

# REVENUE BUDGET MONITORING REPORT 2021/22

## Quarter 3 - December 2021

### 1 Background

- 1.1 The Authority's 2021/22 budget, in the sum of £254.179m was approved by Council on 4 March 2021. This was after the deployment of;
- £8.793m of recurrent budget reductions approved within the 2021/22 Budget
  - £16.830m of corporate and specific reserves
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets throughout the financial year and as part of this process a forecast of the year-end position has been prepared by all services. This forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 3. However, the opportunity has been taken to incorporate more up to date information received after the end of reporting period including known commitments, issues and planned management actions.
- 1.3 The Council is again this financial year, periodically reporting to the Department for Levelling Up, Housing and Communities (DLUHC); formerly the Ministry of Housing Communities and Local Government (MHCLG) as to the impact of COVID on the financial position of the Council. The forecasts therefore incorporate the round 18 position reported to the DLUHC on 28 January 2022.
- 1.4 The Government (DLUHC) is providing compensation for COVID related losses on Sales, Fees and Charges (SFC) for the first quarter of the financial year only and the Government compensation return was submitted to the DLUHC on 20 October 2021, in the sum of £0.352m. This amount has been used to offset Portfolio pressures in relation to lost income arising from SFC for the first quarter of the financial year. The claim has now been assessed by the DLUHC and in the absence of any queries payment in full is expected before the end of the financial year.
- 1.5 In considering the projections included in the DLUHC returns and in this report, it is important to note that there remains a high degree of estimation in relation to the impact of COVID; the rise of the Omicron variant saw a rapid increase in the rate of infection which led to the reintroduction of limited restrictions and an acceleration in the vaccination and booster programmes effective from 30 November 2021. Restrictions were, however, substantially lifted at the end of January although the infection rate was still high and have now been lifted in full.
- 1.6 The completion of the returns and the forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure and the income loss recorded at the end of December adjusted, where appropriate, for more up to date information. It also relies on a series of assumptions which, as evidenced above, relate to a position that has been unpredictable and constantly changing.

### 2 Current Position

- 2.1 The current net revenue budget of £275.217m represents an increase of £21.038m against the originally approved budget of £254.179m and an increase of £1.143m since Month 8 which is due to:
- The receipt of £0.306m of un-ringfenced COVID-19 Additional Restrictions Grant
  - Notification of additional Opportunity Area grant funding of £0.100m to support the Early Identification of Autism Pathfinder

- The utilisation of £0.737m of capital grants reflecting the reporting arrangements required when preparing the Statement of Accounts.

A full funding analysis of the net revenue expenditure is shown at Appendix 1.

- 2.2 The current position for 2021/22 at Quarter 3 is a projected favourable variance of £2.680m, a slight improvement of £0.008m on the £2.672m reported at Month 8. A forecast of the year-end position has been prepared by all services. The table below shows the year-end forecast position against budget for each Portfolio, including the additional costs anticipated as a result of the COVID pandemic.

**Table 1 - Summary Forecast Revenue Outturn**

	Budget	Forecast	In Year Transfer To/ (From) Reserves	Variance Quarter 3	Variance Month 8
	£000	£000	£000	£000	£000
People and Place	60,364	62,577	(2,087)	126	50
Community Health and Adult Social Care	65,290	71,815	755	7,280	7,455
Children's Services	52,048	58,397	(1,080)	5,269	4,518
Communities and Reform	33,787	40,666	(8,533)	(1,654)	(1,120)
Commissioning	309	688	-	379	484
Chief Executive	15,972	20,889	(5,516)	(599)	(576)
Capital, Treasury and Corporate Accounting	26,619	11,083	10,144	(5,392)	(5,394)
COVID-19 Funding	7,737	(352)	-	(8,089)	(8,089)
Additional Section 31 grant for Collection Fund Deficit	13,092	-	13,092	-	-
<b>NET EXPENDITURE</b>	<b>275,217</b>	<b>265,763</b>	<b>6,775</b>	<b>(2,680)</b>	<b>(2,672)</b>
<b>FINANCED BY:</b>					
Collection Fund Deficit	25,456	25,182	-	(274)	(274)
Use of Reserves to offset Collection Fund Deficit	(25,456)	(25,182)	-	274	274
General Use of Reserves	(16,830)	(16,830)	-	-	-
Other Financing	(258,387)	(258,387)	-	-	-
<b>TOTAL FINANCING</b>	<b>(275,217)</b>	<b>(275,217)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET FORECAST VARIANCE</b>	<b>-</b>	<b>(9,454)</b>	<b>6,775</b>	<b>(2,680)</b>	<b>(2,672)</b>

