	1,500	69	138	138	0
Flexible Use of Capital Receipts	2,500	-	-	-	-
Provision for Inflationary Pressures	-	-	-	-	10,120
Children's Services	5,424	8,816	3,000	4,000	-
Schools - General	1,095	4,691	3,000	-	-
Schools - Primary	465	-	-	-	-
Schools - Secondary	3,860	4,125	-	-	-
Schools - New Build	4	-	-	4,000	-
Communities & Reform	908	250	-	-	-
District Investment Fund/Local Investment Fund	908	250	-	-	-
Community Health and Adult Social Care	2,547	2,543	2,543	1,900	400
Social Care	200	200	200	900	400
Disabled Facilities Grant	2,347	2,343	2,343	1,000	-
People and Place	81,465	65,038	49,722	39,800	36,400
Corporate Property	8,493	2,855	1,000	1,000	1,000
Environment	175	141	975	100	100
Information Technology	5,590	3,600	3,100	2,750	2,750
Neighbourhood Development Fund	41	158	-	-	-
Other Regeneration Priorities	12,477	9,533	20,050	21,575	23,050
Private Sector Housing	210	150	5,150	5,000	5,000
Royton Town Centre Development	2,475	-	-	-	-
Town Centre Regeneration	31,459	43,348	15,947	5,875	-
Transport including Fleet	20,545	5,253	3,500	3,500	4,500
Housing Revenue Account	3,383	8,227	8,014	1,250	-
Housing Revenue Account	3,383	8,227	8,014	1,250	-
Capital General	2,520	2,050	836	1,722	163
Funding for Emerging Priorities	2,520	2,050	836	1,722	163
Budget Expenditure Total	100,248	86,993	64,253	48,810	47,083

(subject to rounding – tolerance +/- £1k)

Resources Available	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Ringfenced Grants	(33,787)	(15,999)	(2,100)	(533)	-
Challenge Funding	(3,100)	(601)			
Devolved Formula Capital (DFC)	(410)				
DfT Active Travel Fund	TBC				
Future High Street Fund	(1,792)	(7,165)			
Grant in Aid	(362)				
Growth Deal 3	(4,032)				
Homes England (formerly Homes and Communities Agency (HCA))	(100)	(100)	(100)	(100)	
Local Growth and Reform 2 Grant	(100)				
Local Levy Fund	(131)				
Mayor's Cycling and Walking Challenge Fund	(10,125)				
Towns Fund	(13,634)	(8,133)	(2,000)	(433)	
Un-ringfenced Grants	(11,714)	(9,839)	(8,280)	(4,054)	(2,500)
Basic Need Capital Grant	(4,781)	(2,886)	(2,437)	-	-
Better Care Fund (Disabled Facilities Grant) 2021/22	(1,004)	-	-	-	-
Better Care Fund (Disabled Facilities Grant) 2022/23	(1,343)	(2,343)	(2,343)	(1,000)	-
School Condition Allocation	(3,438)	-	-	-	-
Local Transport Programme - Highway Maintenance Grant	(1,148)	(4,610)	(3,500)	(3,054)	(2,500)
Other resources – Capital Receipts	(4,472)	(2,325)	(1,835)	(1,000)	(1,000)
Agreed Council Resources	(1,972)	(2,325)	(1,835)	(1,000)	(1,000)
Flexible Use of Capital Receipts	(2,500)	-	-	-	-
Other resources - Other	(2)	-	-	-	-
Contribution from 3rd Parties	(2)	-	-	-	-
Other resources - Prudential Borrowing	(46,990)	(50,703)	(44,123)	(42,073)	(43,583)
Prudential Borrowing	(46,990)	(50,703)	(44,123)	(42,073)	(43,583)
Revenue Contribution - Housing Revenue Account (HRA)	(3,283)	(8,127)	(7,914)	(1,150)	-
Revenue Contribution to Capital Outlay - HRA	(3,283)	(8,127)	(7,914)	(1,150)	-
Resources Total	(100,248)	(86,993)	(64,253)	(48,810)	(47,083)

(subject to rounding – tolerance +/- £1k)

Flexible Use of Capital Receipts Strategy

Introduction

In March 2016, the former Secretary of State for Housing, Communities and Local Government issued Statutory Guidance that permitted Local Authorities to use capital receipts to fund the revenue costs of transformation for the period 1 April 2016 to 31 March 2019. This flexibility was then extended to 31 March 2022 as part of the 2018/19 Local Government Finance Settlement (LGFS). Alongside the Provisional Local Government Finance Settlement for 2021/22, advice was provided that this flexibility would continue for 2022/23. Whilst detailed guidance has not yet been received, the provisional position for 2022/23 is that the guidance is unchanged.

