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CABINET

14/02/2022 at 6.00 pm



Oldham
Council

Present: Councillor Shah (Chair)
Councillors Akhtar, Chadderton, Chauhan, Jabbar, Moores,
Mushtaq, Roberts and Stretton.

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

5 **DRAFT MINUTES OF THE ADMINISTRATION BUDGET
POLICY OVERVIEW AND SCRUTINY COMMITTEE HELD
ON 27TH JANUARY 2022**

Members considered the draft minutes of the Performance and Value for Money Select Committee held on the 27th January 2022.

It was reported that the Select Committee recommended to Council all 52 of the 53 budget reduction proposals. The Committee asked Cabinet to consider Budget proposal BR1-526 Get Oldham Growing.

On further consideration of the proposal, Members agreed that BR1-526 remain as a budget reduction.

RESOLVED – That the deliberations and comments of the Policy Overview and Scrutiny Committee held on the 27th January 2022 be noted and the budget proposal BR1-526 remained as part of the budget proposals for consideration by Full Council.

6 **DRAFT MINUTES OF THE OPPOSITION BUDGET
CONSIDERATIONS POLICE OVERVIEW AND SCRUTINY
COMMITTEE HELD ON 8TH FEBRUARY 2022**

Consideration was given to the minutes of the Opposition budgets, Liberal Democrat and Conservative. The Policy Overview and Scrutiny committee commended all proposals to Cabinet for consideration.

Cabinet considered the proposals and summarised information in relation to the proposals.

RESOLVED – That

1. The deliberations and comments of the Policy Overview and Scrutiny Committee held on 8th February 2022 be noted.

2. None of the alternative budget proposals presented by the Liberal Democrats and Conservatives Groups would be accepted.



REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2021/22 MONTH 8 – NOVEMBER 2021

The Cabinet gave consideration to a report of the Director of Finance which provided them with an update on the Council's 2021/22 forecast revenue budget position and the financial position of the capital programme as at 30 November 2021 (Month 8), together with the revised capital programme 2021/26. In relation to the Revenue position, the Cabinet was informed that the current forecast outturn position for 2021/22 was a projected surplus variance of £2.672m after allowing for approved and pending transfers to and from reserves.

The position also included additional costs and pressures that have been identified by the Authority in this financial year as a direct result of COVID-19. The additional pressures included forecasts of both income shortfalls and additional expenditure that have impacted on the Authority's budgets as a result of the pandemic.

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

The Cabinet noted the overall corporate position was, being offset by the application of the £7.737m general COVID Support grant and £0.352m from the Quarter 1 compensation claim for lost income in relation to sales fees and charges (SFC); in total £8.089m, all of which was received from the Department for Levelling Up, Housing and Communities (DLUHC). In Appendix 1 to the report, the un-ringfenced Government support was presented as a single sum so that it highlighted the level of variation across all Council budgets, given that there was insufficient resource to fully offset the adverse COVID related variance. However, this summary report presented the position after applying the Government grant across Portfolio areas. An update on the major issues driving the revenue projections was detailed within Annex 1, Section 2. The current projected position, after adjustment for reserves and, as outlined above, receipt of all additional Government funding to support COVID pressures that the Authority was expecting to receive, continued to show a net underspend, hopefully demonstrating the impact of the service and corporate actions that had been initiated across all service areas to review and challenge planned expenditure and to maximise income. Action would continue with the aim of, at the very least, maintaining this position to the end of the financial year.

Information on the Quarter 2 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report. There were no significant issues of concern in relation to the HRA. The Collection Fund

position was improving, with a reduced in-year deficit of £12.159m (of which the Councils share was £11.785m) compared to £13.712m at Quarter 2. Government grant compensation of £13.092m would offset this to produce a forecast surplus of £1.307m which would be available to support the 2022/23 budget. Whilst the DSG continued to be an area which was facing a financial challenge, recent funding announcements in particular had contributed to an improved position, reducing the cumulative deficit and bringing the DSG towards an enhanced balanced position in 2023/24. With regard to the Capital position, the report outlines the most up to date capital spending position for 2021/22 to 2025/26 for approved schemes. The revised capital programme budget for 2021/22 was £52.588m at the close of month 8 a net decrease of £33.414m from the original budget of £86.002m. Actual expenditure to 30 November 2021 was £23.801m (45.29% of the forecast outturn).

The forecast position would continue to change as the year draws to a close with additional reprofiling into future years. The Month 8 Revenue Monitor and the Capital Investment Programme 2021/22 report was presented to the Policy Overview and Scrutiny Committee on 27 January 2022 to accompany the suite of 2022/23 budget reports. The Committee was content to note the report and commend it to Cabinet for approval.

Options/Alternatives considered

Option 1 – To approve the forecast revenue and capital positions presented in the report including proposed changes.

Option 2 – To approve some of the forecasts and changes detailed within the report.

Option 3 – Not to approve any of the forecasts and changes detailed within the report.

RESOLVED – That:

1. The forecast revenue outturn for 2021/22 at Month 8 being a £2.672m favourable variance having regard to the action being taken to manage expenditure be approved.
2. The forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund be approved.
3. The use of reserves as detailed in Appendix 1 to Annex 1 of the report be approved.
4. The revised capital programme for 2021/26 at Month 8 as presented in Annex 2 of the report be approved

REVENUE BUDGET 2022/23

Consideration was given to a report of the Director of Finance which provided the Cabinet with the forecast budget reduction requirement and the budget proposals for 2022/23, having regard to the Provisional Local Government Finance Settlement published on 18 December 2021.