- 2.3 Members will recall that the 2021/22 budget report advised that the Government has awarded £7.737m of un-ringfenced COVID support grant to assist the Council meet the extra costs of addressing the pandemic. In addition, £0.352m of un-ringfenced grant support is anticipated, providing compensation for lost Sales, Fees and Charges income for the first quarter of 2021/22. The total of £8.089m has been retained centrally and applied as a 'bottom-line' adjustment. In this way the full cost of the pandemic is shown against each Portfolio.
- 2.4 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £6.775m is a favourable variance of £2.680m. Section 8 provides more detail of the approved and planned use of reserves at Quarter 3. However, key financing issues to note are:

- a) As advised during the 2021/22 budget setting process, there is a movement from reserves of the Section 31 Grant Funding (£25.182m) for Business Rate Relief compensation which was received in 2020/21 and is being used to support the 2021/22 budget. The actual grant received following the full reconciliation undertaken at the 2020/21 year end was £0.274m less than initially anticipated matching a reduced Collection Fund deficit.
- b) There is a movement to reserves of £13.092m which is the anticipated level of Section 31 funding for:
- Business Rates Relief compensation of £8.888m paid to the Council because the Government introduced a scheme to reduce Business Rates for Retail, Leisure, Hospitality and Nursery businesses in 2021/22 after the 2021/22 budget was set.
  - The COVID-19 Additional Relief Fund (CARF), the detail of which was announced on 15 December 2021. This will also compensate the Council for discretionary Business Rate Reliefs awarded in 2021/22 up to a value of £4.204m (see section 4.15 for more information).

This grant totalling £13.092m will be used to offset the Collection Fund deficit of the same sum that will arise in 2021/22 and will need to be addressed in the 2022/23 budget process.

- 2.5 There are significant variances contained within the projected net underspend. As previously mentioned, the position includes a forecast of all the additional pressures being incurred by the Authority as part of its on-going response to the COVID pandemic. Table 2 below analyses the variance between 'business as usual' and COVID; the former being a net underspend of £5.877m. As advised above, the Council has received £7.737m of general COVID support from the DLUHC, along with the SFC compensation of £0.352m for income losses in the first quarter of 2021/22, a total of £8.089m COVID funding is being used to offset a pressure of £11.286m caused by the pandemic. This leaves a residual unsupported pressure of £3.197m.

**Table 2 - Analysis of Variances**

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 3 £000
People and Place	557	(431)	126
Community Health and Adult Social Care	7,372	(92)	7,280
Children's Services	2,917	2,352	5,269
Communities and Reform	190	(1,844)	(1,654)
Commissioning	-	379	379
Chief Executive	250	(849)	(599)
Capital, Treasury and Corporate Accounting	-	(5,392)	(5,392)
COVID-19 Funding	(8,089)	-	(8,089)
<b>Total</b>	<b>3,197</b>	<b>(5,877)</b>	<b>(2,680)</b>

- 2.6 The People and Place Portfolio has a reported pressure of £0.126m with a proposed net use of reserves totalling £2.087m. Anticipated expenditure relating to COVID-19 accounts for £0.557m of the overspend with a 'business as usual' underspend of £0.431m offsetting the total overspend.
- 2.7 Community Health and Adult Social Care (CHASC) is reporting an overspend of £7.280m, after a £0.755m transfer to reserves. The adverse variance is attributed to £7.372m of COVID-19

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related expenditure, in the main due to the demand for care packages following hospital discharges. The residual favourable variance of £0.092m therefore relates to 'business as usual'.