Statutory Guidance

The Statutory Guidance and supporting ‘informal commentary’ published in March 2016 states that Qualifying Expenditure is “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual Local Authorities to decide whether or not a project qualifies for the flexibility”.

Examples of Qualifying Expenditure

The MHCLG (now DLUHC) has indicated types of qualifying expenditure:

- Sharing back office and administrative services with one or more other Council or public sector bodies.
- Investment in service reform feasibility work e.g., setting up pilot schemes.
- Collaboration between Local Authorities and Central Government departments to free up land for economic use.
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation.
- Sharing Chief Executives, management teams or staffing structures.
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible.
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations.
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training.
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (e.g., through selling services to others).
- Integrating public facing services across two or more public sector bodies (for example Children’s Social Care, trading standards) to generate savings or to transform service delivery.

The Council has used these definitions to determine qualifying expenditure in the context of Oldham Council as highlighted in Table 1.

The Council's Strategy

The Council intends to make use of the flexibility in the use of capital receipts for the financial year 2022/23.

The Council can only use capital receipts to finance Qualifying Expenditure as defined in this strategy (see Table 1) from the disposal of property, plant and equipment assets received in the year in which this flexibility is offered. The Council will not utilise capital receipts generated on or before 31 March 2022 to finance Qualifying Expenditure.

The Government direction states that the Council cannot borrow to finance the revenue costs of service reform and the Council will comply with this requirement.

This Strategy outlines the projects which plan to make use of the capital receipt flexibility and provides details of the expected savings/service transformation on a scheme by scheme basis. The Strategy can be replaced at any point during the financial year with a revised Strategy outlining an up to date position.

Council approval for the use of this flexibility is required on at least an annual basis, with plans published on the Council's website and notification of planned use sent to the DLUHC.

Summary of planned receipts

The Council's Capital Strategy and Capital Programme 2022/23 to 2026/27 includes £2.500m in capital receipts specifically for this purpose. The first call on new capital receipts received in 2022/23 will fund qualifying revenue expenditure as detailed within the Flexible Use of Capital Receipts Strategy.

Summary of planned use and savings

It is intended that capital receipts of £2.500m will fund the following transformational projects/expenditure as set out in Table 1 (note there is an element of contingency to allow for variation).

Table 1 – Planned Qualifying Expenditure

Scheme Description	Qualifying Expenditure	£000 2022/23
Creating a Better Place - Asset Rationalisation	Expenditure in relation to developing and progressing the disposal strategy/asset rationalisation strategy to streamline the Council's (and partners' estates) in line with the principles of One Public Estate	750
Creating a Better Place - Major Projects/Regeneration	Expenditure in relation to developing major Town Centre Regeneration schemes proposals to Full Business Case level in relation to the Future High Street Fund, Towns Fund and Town Square/Spindles shopping centres projects. The Council has already received revenue funding of £0.070m from the Towns Fund and £0.125m for the Levelling Up fund for expenditure incurred to formalise the final business case. In addition to this funding, the Council will use its resources to enable the projects to be progressed to transform the Town Centre and facilitate the new Council office provision in the re-modelled shopping centre	750
Transformation Programme and Project resources to support the delivery of the transformation agenda	A specialist team to wholly support and facilitate the delivery of the Council's Transformational Programme to meet efficiencies and savings anticipated in the Medium-Term Financial Strategy (MTFS)	1,047
Total		2,547
Contingency for variation within schemes		(47)
Total Flexible Use of Capital Receipts Relied upon to support the revenue budget in 2022/23		2,500

The Council has set out a Medium-Term Financial Strategy (MTFS) with a five-year time horizon (2022/23 to 2026/27). This is aligned with the five-year timeframe for the Capital Strategy and Programme.

After having proposed the approach to balancing the budget for 2022/23, the MTFS has identified significant budget reduction requirements for 2023/24 to 2026/27.

As detailed within the MTFS, the transformation programme agreed as part of the previous strategy (2021/22 to 2023/24) has been developed further through the Delivering a Sustainable Future (DaSF) initiative. This initiative has led to the reshaping of the Council's transformation programme designed around programme workstreams together with cross cutting initiatives which will drive the delivery of budget reductions and support the achievement of the Council's Medium Term Financial Strategy. These workstreams are a development of the previous ones included within the previous MTFS.