This report presented the Council's Revenue Budget for 2022/23 including the Administration's revenue budget proposals for 2022/23. The report set out the key policies

and strategies that influenced the budget process, the initial budget reduction requirement for 2022/23, how that had been adjusted to arrive at a revised budget reduction requirement and then the means by which the budget was balanced. Section 1 presented an introduction to the report and explained the report format.

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

Section 3 presented Local Government Finance developments which were likely to be taken forward during 2022/23. It also highlighted the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code and a commentary on financial resilience, all of which were of importance when considering the Council's financial standing in the context of budget setting for 2022/23.

The starting point for preparing the 2022/23 revenue budget estimates was an underlying base budget of £237.349m and the 2021/22 revenue budget forecast outturn position presented in the month 8 Financial Monitoring Report. This was summarised in Section 4. It highlighted a current favourable projected variance for 2021/22 of £2.672m. This consisted of net COVID pressures of £3.311m and a favourable business as usual variance of £5.983m.

In considering this position, it was important to note that the Council had received £7.737m of general grant as support for COVID related expenditure from the Government for 2021/22 and an estimated £0.352m of compensation for Sales, Fees and Charges; a total of £8.089m. This was being used to offset an overall pressure of £11.400m caused by the pandemic. As highlighted later, this COVID pressure had to be addressed in 2022/23 as the Government was not providing any additional specific funding to support COVID costs in 2022/23.

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

Section 5 summarised the revisions to the estimates since the initial budget gap for 2022/23 was assessed at £31.900m. An updated budget gap was estimated at £24.431m arising from a range of adjustments to both expenditure pressures/variabilities and income increases/decreases.

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

- Section 6 presented eight adjustments which had to be made to the base budget. These included adjustments to ensure that one off items from 2021/22 (expenditure funded by one-Government grant, the impact of the use of reserves and the flexible

use of capital receipts) were correctly presented. The overall impact was an increase to the budget of £8.297m a reduction of £2.178m compared to an original estimate of £10.475m.

Section 7 presented a range of expenditure pressures that contributed to the £24.431m budget gap. The original estimate

was that such pressures would total £10.786m but after further review, this had increased to £26.281m. The most significant amendment was £12.000m for costs associated with COVID legacy. This would be built into the budget estimates to reflect the expected on-going costs. This estimate aligned to the COVID costs reported at month 8 of £11.400m as advised above.

A further pressure, albeit directly funded by Council Tax (the Adult Social Care Precept) was increased expenditure to support the adoption of the National Foundation Living Wage by Care Providers.

Section 8 highlighted the use of the original £1.500m Development Fund plus a further £0.180m on Administration priority initiatives.

Section 9 set out the impact of the payment of levies and contributions to the Greater Manchester Combined Authority (GMCA) and a levy to the Environment agency (EA). It advised that the levies and contributions budget pressures had reduced from £0.678m to £0.267m.

Sections 10 to 14 presented the impact of the Provisional Local Government Finance Settlement announced on 16 December 2021 and income related adjustment to the estimates.

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

The PLGFS confirmed referendum limits for a general purpose Council Tax increase and the Government would permit rises of up to 2% per annum for 22/23 without the need to hold a referendum.

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

Section 11 outlined the main ringfenced grants that must be used in accordance with specific guidance but nonetheless helped the Council deliver its services. A value for a number of these grants had yet to be confirmed.

Section 12 set out the income to support the budget from Retained Business Rates and Grant in Lieu of Business Rates and how this helped to reduce the level of budget reductions required.

Cabinet at its meeting of 24 January 2022, initially set the 2022/23 Business Rates Tax base at £51.325m. However, the

setting of this Tax Base was aligned to the preparation of a Government return, the NNDR1, which for 2022/23, had to be submitted by 31 January 2022. Cabinet therefore delegated the setting of the final Tax Base to the Director of Finance in consultation with Cabinet Member for Finance and Low Carbon having regard to the contents of the NNDR1. Under delegation, the Tax Base had been revised to £51.850m which was an increase from the initial estimate of £50.612m and the Tax Base approved by Cabinet (£51.325m).

This was despite the introduction of additional Business Rate Reliefs (which reduced the impact of collectable Business Rates) since the original estimate was made.

This was in part due to the introduction of gains from the piloting of 100% Business Rates Retention which were not anticipated. Grant in lieu of Business Rates represented compensation for historic Government policy announcements and events that had the impact of reducing the amount of collectable Business Rates revenue. These grants were effectively a substitute for Retained Business Rates income. Due to the introduction of Business Rate Reliefs for 2022/23 and the adjustment to factors used in the calculation, the anticipated grant had increased by £8.628m from £10.843m to £19.471m.

Section 13 presented the Council Tax position for 2022/23. It advised that the Council Tax Tax Base had been set at 57,450, which is lower than the initial estimate but 250 higher than the 57,200 Tax Base for 2021/22.

Current Council Tax policy (subject to confirmation at Budget Council on 2 March 2022) was to have a 1.99% general purposes increase and a 2% increase in the Adult Social Care Precept which is within the referendum criteria issued by the Government in the PLGFS. It was intended that resources generated by 1% of the increase would be used to support Adult Social Care providers remunerate staff at the level of the National Foundation Living Wage.