- 2.8 Children's Services is forecasting an adverse variance of £5.269m of which £2.917m is related to COVID-19, with a proposed £1.080m use of reserves. There are pressures within two main service areas: Education, Skills and Early Years at £0.210m and more significantly, Children's Social Care at £5.059m.
- 2.9 Communities and Reform is reporting a favourable variance of £1.654m in the main due to vacancies and the offsetting of costs by COVID-19 grants, resulting in a business-as-usual favourable variance of £1.884m offset by a COVID pressure of £0.190m. There is a predicted £8.533m use of reserves (mostly Contain Outbreak Management Fund grant).
- 2.10 The Commissioning Portfolio is reporting an overall adverse business as usual variance of £0.379m within the Procurement service.
- 2.11 The Chief Executive Portfolio is reporting a net favourable variance of £0.599m, an operational underspend of £0.849m is offset by a £0.250m COVID pressure. In addition, Capital, Treasury and Corporate Accounting is showing an underspend of £5.392m, all of which relates to business as usual.
- 2.12 A more detailed analysis of financial performance and the major variances can be found by Portfolio in section 3.
- 2.13 It is important to note that a number of 2021/22 approved budget reductions, totalling £1.818m are forecast not to be achieved and are therefore rated red; 'off track and will not deliver'. There are also amber rated budget reductions; 'off track but with measures in place to deliver' linked to these red items. The budget reduction with red and red/amber ratings are as outlined below by value:

#### CHASC

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

Whilst none of these red rated budget reductions will be delivered in year, alternative recurrent savings have been identified which will make good the shortfall. In addition, the £0.500m within CHASC rated as amber is being monitored to ensure it does not become unachievable at the year-end. Clearly, as there is a £0.092m Business as Usual favourable variance currently being projected for this Portfolio area, there is some optimism with regard to achieving the off-setting savings.

#### People and Place

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

#### Commissioning

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

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## Communities and Reform

- School Swimming – the transfer of the school swimming service to Oldham Community Leisure Ltd. at a value of £0.011m. This will not be delivered but alternative recurrent savings have been identified to make good the shortfall.

- 2.14 In total, the net position is that £0.499m of the 2021/22 approved budget reductions cannot be delivered or offset by recurrent alternative means, this position has been incorporated in the approved 2022/23 Budget. A schedule and assessment of all the 2021/22 budget reductions is attached as Appendix 3 and a more detailed explanation is provided within the relevant Portfolio summaries in section 3.
- 2.15 Management action has been initiated across all service areas to review and challenge planned expenditure and to maximise income. In addition, the recruitment of staff to vacant posts and significant items of expenditure continues to be monitored via a corporate process. The impact of the service and corporate actions can be seen; the positive variance reported for the first time at Quarter 2 has been maintained. Action will of course continue with the aim of, at the very least, maintaining the current position to the end of the financial year. In addition, further measures are being taken to ensure non-essential expenditure is avoided unless there is a business case to support it.
- 2.16 The effectiveness of management action will be closely monitored by Directorate Management Teams with regular progress updates being provided to Portfolio holders up to the end of the financial year. The local and national position in relation to COVID saw the emergence of the Omicron variant with a rapid rise in the rate of infection and the introduction of Plan B restrictions from 30 November 2021. However, some restrictions were lifted at the end of January with all restrictions lifted from the beginning of March, but the impact of COVID has still to be managed. No additional Government unringfenced financial support is expected beyond that already received and notified.

### 3 Portfolio Summaries

#### 3.1 People and Place

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

**Table 3 – People and Place - Forecast Outturn**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Environmental Services	53,278	52,994	(451)	(735)
Enterprise and Skills	656	836	-	180
Economic Development	903	3,845	(1,636)	1,306
ICT	4,261	4,108	-	(153)
Customer Services	1,266	794	-	(472)
<b>Total Forecast Net Expenditure</b>	<b>60,364</b>	<b>62,577</b>	<b>(2,087)</b>	<b>126</b>

#### Summary

- 3.1.2 The forecast outturn at Quarter 3 for the People and Place portfolio, including all pressures associated with COVID-19 and use of reserves of £2.087m, is an adverse variance of £0.126m, a minor adverse movement of £0.076m compared to the pressure of £0.060m reported at Month 8.