The five programme workstreams are:

- Enablers for Transformation
- Place Based Integration / Communities
- Children's Transformation Programme
- Adult Social Care Transformation Programme including Health and Care integration
- Economy and Public Realm (including the Creating a Better Place programme)

Each is led a Sponsor and a Senior Responsible Officer with the Chief Executive taking overall responsibility for the initiative. The aims of the programme workstreams and an indication of the work to be undertaken is set out in following paragraphs.

A number of the proposed 2022/23 budget reductions have on-going financial implications for 2023/24 to 2026/27 and are expected to make a significant contribution towards the budget gap from 2023/24 onwards. These totals are set out in the table below, aligned to five themes where possible.

Table 2 – Indicative Current Transformation Programme Savings

Indicative Transformation Programme Savings 2023/24 to 2026/27	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Place Based Integration / Communities	0	0	0	0
Adult Social Care Transformation Programme/ including Health and Care Integration	(1,774)	0	0	0
Children's Transformation Programme	(753)	(147)	0	0
Economy and Public Realm (including Creating a Better Place)	(3,950)	(1,150)	(303)	0
Cross Cutting	(340)	(153)	0	0
Total	(6,817)	(1,450)	(303)	0

Forecast Service Transformation

Each of these programme workstreams has been assigned additional targets for further saving in 2023/24 to 2026/27. Work on these initiatives will be driven forward during 2022/23, with programme and project management support teams working with subject matter experts and liaising with Members, partners, and the public of Oldham in the delivery of current transformation initiatives.

Theme 1 – Enablers for Change

The Enablers for Change Theme can be summarised as a programme of work requiring a specific focus from specialist functions that enable the delivery of business change. These typically include but are not limited to Human Resources and Organisational Design, Information and Communications Technology, Business Intelligence, Legal and Finance services. Through effective planning of these enabling activities the requirements of the totality of the programme will be managed to identify matters of timing, sequencing and capacity. It is evident that many of the planned workstreams and the themes within them are interlinked. However, the overall programme management of the workstreams will create a more coherent approach to the extensive change activities, provide focus on the most important projects and enable more effective management of the inter-dependencies. The cases for change are:

- Business Support - exploring alternative models for enhancing the present business support services to assist more efficient front line service delivery.

- Business Insight, Performance and Strategy - creating a fit for purpose data and analytical capability to underpin current and future decisions on service delivery. This delivers efficiencies in other parts of the Council.
- Customer Experience - providing improved experience and responsiveness for Oldham residents through better use of systems and processes including reducing demand.
- HR/ OD Workforce Foundations - development of the business model as a strategic and enabling HR/OD service with a range of underpinning improvements including developing efficiencies on the payroll system iTrent, Agency Supply Model, Organisational Design, and Terms and Conditions including reward and recognition packages for staff.
- Digital and Technology - improving and strengthening our digital foundations for residents as well as promoting greater efficiency in internal systems and processes. Efficiency improvements are expected to support Services achieve future savings. The digital infrastructure underpins a modern and forward looking Borough and reflects the expectations of residents and businesses to transact with public sector organisations using the latest technology, to increase choice and improve satisfaction while moving high volume transactions on to more cost-effective alternatives. This is one area which has significant corporate implications and is likely to impact on every service in some way and so it is critical to the Oldham ambition to deliver more efficient services. Investment funding for digital and technology initiatives is included in the Capital Programme.
- Commissioning - developing a new Integrated Commissioning model bring together contract management, procurement and quality assurance to provide an end-to-end commissioning cycle. This will support Services to deliver future transformation.

In further developing the detailed cases for change, it is not expected that the enablers for change will deliver specific saving from their own service, but they are expected to support the delivery of greater efficiencies in process. This theme will enable the bigger spending areas within the Council such as Children’s Services and Adult Social Care to generate cashable transformation savings.

Theme 2 - Place Based Integration / Communities

The Place Based Integration programme has been underway for some time (albeit delayed by the pandemic). The aim of the programme has been to reconfigure and integrate services in each of the five districts of Oldham enhanced by investment from the 2022/23 budget. There are significant inter-dependencies with the other transformation programmes and services; specifically, with Adults and Children’s services. During 2021/22 progress has been made including the creation of new decision making arrangements and enhanced levels of engagement with a wider range of stakeholders in order to ensure the model is co-designed. Progress includes the development of proposals for a trial in adult social care aimed at reducing waiting times for residents on multiple waiting lists in North and East districts. Understandably there remains a challenge and risk in all partners developing a defined, shared vision for how place-based working will be configured in order to secure future efficiencies and continuous improvements rather than devise a more expensive model.