Total Council Tax to be generated for use by the Council based on the Tax Base and the 3.99% increase was £102.932m.

The impact of the major precepting Authorities would be confirmed on 11 February 2022.

The Parish Councils both agreed their precepts in late January and confirmed figures are presented in the report.

Section 14 outlined the impact of Collection Fund (the ringfenced account within which Council Tax and Business Rates are managed). It highlighted that there were three key issues to have regard to, the budget must be adjusted for a 2020/21 Collection Fund deficit of £2.192m (the Government passed legislation to allow deficits arising from the major impact of the pandemic in 2020/21 to be recovered over three years (2020/21 to 2022/23), the 2021/22 Collection Fund forecast outturn projection as outlined in the month 8 financial monitoring report produced a net surplus of £1.307m which would be available to support the 2022/23 revenue budget. As in 2021/22, a technical adjustment to the budget was required in 2022/23 as a result of the Collection Fund deficit caused by the Government notifying the continuation of Business Rate reliefs for retail, leisure, hospitality and nursery businesses after the 2021/22 budget had been set and the

introduction on 15 December 2021 of the COVID-19 Additional Relief Fund (CARF) to provide discretionary rate relief in 2021/22. The estimated deficit this produced in 2021/22 was £13.092m which must be addressed in 2022/23.

Government was providing the Council with grant compensation for the loss of Business Rates income throughout 2021/22 and this would be carried forward as a reserve to offset the deficit in 2022/23.

Based on the latest estimates, the budget reduction requirement for 2022/23 had decreased from the previously reported figure of £31.900m to £24.431m, increasing to £37.523m after the technical adjustment for the Collection Fund deficit of £13.092m.

Section 15 presented the first stage in the Administration's approach to balancing the budget for 2022/23, a review of the twelve Budget Reductions that were approved within the 2021/22 Budget Report but had an impact of £6.050m on 2022/23. During the review, it was identified that four of the budget reductions would not be delivered in full, reducing the impact to £5.467m, a reduction of £0.583m. Taking this into account, the budget gap reduced from £37.523m to £32.056m. Section 16 of the report detailed the Administration's budget reduction proposals for 2022/23.

There were a total of 53 proposals presented in accordance with Political Portfolios. These were expected to deliver savings totalling £6.268m and have an FTE impact of 22.60. The proposals also had an impact on 2023/24 of £1.895m and 2024/25 of £1.150m.

All the proposals were presented in summary at Appendix 5 and in detail at Appendix 6.

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

- a) ASC-BR1-548: Smarter Ways of Working £0.095m
 - b) ASC-BR1-552: Review Care and Support Plans - £0.310m
- Assuming approval of the 2022/23 budget reduction proposals, the budget reduction requirement for 2022/23 reduced from £32.056m to £25.788m.

Section 17 outlined the opportunity to use capital receipts flexibly to finance expenditure leading to transformation in the sum of £2.500m. Having applied this to the budget, the budget gap reduced from £25.788m to £23.288m.

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

- £13.092m of Section 31 grant received in 2021/22 held to support the Collection Fund Deficit in 2022/23 as a result of Business Rates relief for retail, leisure and hospitality and nursery businesses and the discretionary CARF scheme (a technical adjustment);
- £1.300m of 2021/22 Earmarked Reserves created to support Organisational Redesign;
- £0.100 of Earmarked Reserves to fund one-off activities in relation to the Queen's Jubilee Celebrations;
- £0.405m as invest to save pump priming funding to enable budget reductions to be delivered for 2023/24; and

- £10.101m of corporate reserves.

There was also a planned movement to reserves of £1.710m relating to the setting aside of gains from the piloting of 100% Business Rates Retention in anticipation of allocating the funds to the Greater Manchester Combined Authority as its share of gains from 2022/23.

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

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

Section 20 presents the expected level of reserves at the end of 2021/22 at £89.772m and how they supported the 2022/23 budget including the balancing budget reserve for 2022/23 which addressed the reserves requirement as set out above.

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

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

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

Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2022/23, there would be a regular review of the progress of existing change programmes against the delivery milestones and financial targets. It would

also ensure that there was continuous emphasis on the delivery of change and the achievement of the budget reductions required in line with the three year strategy.

The Revenue Budget 2022/23 was presented to the Policy Overview and Scrutiny

Committee on 27 January 2022. The Committee scrutinised the budget report and the other reports on the agenda that formed a core part of the Council's strategic financial planning framework. The Committee considered in detail the Administrations 53 budget reduction proposals for 2022/23 and were content to commend to Cabinet 52 of the 53 proposals at a value of £6.206m.

The Committee requested that Cabinet review and consider the delivery of one remaining proposal, REF-BR1-526: Get Oldham Growing at a value of £0.062m. The Committee's view was that progressing the proposal in its current form would have a negative impact on residents in the community that currently accessed this service.

The Committee was content with all other aspects of the report and therefore commended it to Cabinet.

Options/Alternatives considered:

Option 1 – Cabinet accepts the 2022/23 assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 4.

Option 2 – Cabinet proposes amendments to the assumptions which will change the resulting budget reduction requirement and financial forecasts.

Option 3 – Cabinet approves and commends to Council the contents of the report including 52 of the 53 budget reduction proposals to the value of £6.206m and the approach to the use of reserves and balances as well as Council Tax and Adult Social Care Precept increases.