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## Environmental Services

3.1.3 The Environmental Services area is forecasting a £0.735m underspend, a favourable movement of £0.180m from that reported at Month 8 (£0.555m). Variances triggering the overall underspend include:

- Public Protection is expected to underspend by £0.014m, a favourable movement of £0.032m against the £0.018m pressure reported at Month 8.
- Underspends totalling £0.460m, consisting of £0.335m in Highways Operations (Unity) and £0.125m in Street Lighting (S.38 and S.278 inspection fees). This represents a favourable movement of £0.043m to that reported at Month 8 (£0.417m) and is due higher than anticipated income relating to statutory works.
- Environmental Services Management is forecast to underspend by £0.259m, an improvement of £0.103m compared to the favourable variance of £0.156m reported at Month 8, this is as a result of an increase in cemeteries and crematoria services income.
- Waste Management is forecast to underspend by £0.042m on reduced marketing and publicity costs (balanced at Month 8)
- The Fleet Service is expecting to overspend by £0.040m as a result of reduced income (balanced at Month 8)

## Enterprise and Skills

3.1.4 The Enterprise and Skills Directorate is forecasting a pressure of £0.180m, an adverse movement of £0.055m compared to the £0.125m pressure reported at Month 8. The Town Centre area, which includes the Markets Service is currently forecasting a loss for the financial year of £0.205m which includes an anticipated loss of rental income due to COVID. Offsetting this pressure is an anticipated underspend due to a reduction in staffing costs of £0.025m across the Service area.

## Economic Development

3.1.5 The Economic Development Directorate is forecasting a pressure of £1.306m after a £1.636m use of reserves. This represents an adverse movement of £0.201m against the pressure of £1.105m reported at Month 8. The main reasons for the adverse variance are detailed by service area below:

- There is an estimated pressure against the Corporate Landlord/ Investment Estate totalling £0.892m (£0.723m at Month 8), of which £0.375m relates to COVID with the remainder relating to long standing issues in this service area. The adverse movement since Month 8 of £0.169m is due to an increase in repairs and maintenance costs.
- The Catering Service is showing an adverse variance of £0.380m, a slight increase to the £0.362m reported at Month 8. This is due to unachievable income against school meals.
- There is a projected overspend of £0.064m within Strategic Housing relating to additional temporary accommodation costs.
- The Car Parking budget is showing an underspend of £0.030m at Quarter 3, (no variance to that reported at Month 8) as a result of an increase in penalty charge notices and introduction of flexible parking permits.

## ICT and Customer Services

- 3.1.6 ICT is forecasting an underspend of £0.153m due to vacant posts within the Client team. Customer Services is showing an unchanged underspend of £0.472m which is due to the funding of eligible contractor costs with COVID grants.

### Achievement of Budget Reductions

- 3.1.7 Of the £3.225m approved budget reductions across the portfolio, £0.398m of the total £1.541m linked to Creating a Better Place (Project and Assets) is currently rated red and not expected to be achieved, with £0.385m rated amber. All other budget reductions for the Portfolio are expected to be achieved in full.

## 3.2 Community Health and Adult Social Care

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

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

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care - COVID 19	-	7,372	-	<b>7,372</b>
Community Health & Social Care	27,387	26,400	-	<b>(986)</b>
Commissioning	22,488	22,511	-	<b>24</b>
Learning Disability	13,841	15,027	-	<b>1,186</b>
Mental Health	8,543	8,754	-	<b>210</b>
Community Business Services	1,701	1,334	-	<b>(367)</b>
Safeguarding	1,063	928	-	<b>(135)</b>
Director Adult Social Care	<b>(9,733)</b>	<b>(10,511)</b>	755	<b>(23)</b>
Learning Disability and Mental Health	-	-	-	-
<b>Total Forecast Net Expenditure</b>	<b>65,290</b>	<b>71,815</b>	<b>755</b>	<b>7,280</b>

### Summary

- 3.2.2 The pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £7.280m (£7.455m at Month 8), including a net £0.755m transfer to reserves. The predominant factor contributing to the overspend is the COVID related expenditure of £7.372m (£7.422m at Month 8). Adult Social Care is one of the Council services most affected by the virus, the constantly evolving nature and the subsequent impact of the pandemic and also the nature and quantum of financial support means that it is highly likely that the financial forecasts will be subject to further revision.
- 3.2.3 Financial support from the NHS Hospital Discharge Programme, reclaimed through the Oldham Clinical Commissioning Group (CCG) continues to be available, the support was scheduled to cease on 30 September 2021 and has now been extended to 31 March 2022. At Quarter 3, £1.743m of funding from the CCG had been received and in the region of £2.346m is expected by the end of the year. The net effect is an adverse forecast of £7.372m of COVID related expenditure. This includes a non-recurrent contribution of £0.897m from the Contain Outbreak Management Fund (COMF).