The Programme will also include the emerging “Changing Futures” linked into national priorities. The Changing Futures programme is an initiative from DLUHC seeking to support adults who currently experience multiple disadvantages. This is likely to include a combination of homelessness, substance abuse, mental health issues, domestic abuse and contact with the criminal justice system. A bid to the DLUHC was submitted through Greater Manchester with Oldham one of four constituent Districts (Rochdale, Manchester and Wigan being the other Councils) receiving funding. Whilst this funding will be used directly to support adults in Oldham, there is an expectation for any emerging insight and impact including the potential for financial savings to be shared at a GM level in support of the wider regional reform agenda.

Overall funding of £0.772m has been awarded by DLUHC across 3 years. Whilst this is a time limited opportunity, the purpose of the programme is to identify learning across the system to share within the City Region and support the identification of future savings for Oldham by adopting innovative approaches.

Building upon the anticipated budget reductions included in the 2021/22 to 2023/24 MTFS of £0.300m for 2023/24, indicative savings of a further £0.300m (£0.100m in 2024/25, £0.100m in 2025/26 and £0.100m in 2026/27) are anticipated from Place Based Integration over the MTFS period. This is a total of £0.600m for this workstream.

Theme 3 - Children's Transformation Programme

The Children's Transformation Programme is focusing on the key areas where effective and efficient demand management results in both efficiencies and future savings. It is being overseen by the Children's Transformation and Sustainability Board which has a membership covering all areas of Council business as well as NHS representation. Work is underway to both review and better understand the drivers of demand and issues within children's social care and to build a picture of where further opportunities to improve current services exist. Work on understanding long term demand pathways is seen as critical but there are also opportunities to refresh the Council and key partners approach to commissioning, both to maximise the current system use of spend for the benefit of Oldham families and children and to progress the efficient integration of services for children in need.

The Children's Transformation Programme has five core programmes detailed below:

- Early Help; providing more support to vulnerable families through a range of preventative measures including more effective use of universal services, community advice and support, and increased provision of online advice and support. The additional funding announced in SR21 around Early Years such as funding to create family hubs is also an opportunity to enhance the programme.
- Inclusive Learning; improving the Education and Health Care Planning Process for Oldham's young people, reducing the waiting time for speech, language and communication needs from two years to twelve weeks and reducing the number of young people not in education, employment, or training.
- A Home for Every Child; providing a greater range of placements in Oldham for children while reducing the overall number of children entering the care system which provides the opportunity to reduce the costs of placements.
- Academic Success for All; focused on continued school improvement, education readiness for children and developing a skills and employment strategy. This project will also address the impact of COVID-19 (including the additional government support provided for this) around better supporting children to catch up on educational attainment.
- Joining up Health and Care; this project is focused on providing more accessible multi-agency early years support for families, achieving more responsive and efficient multi-agency services. This links into better commissioning of current services. The savings to be achieved are currently being identified.

Using this programme of activity and building upon the already agreed budget reduction target for 2023/24 of £2.925m, the indicative savings to be achieved from the Children's Transformation Programme are expected to be £2.000m in 2024/25, £2.000m in 2025/26 and £1.000m in 2026/27. A total for this programme of £7.925m.

Theme 4 – Adult Social Care Transformation / Health and Care Integration

This theme is split into two areas, one looking specifically at Adult Social Care transformation and the other element considers health and care integration.

Adult Social Care Transformation

The programme is currently under review in order that recent saving proposals are embedded in the programme. The new programme is intended to be structured around three areas of Community Business Services, Adult Social Care (ASC) Operations and Commissioning, each of which will be comprised of a series of projects. These programmes incorporate the findings from the DaSF which were considered appropriate to local circumstances. The programme will also include links into the Social Work Academy being jointly developed with Children's Services and Human Resource/ Organisational Development. This was one of the local workforce foundation projects emerging from the local requirements agreed with DaSF. Business cases for the new projects are being developed up to March 2022 with implementation beginning from April 2022 to deliver transformational savings from the financial year 2023/24.

This programme will also meet the emerging requirements of the Government White Paper "People at the Heart of Care" (issued in December 2021) and going forward incorporate any requirements from "Building Back Better". This will require some investment to achieve future efficiencies over the next three financial years.