Option 4 - Cabinet considers its approach to the Budget Reduction proposal REFBR1- 526: Get Oldham Growing at a value of £0.062m having regard to the comments of the Policy Overview and Scrutiny Committee.

Option 5 - Cabinet requests that further work is undertaken on some or all of the budget proposals and the approach.

RESOLVED – That the Cabinet approved and commended to Council:

1. The policy landscape and economic context in which the Council was setting its revenue budget for 2022/23
2. The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
3. A proposed 2022/23 Council Tax increase of 3.99% for Oldham Council services (1.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges set out at Table 19 of the report;
4. The financial forecasts for 2022/23 having regard to the Provisional Local Government Finance Settlement and associated funding announcements, an overall budget reduction requirement of £37.523m;
5. A revision to the Budget Reduction proposals approved for 2022/23 at the Budget Council of 4 March 2021 to a value of £5.467m;
6. A total of 52 of the 53 recurrent 2022/23 Budget Reduction proposals at a value of £6.206m with a further £1.895m for 2023/24 and £1.150m for 2024/25;
7. The Flexible Use of Capital Receipts at a value of £2.500m;
8. The proposed use of £24.998m of reserves to balance the 2022/23 budget including £0.405m to support the delivery of budget reductions for 2023/24 and a transfer to reserves of £1.710m for Retained Business Rates;
9. The proposal to draw on the Collection Fund for major preceptors of £121.962m for Borough Wide services and £102.932m for Council services (subject to confirmation);
10. The proposed net revenue expenditure budget for 2022/23 for the Council set at £259.639m;
11. The proposed fees and charges as set out in the schedule included at Appendix 8;

12. The draft pay policy statement included at Appendix 9 to the report.

9

MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2026/27



Consideration was given to a report of the Director of Finance which provided Cabinet with the forecast budget reduction requirement estimates for the period 2022/23 to 2026/27 having regard to the three-year Indicative Spending Review published on 27 October 2021, key Government Policy Documents (such as the two White Paper on the future of Adult Social Care entitled Building Back Better and People at the Heart of Social Care) and the Provisional Local Government Finance Settlement published on 16 December 2021.

The report set out the Council's Medium Term Financial Strategy (MTFS) for the period 2022/23 to 2026/27, advised Members of the key financial challenges and issues which would be faced by the Council over the forecast period and set out the estimated budget reduction requirement for this period.

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

It also advised of the national policy landscape and economic context in which the Council was setting both its revenue budget for 2022/23 and Medium Term Financial Strategy to 2026/27.

It was important to note that the Government has only provided certainty in a one-year settlement for the financial year 2022/23 and an indicative settlement as per the Spending Review for a further two years. The MTFS estimates for 2023/24 to 2026/27 were, therefore, based on a series of assumptions and must be considered indicative at this stage. The notification of detailed allocations of grant funding for one year had caused uncertainty and hindered effective planning by the Council both financially and operationally as future Government funding intentions such as those planned in the Levelling Up Agenda were difficult to assess. This position, together with the transformational and organisational plans for change that the Council would implement to address its best estimate of the present financial challenge were outlined in this report.

The MTFS highlighted the plan to deliver significant savings from the financial year 2023/24 onwards linking into the budget report elsewhere on the Agenda which outlined the proposals for the financial year 2022/23. Whilst it was anticipated that the Council would continue to rely on the use of reserves to support the revenue budget in 2023/24 and 2024/25 at a value of £9.932m, additional budget reductions were expected to be achieved as part of the

Council's transformation programme. There were budget reductions agreed within the 2021/22 budget that had an impact on 2022/23 and beyond and proposed budget reductions for 2022/23 that had an impact on 2023/24 and beyond.

In total it was anticipated that these budget reductions would impact on 2023/24 at a value of £6.817m, £1.450m in the financial year 2024/25 and further £0.303m in the financial year 2025/26.

The budget reduction requirement for subsequent years after the delivery of approved budget reductions and the use of reserves was forecast to be £16.711m for 2023/24, £8.117m for 2024/25, £8.384m for 2025/26 and £5.682m for 2026/27. However, given the level of anticipated, these estimates would be kept under constant review and would be subject to amendment and provided a starting position from which more detailed financial and operational plans could be developed.

The Council's approach to balancing its budget was to embark on an ambitious transformation programme based upon the Delivering a Sustainable Future (DaSF) concept and shape programme supported by appropriate investment which would aim to deliver long term recurring savings whilst improving the efficiency of service delivery. This was developing the work established in the 2021/22 to 2023/24 MTFs, largely aligned to the themes established and approved at Budget Council in March 2021. The following DaSF core themes were summarised below:

- Enablers for Transformation
- Placed 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 Strategy)

In addition, there

Presentation of this report to the Policy Overview and Scrutiny Committee on 27 January 2022 was a key stage in the budget consultation process. The Committee scrutinised the report and the other reports on the agenda that formed a core part of the Council's strategic financial planning framework. The Committee was content to commend the report to Cabinet without additional comment.

Options/alternatives considered

Option 1 – Cabinet accepts the assumptions and resulting financial forecasts presented within the report.

Option 2 – Cabinet proposes amendments to the assumptions which would change the resulting budget reduction requirement and financial forecasts.

Option 3 – Cabinet requests that further work was undertaken on some or all of the budget estimates and the approach to reserves and balances and that Cabinet considers a revised position.

RESOLVED – That Cabinet agreed and commended to Council

1. The policy landscape and economic context in which the Council was setting its Medium Term Financial Strategy to 2026/27.
2. The impact of Oldham Council Policies and Strategies on the Council's budget setting process and the development of its Medium Term Financial Strategy;
3. The financial forecasts for 2022/23 to 2026/27 having regard to the Provisional Local Government Finance

Settlement, three-year indicative Spending Review, key White Papers and associated funding announcements.

4. The key issues to be addressed in continuing to respond to the financial challenges facing the Council;
5. The proposed use of £6.000m of reserves to support the 2023/24 budget and £3.932m of reserves to support the 2024/25 budget; and
6. The revised estimated budget reduction targets of £16.711m for 2023/24, £8.117m for 2024/25, £8.384m for 2025/26, and £5.682m for 2026/27 after the use of reserves (as at recommendation 5) and the impact of budget reductions agreed for 2021/22 and 2022/23.

10

COUNCIL TAX REDUCTION SCHEME 2022/23

Consideration was given to a report of the Director of Finance which set out the proposed Council Tax Reduction Scheme for 2022/23.

Members were informed that there was a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualified for assistance in paying Council Tax. The Local Government Finance Act 2012 placed a requirement that each year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2022/23 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2022. For Oldham, this required the Council to agree a revised 2020/21 scheme at the 2nd March 2022 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors and the public.

The Council, in deciding the CTR scheme for 2022/23, needs to consider both the affordability of the scheme for the Council given the financial challenge it currently faced and the impact of retaining the existing scheme (or of revising the scheme) on Oldham's residents of working age in receipt of low incomes. The scheme for those of pensionable age was set by the Government and cannot be changed.

The furlough scheme (Coronavirus Job Retention Scheme) concluded on 30 September 2021 as did the fifth grant under the Self-Employed Income Support scheme and the Universal Credit £20 uplift. Self-employed recipients of Universal Credit were not subject to the minimum income floor during the pandemic, but this was re-instated (with some exceptions) from 31 July 2021. The effects of the phasing out of these schemes that have provided financial help for residents, along with the on-going impacts of the pandemic in shifting the demand for support under CTR scheme and the ability of residents to pay over the remainder of 2021/22 and into 2022/23 was difficult to estimate, and the full economic impact was uncertain.

Given levels of uncertainty about the impact of the pandemic on the demand for CTR in the coming months, Members were requested to consider the recommendation to maintain the current CTR scheme in 2022/23, being mindful of the aim of ensuring continuity about entitlement to those residents on the lowest incomes.

Options/Alternatives considered:

Option 1: Maintaining the present level of support i.e., limiting the level of support to 85% of Council Tax for a Band A property as the maximum amount available.

Option 2: Limiting the maximum level of support from 2022/23 to 82.5% of Council Tax for a Band A property

Option 3: Limiting the maximum level of support from 2022/23 to 80% of Council Tax for a Band A property

RESOLVED -That Cabinet approves and commends to Council the proposed Council Tax Reduction scheme for 2022/23 which keeps the scheme unchanged from that operating in 2021/22.

11

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2022/23 TO 2026/27

Consideration was given to a report of the Director of Finance which set out the Capital Strategy for 2022/23 to 2026/27 and thereby the proposed 2022/23 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2023/24 to 2026/27, having regard to the resources available over the life of the programme.

The Capital Strategy

The Council's Capital Strategy and capital programme were set over a five year timeframe. The proposed Capital Strategy and programme for 2022/23 to 2026/27 took the essential elements of the 2021/22 to 2025/26 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2022/23.

The Strategy included a longer-term vision, a forward look at those projects that were likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2027/28 to 2036/37.

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

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

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

The sections were:

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
2. The Principles of the Capital Strategy
3. Priority Areas for Investment
4. Supporting Greater Manchester Devolution and Accessing Levelling Up and Shared Prosperity Fund Resources

5. Affordability, Delivery and Risk Associated with the Capital Strategy
6. Knowledge and Skills
7. Treasury Management
8. Long Term Loans
9. Other Non-Treasury Investments
10. Capital Resources to Support Capital Expenditure
11. Capital Investment and Disposal Appraisal
12. The Prioritisation of Capital Requirements
13. The Procurement of Capital Projects
14. The Measurement of the Performance of the Capital Programme
15. The Capital Investment Programme Board

The Strategy was aligned with the Creating a Better Place programme which was focused on building more homes for the borough's residents, creating new jobs through regeneration and ensuring Oldham was a great place to visit with lots of family friendly and accessible places to go. This also incorporated the Medium-Term Property Strategy and Housing Strategy and aimed to deliver its ambition in ways that contributed to a reduction in carbon emissions in support of the Council's Green New Deal strategy.

Section 1 of the Capital Strategy highlighted the impact of the COVID-19 pandemic on programme delivery, summarises the recently announced revisions to Prudential and Treasury Management Codes of Practice and describes how the Capital Strategy is shaped by the ethos of being a Co-operative Council, the Corporate Plan and COVID-19 Recovery Strategy. This section of the report also described more fully the Creating a Better Place programme (encompassing the Medium-Term Property Strategy and Housing Strategy) which accounts for around 2/3rds of planned Capital Expenditure over the five-year period 2022/23 to 2026/27.

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 £335 million (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.