The revised programme will deliver potential estimated savings of 10% in the first year once the scope is agreed. The detailed scoping of this work began in January 2022. However, including the anticipated budget reductions included in the 2021/22 to 2023/24 MTFS of £4.225m for 2023/24, indicative savings of a further £5.000m (£2.000m in 2024/25, £2.000m in 2025/26 and £1.000m in 2026/27) are anticipated from this workstream over the MTFS period bringing the total value to £9.225m.

Health and Care Programme

The Health and Care Programme was adapted in light of the government White Paper "Working Together to Improve Health and Social Care for All". This is currently also assessing the implications of the Building Back Better White Paper and People at the Heart of Social Care. This programme is led by the Oldham Clinical Commissioning Group Accountable Officer and been supported by a variety of teams across the NHS and Council. Additional funding has been provided until the end of 2022 to assist in the generation of these efficiencies.

The revised Health and Care Programme has resulted in new governance arrangements being put into place including a New Locality System Board chaired by the Cabinet Member for Health and Care and an Integrated Delivery Board which continue to be jointly supported by the core team which are also jointly funded. This represents a significant programme of change across the health and care system, made more complex by the ongoing debate about what is the vision at a Locality Level balancing service efficiency and economy. There is also the dynamic of determining priorities at the City Region level and Oldham locality. As there is only a short time until the new model comes into effect there is currently significant effort being put into designing a model which provides clarity about what it is planned to be delivered and at what spatial level. This is determining the design of services and staffing structures with the allocation of funding to support both a "hub" at the City Region level and a more bespoke model (the Oldham model) at a local level. At present staff are balancing support for closing down the present arrangements with the transition and then development of the new model which includes activities that are more transformational and linked into improving inequalities that reflect the needs of Oldham's population.

Alongside the work to support this structural change and operating model a wide variety of colleagues across both the Health and Care System (Adults and Children's) have been working together to effect improved quality assurance systems and patient pathways and improve collaboration between the Primary Care Network arrangements and the District/ Placed Working.

It is anticipated that the new ways of working will deliver budget reductions but given the close alignment with the Adult Social Care transformation programme, no specific targets have been allocated to the health and care element of the programme. Instead, they are included within the all-encompassing Adult Social Care target included above. There are specific reserves available to support health and social care transformational change.

Theme 5 – Economy and Public Realm (including the Creating a Better Place programme)

The Economy and Public Realm Theme encompasses the Creating a Better Place Programme (which includes supporting the local economy) as well as numerous public realm activities including Highways Maintenance, Environmental Management, Waste Collection and Recycling, Street Lighting, Fleet Management and Public Protection. Although the Creating a Better Place programme is now embedded into the operating arrangements of the Council, this is still a transformational programme but one that has been well established. Nonetheless, it is important to note that the financial challenge facing the public sector has been exacerbated by the reductions in revenue arising from the economic and social conditions in the Borough. By focusing on the development of robust economic initiatives and the transformation of public realm activities, a vibrant local economy can be rebuilt together with a high-quality environment that is attractive to residents and visitors.

Services which maintain and enhance the public realm alongside corporate land and property assets are essential to the delivery of the Council's priorities. As part of the refreshed 'Creating a Better Place' strategy approved by Cabinet on 24 August 2020, the previously approved Medium-Term Property Strategy (MTPS) has been reviewed to meet the scale of the change required. At a strategic level, the review has confirmed that the Council's property portfolio can be a catalyst for building new homes, creating job opportunities, re-skilling residents through new apprenticeship opportunities, and re-engaging communities and partners through property / estate co-location and collaboration.

Developing the existing programme of work on the use of property and assets, the Council will maximise the benefit from the corporate estate by developing property disposal and procurement routes that will ensure the Council is able to shape and maintain a property portfolio that will support service delivery and contribute a sustainable income stream.

In addition, the Council will rationalise its office accommodation, where possible, following the place based principles and co-locate staff with partners to maximise efficiencies and realise the potential of 'One Public Estate' for Oldham and Greater Manchester.

The regeneration of Oldham town centre remains a Council priority. The acquisition of the Spindles and Town Square Shopping Centres is a key part of the Creating a Better Place initiative unlocking land and development opportunities. There are also ambitious plans for the regeneration of the borough as a whole with investment in Royton and projects in train at Hollinwood and Foxdenton. The Council will also seek to integrate and rationalise the highly visible and valued services which support and maintain the public realm of the Borough.