The Council would aim to access the maximum level of NIS resources to support projects in Oldham and the wider Greater Manchester region, working with the Greater Manchester Combined Authority (GMCA) and other GM Authorities as necessary

Annex C of Appendix 1 set out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2022/23 to 2026/27.

The Strategy also advised that the Council was proposing to continue the use the flexibility provided by the Government to use capital receipts to fund the revenue cost of transformation. The 2022/23 revenue budget would rely on up to £2.500m of such funding from capital receipts. Annex D of Appendix 1 presents the Flexible Use of Capital Receipts Strategy.

The 2021/22 month 8 capital monitoring position presented alongside this report included expenditure projections that are a key determinant of the 2022/23 programme. As many schemes span more than one year, the anticipated level of reprofiling between years sets the underlying position.

The projected outturn spending position for 2021/22 was £52.558m. The People and Place Directorate which managed all of the major regeneration projects, constituted the main area of expenditure. Grants and Other Contributions (£19.850m) followed by Prudential Borrowing provided the main source of financing (£26.294m).

Actual expenditure to 30 November 2021 was £23.801m (45.29% of the forecast outturn). This spending profile was in line with that in previous years, however the position would be kept under review and budgets would continue to be managed in accordance with forecasts.

Capital Programme 2022/23 to 2026/27

The Council had set out its capital programme for the period 2022/23 to 2026/27 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy had been influenced by the level of resources considered available. The level of prudential borrowing included reflected the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions were based on already notified allocations or best estimates at time of preparation. If additional resources became available, projects that meet the Council's strategic capital objectives would be brought forward for approval.

As at the month 8 capital monitoring position, the anticipated expenditure over the five year life of the 2021/22 to 2025/26 strategy was £368.705m, taking 2021/22 aside (£52.558m) leaves £316.147m for the remainder of the approved 2022/23 to 2025/26 capital programme. Following the refresh of existing strategies and the Creating a Better Place programme, and moving forward the planning period by one year, the Capital Strategy for 2022/23 to 2026/27 totalled £347.387m.

The capital programme included proposed expenditure for 2022/23 of £100.248m of which £81.465m, was the largest area of expenditure being on regeneration, schools, transport and infrastructure projects within the People and Place Directorate. Total expenditure decreased to £86.993m, £64.253m, £48.810m and £47.083m in 2023/24, 2024/25, 2025/26 and 2026/27 respectively.

Resources Available to Support the Capital Programme

The Government was continuing to provide significant levels of grant funding. The main sources of grant income were the Towns Fund at £24.400m (£24.200m over the period 2022/23 to 2026/27), along with Education-related Basic Need Capital grant provision of £10.104m over the life of the programme. There were also considerable resources allocated to the Council via the GMCA including the Mayors Cycling and Walking Challenge Fund (£10.125m in 2022/23) and Local Transport Programme - Highway Maintenance Grant totals £14.812m over the strategy period.

The grant funding provided by Government could be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy. The majority of capital Government Grant funding was un-ringfenced. Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2022/23 capital programme relies on £11.714m of un-ringfenced and £33.787m of ringfenced grants. As in previous years, a major source of financing remained prudential borrowing. The amount required in 2022/23 (£46.990m) includes borrowing attributed to schemes that had been reprofiled from prior years as well as new borrowing associated with the regeneration programme. The timing of the borrowing was linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

There will be a continued review of capital spending requirements as the Council had further regeneration ambitions, but affordability and deliverability would be a key consideration in this regard.

Options/alternatives considered

Option 1 - Cabinet accepts the proposed Capital Strategy and Capital Programme for 2022/23 to 2026/27 and commends it to Council

Option 2 - Cabinet suggests an alternative approach to capital investment for 2022/23 to 2026/27, including the revision of capital priority areas.

RESOLVED - That Cabinet approved and commended to Council the:

1. The Capital Strategy for 2022/23 to 2026/27 at Appendix 1 of this report and summarised at section 2.1.
2. The capital programme for 2022/23 and indicative programmes for 2023/24 to 2026/27 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of this report.
3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix

12

TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23 INCLUDING THE MINIMUM REVENUE PROVISION POLICY STATEMENT, ANNUAL INVESTMENT STRATEGY AND PRUDENTIAL INDICATORS

Consideration was given to a report of the Director of Finance which presented to Cabinet, the strategy for 2022/23 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The report outlined the Treasury Management Strategy for 2022/23 including the Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Council was required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential

Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. It is also required to produce an annual Treasury Strategy for borrowing and to prepare an Annual Investment Strategy setting out the Council's policies for managing its investments and for giving priority to security and liquidity of those investments.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2021 (the Code) also required the receipt by full Council of a Treasury Management Strategy Statement.

The Strategy for 2022/23 covers two main areas.

Capital Issues:

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

Treasury Management Issues:

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

The report therefore outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and made recommendations with regard to the Treasury Management Strategy for 2022/23.

The report included an economic background commentary which reflected the position at 31 January 2021.

During 2021, there were two consultation exercises on the Prudential Code and Code of Practice on Treasury Management with a range of proposed changes being considered. These mainly related to commercial investments and the requirement for Authorities to adopt a more prudent approach. The second consultation ended on 16 November 2021 and the changes to the Codes were issued on 20 December 2021. The Council's strategy for 2022/23 had incorporated these recent changes in the Codes where information was readily available.

The Audit Committee, the body charged with the detailed scrutiny of Treasury Management activities considered the proposed 2022/23 Treasury Management Strategy report at its meeting on 17 January 2022. It was also presented to the Policy Overview and Scrutiny Committee on 27 January 2022. Both the Audit Committee and the Policy Overview and Scrutiny Committee were content to commend the report to Cabinet.

Options/alternatives considered

In order to comply with the CIPFA Code of Practice on Treasury Management, Cabinet has no option other than to consider and approve the content of the report. Therefore, no options/alternatives have been presented.

RESOLVED - That the Cabinet approved and commended to Council the:

1. Capital Expenditure Estimates as per paragraph 2.1.2 of the report.
2. MRP policy and method of calculation as per Appendix 1 to the report.
3. Capital Financing Requirement (CFR) Projections as per paragraph 2.2.4 of the report.
4. Projected treasury position as at 31 March 2022 as per paragraph 2.3.3 of the report
5. Treasury Limit's as per section 2.4 of the report.
6. Borrowing Strategy for 2022/23 as per section 2.6 of the report.
7. Annual Investment Strategy as per section 2.10 including risk management and the creditworthiness policy at section 2.11 of the report.
8. Level of investment in specified and non-specified investments detailed at Appendix 4 to the report.

13

HOUSING REVENUE ACCOUNT ESTIMATES FOR 2022/23 TO 2026/27 AND PROPOSED OUTTURN FOR 2021/22

The Cabinet gave consideration to a report of the Director of Finance which set out for the Housing Revenue Account (HRA), the detailed budget estimates for 2022/23, the strategic estimates for the four years 2023/24 through to 2026/27 and outturn estimate for 2021/22. The report also sets out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2022.

The report set out the HRA proposed 2022/23 original budget and the forecast outturn for 2021/22. The opportunity was also taken to present the provisional strategic budgets for 2023/24 through to 2026/27.

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

After taking all relevant issues into account, the projected financial position for 2021/22 was estimated to be a £4.828m positive variance when compared to the original budget forecast for 2021/22 approved at the Budget Council meeting, 4 March 2021. Of this variance, £1.756m was attributable to a higher than anticipated brought forward balance from 2020/21 and the remaining £3.072m was as a result of the re-profiling of HRA funded capital schemes into later years due to revisions to planned spending profiles. The estimated balance at the end of 2021/22 was projected to be £22.291m.

The closing financial position for 2022/23 shows an estimated HRA closing balance of £20.483m which was sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2022/23 position has been presented after allowing for an increase in dwelling rents of 2.1%, an increase in non-dwelling rents in line with individual contracts, the freezing of all service charges and the setting of Extra Care Housing concierge charges to fully recover costs.

The current Government policy guidance for the period 2020-2025 was that all rents are calculated based on a maximum of the Consumer Price Index (CPI) rate at September of the preceding year plus 1%.

Oldham's projections for the 2022/23 budget had been set assuming rental increases of 2.1% which is 2% lower than if it were to follow the maximum uplift (September 2021 CPI rate being 3.1% plus 1%).

The Council has opted to propose this reduced rate given the current healthy levels of HRA balances and the ongoing pressures, including inflation, on household incomes.

The financial projections for the HRA over the period 2021/22 to 2026/27 showed an overall reduction in the level of balances from £22.291m at the end of 2021/22 to £8.123m at the end of 2026/27.

HRA resources were to be used to support several major approved housing capital projects including development within the town centre and on smaller sites around the borough. There was also a commitment to purchase currently empty properties owned by private sector landlords to increase the number of Council owned housing stock.

The HRA detailed budget for 2022/23 and strategic estimates for the four years 2023/24 to 2026/27 and the outturn estimate for 2021/22 were presented to the Policy Overview Scrutiny Committee on 27 January 2022. The Committee was content to commend the report to Cabinet without amendment.

Options/alternatives considered

For the Council to comply with legislative requirements, it must consider and approve a budget for the HRA for 2022/23.

Three options regarding rent levels are presented below.

- proposed rent increase of 4.1%
- proposed rent increase of 2.1%
- rents are frozen for 2022/23.

Compared to a 4.1% increase, the loss to the HRA for 2022/23 in terms of rental income would be, £0.184m at a 2.1% rent increase and £0.359m with no rent increase, as shown below.

Given the overall health of HRA balances, as previously mentioned in para 2.9, and the adverse impact of the pandemic on household income, it was proposed that Oldham Council approve rental increases in 2022/23 lower than the maximum levels available under current government guidance.

A full financial assessment has been undertaken to justify this proposal ensuring the HRA has the necessary resources to fully fund all known current and future commitments. Future years forecasts highlighted in Appendix D show that despite the lower than usual rental increase proposed in 2022/23, at no time does the HRA come close to the agreed minimum balance of £3m.

The lowest balance estimated within the next 5 years being £7.019m in 2024/25.

Given the proposed reduction in balances due to the increased levels of RCCO for the period 2022/23 to 2024/25, it is evident that any decision to vary from the maximum income achievable may have an adverse impact on future project decisions. Whilst

the Council has chosen to limit rent increases in 2022/23 to 2.1%, future rent proposals

Average Increase in Rent	2.1% £000	0% £000
Impact in 2022/23	184	359
Impact over remaining life of Business Plan	8,342	17,101



RESOLVED - That Cabinet approved and commended to Council the:

1. Forecast HRA outturn for 2021/22 (as per Appendix A to the report)
2. Proposed HRA budget for 2022/23 (as per Appendix B to the report)
3. Strategic estimates for 2022/23 to 2026/27 (as per Appendix D to the report)
4. Proposed increase to dwelling rents for all properties of 2.1%.
5. Proposed increase to non-dwelling rents as per individual contracts.
6. Proposal that service charges are unchanged from those of 2021/22.
7. Proposal to set Extra Care Housing concierge charges to fully recover actual costs.