Significant capital investment is needed to deliver the town centre vision, new homes and the vision for the rest of the borough. These resources are reflected in the Capital Strategy and Capital Programme for 2022/23 to 2026/27.

This investment will bring future benefits to Oldham through additional economic and housing growth, which may provide increased revenue from, for example, Council Tax and/ or Business Rates.

In addition to the budget reductions of £8.216m already programmed into the 2021/22 to 2025/26 budget, further budget reductions are expected within this theme (net of required offsetting costs). Acknowledging that the Creating a Better Place Programme is but one aspect

of the previously agreed Economy theme, the already approved target of £3.475m for 2023/24 has been revised to £1.500m with further targets applied over the period to 2026/27. This brings the total of savings for this workstream to £4.000m.

Cross Cutting Initiatives

The opportunities for budget reductions are not confined to the four programmes or enabling activities. There are a wide range of other areas of the Councils operations that will be explored to identify other opportunities for savings and efficiencies including:

Income Generation

The Council has an approved income strategy and will endeavour to pursue key objectives within this strategy. As such the Council will ensure:

- Fees and charges are reviewed annually, and an assessment will be undertaken to determine the extent to which costs are recovered through charging arrangements;
- Traded Services will be reviewed to ensure they are delivering services efficiently and effectively, minimising any adverse impact on the Council's budget; and
- Wholly owned companies, the Unity Partnership Ltd and MioCare, will explore opportunities for generating income from clients other than the Council to reduce the contribution the Council provides towards operating these companies.

Although not specifically income generation, the Council will continue its efforts to maximise grant income via its External Funding Group and bid for appropriate external resources for both revenue and capital priority projects to reduce the requirement for specific Council funding and where appropriate reduced borrowing/ financing charges.

Other Areas of Budget Review

Underpinning all transformation workstreams will be:

- An approach to service delivery where the Council (and its partners) will be making new strategic choices based on the characteristics of Oldham, its people, and communities within the borough, thus constantly striving for new opportunities for collaboration and new ways of working between organisations (especially support functions) that share a common footprint;
- A review of the provision of discretionary services and also the level at which statutory services are delivered;
- A review of the present Traded Services Arrangements; and
- Traditional approaches to reviewing budgets and the identification of service specific budget reductions and efficiencies including the use of benchmarking analysis and reviewing practices at other Local Authorities.

At this stage there is still further work to assign specific budget reduction targets to other areas of activity, indeed the overarching target could change as it is based on estimates, however it is expected that £17.144m of savings will be identified from cross cutting initiatives including income generation and service specific budget reductions and efficiencies over the 4 years of the MTFS. The indicative profiling of these savings is £7.761m in 2023/24, £3.017m in 2024/25, £3.284m in 2025/26 and £3.082m in 2026/27. As initiatives are progressed, more definitive estimates will become available.

Summary Transformation Programme 2023/24 to 2026/27

The table below sets out the indicative transformational programme savings planned for 2023/24 to 2026/27. Detailed delivery plans are being developed. These will be evaluated, and risk assessed prior to their presentation to Members as budget reduction proposals. Proposals will then be considered by Members for approval before being deployed to offset future budget reduction requirements.

Table 3 – Transformation Programme and Cross Cutting Initiatives Summary

Workstream	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Place Based Integration/ Communities	300	100	100	100
Children’s Transformation Programme	2,925	2,000	2,000	1,000
Adults Social Care Transformation/ Health and Care Integration	4,225	2,000	2,000	1,000
Economy and Public Realm (including the Creating a Better Place Programme)	1,500	1,000	1,000	500
Total Transformation Programme	8,950	5,100	5,100	2,600
Cross Cutting Initiatives	7,761	3,017	3,284	3,082
Total Budget Reduction Requirement	16,711	8,117	8,384	5,682

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 five-year strategy.

Impact on Prudential Indicators

The prudential indicators that will be impacted by this strategy are set out below:

- Estimates of Capital Expenditure Indicator increased by £2.500m.
- Capital Financing Requirement increased by £2.500m as these capital receipts would have been used to support schemes within the existing programme that will now be financed through prudential borrowing.
- Financing costs as a percentage (%) of net revenue stream 12.06%

The Prudential Indicators show that this Strategy is affordable and will not impact on the Council’s operational and authorised borrowing limits. Further details on the Council’s Prudential Indicators can be found within the Treasury Management Strategy.

Monitoring

This Strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure incurred.