14

STATEMENT OF THE CHIEF FINANCIAL OFFICER ON RESERVES, ROBUSTNESS OF ESTIMATES AND AFFORDABILITY AND PRUDENCE OF CAPITAL INVESTMENTS

The Cabinet gave consideration to a report of the Director of Finance which recommended that Cabinet agreed the level of balances necessary to support the 2022/23 budget underpinned by the agreed policy on Earmarked Reserves, setting a properly balanced revenue budget which included the financing of capital investments within the present investment proposals.

In order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) was required to report on the robustness of the estimates made for the purposes of the revenue budget calculations and the adequacy of the proposed reserves. This information enabled a longer-term view of the overall financial resilience of the Council to be taken. It also reported on the Director of Finance's consideration of the affordability and prudence of capital investment proposals.

The level of general balances to support the budget and an appropriate level of Earmarked Reserves maintained by the Council in accordance with the agreed Council Policy on Earmarked Reserves, were an integral part of its continued financial resilience supporting the stability of the Council.

Over the last few years there had been a number of Local Authorities which had been subject to the issuing of a Section 114 notice or approaching Government for exceptional financial assistance.

Whilst the Council had prepared a detailed revenue budget within a five-year Medium Term Financial Strategy (MTFS), a

five-year Capital Programme and continues the closure of accounts within an appropriate timeframe allowing early focus on the upcoming challenges and a robust financial transformation programme, there continued to be a reliance on the use of reserves to balance the revenue budget.

Since 2016/17, reserves of £74.627m have been used to underpin the Council's revenue budget alongside other one-off measures. This included £25.182m relating to grant compensation received in 2020/21 and used in 2021/22 to support the Collection Fund deficit arising from the award by Government of Business Rates Relief after the budget for 2020/21 had been set.

For 2022/23, it is proposed to use corporate reserves of £10.101m and specific reserves of £1.805m together with £13.092m to offset the Collection Fund deficit for 2021/22 arising from the awarding of retail, leisure, hospitality and nursery Business Rates Reliefs (£8.888m) and further Business Rates reliefs relating to the COVID-19 Additional Relief Fund (£4.204m) after the budget had been set (this is a technical accounting adjustment), combined with one-off measures totaling £2.500m. The remaining corporate Balancing Budget reserve of £9.932m will be used to support the 2023/24 and 2024/25 budgets.

There was a reliance on the use of reserves to balance the budget over the MTF period. The continued use of reserves and one-off measures has had the impact of deferring the changes that are required to balance the revenue budget by on-going sustainable means. The implementation of the next phase of the Council's transformation programme in 2022/23 is expected to address this challenge although this has been impacted by the global pandemic. The expected benefits of the transformation programme will be phased over several financial years and is therefore supported by the use of reserves over the short term.

As detailed within the Council's Audit Completion Report for 2020/21 received by the Council on 17 December 2021, the External Auditor concluded that "there is not a significant weakness in the Council's arrangements in relation to financial sustainability". This is encouraging and should be considered in the context of 2022/23 budget setting and the Medium Term Financial Strategy for 2022/23 to 2026/27.

Whilst the Council was utilising a number of reserves to support the 2022/23 revenue budget and anticipated a use of reserves in both 2023/24 and 2024/25, Members were assured that Oldham Council currently remained financially resilient. Work was taking place to address the on-going financial pressures that the Council is facing. At the start of 2022/23 it would continue to be well placed to meet the difficult financial challenges ahead. However, this strategy relied on the delivery of the transformation programme over the short to medium term. Public findings reported elsewhere have shown that some Authorities have not, in a small number of cases, been able to deliver the level of transformational savings required so it was important that the Council delivers on current plans.

In conclusion, the Chief Finance Officer was able to advise Members of the robustness of the estimates and the affordability

and prudence of capital estimates for 2022/23. Despite the use of reserves over recent years, the level of reserves remains adequate to support the 2022/23 financial position and demonstrates financial resilience. However, this is only the case provided that action is taken to ensure that the balances were set at the level of £19.935m for 2022/23 as calculated in this report and that all budget options, or in year alternatives, are delivered as planned and monitored.

The Statement of the Chief Financial Officer was presented to Policy Overview and Scrutiny Committee on 27 January 2022. The Scrutiny Committee was content to commend the report to Cabinet.

Recommendations

RESOLVED – That the Cabinet approved and commended to Council:

1. The proposed General Fund Balance currently calculated for 2022/23 at £19.935m.
2. The initial estimate of General Fund Balances to support the Medium-Term Financial Strategy was as follows:
 - £21.268m for 2023/24 and
 - £21.415m for 2024/25 to 2026/27.
3. The intended report to be presented to the Audit Committee on Earmarked Reserves to ensure this area is subject to appropriate scrutiny.
4. The actions necessary to secure a properly balanced budget as presented in paragraph 3.6 of the report.
5. The actions necessary to ensure the prudence and affordability of the capital investments as noted in Section 4 of the report.

The meeting started at 6.00pm and finished at 6.27pm