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- 3.2.4 A 'Business as usual' underspend of £0.092m (£0.033m overspend at Month 8) offsets the COVID related expenditure. The main reasons for the service variances are detailed below:

#### Community Health and Social Care

- 3.2.5 The forecast outturn has improved from £0.672m at month to the current forecast of £0.986m. The improvement of £0.314m is due to a reduction in home care packages for clients with physical disabilities. In addition, a combination of delays in recruiting to vacant posts and favourable income variances also contribute to the overall underspend.

#### Commissioning

- 3.2.6 The forecast outturn is as an adverse variance of £0.024m at Quarter 3 (£0.023m at month 8) and is primarily due to bank holiday enhancement payments to providers.

#### Learning Disability

- 3.2.7 Learning Disability (LD) is forecasting an overspend of £1.186m (£1.581m at Month 8). The favourable movement of £0.395m between the two periods is due to an increase in continuing care contributions from Oldham CCG and an increase in direct payment recoveries. The overall overspend is due to commissioned community care packages, mainly for those delivered to clients who are in receipt of a direct payment.

#### Mental Health

- 3.2.8 Mental Health is forecasting an overspend of £0.210m, a reduction of £0.135m compared to the £0.345m reported at Month 8 and is due to additional income from the CCG. With the general population living longer and surviving other illnesses, the number of people developing dementia is increasing and therefore attracting the dementia premium when placed in care homes; this is the main driver of the pressure.

#### Community Business Services

- 3.2.9 The Service is reporting a favourable variance of £0.367m an improvement of £0.216m when compared to Month 8; the underspend is due to a high number of vacant posts that have been carried throughout the year pending the recent implementation of a service redesign.

#### Safeguarding

- 3.2.10 The service is reporting a favourable variance of £0.135m at Quarter 3, a small adverse movement of £0.004m from the previous month.

#### Achievement of Budget Reductions

- 3.2.11 The 2021/22 Budget Reductions total £2.729m, three of which, totalling £1.308m are currently forecast not to be achieved in part or in full by the means by which they were prescribed as summarised below:

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

- 3.2.12 Taken in isolation this would have an adverse impact of £1.308m. It is however, anticipated that offsetting savings with an equivalent value will enable £1.308m of red rated budget reductions to be offset by alternative means and this is evidenced by the business as usual variance being now reported as £0.092m.



### 3.3 Children's Services

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

**Table 5 – Children's Services**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	37,505	43,109	(545)	5,059
Education, Skills & Early Years	10,371	11,121	(540)	210
Preventative Services	4,211	4,206	5	0
Schools	(39)	(39)	-	0
<b>Total Forecast Net Expenditure</b>	<b>52,048</b>	<b>58,397</b>	<b>(1,080)</b>	<b>5,269</b>

#### Summary

3.3.2 The Portfolio has a projected overspend of £5.059m which represents an increase of £0.751m compared to the £4.518m reported at Month 8. The overspend includes costs of £2.917m due to the lasting impact of COVID and incorporates the use of reserves totalling £1.080m. The principal underlying reasons are detailed below.

#### Children's Social Care

This area is projecting a £5.059m overspend at Quarter 3 and incorporates the use of reserves totalling £0.545m, which is an increase of £0.751m on the £4.308m reported at Month 8, primarily due to a number of additional residential placements for Children in Care.

3.3.3 Throughout 2020/21 it was necessary to employ additional temporary social work staff to cover the increase in demand and consequent impact on caseloads as a result of the pandemic. This has continued in 2021/22 and the current forecast assumes a requirement to retain the existing cohort of additional social workers for the remainder of this financial year at an estimated cost of £1.266m. This represents a further reduction of £0.101m from the £1.367m reported at Month 8. The number of FTE's has reduced to 17 from 33 at the start of the financial year and caseloads will continue to be closely monitored with the objective of further reducing the number of extra social workers. Additional staffing costs to cover sickness and self-isolation is estimated to cost £0.027m. A further £1.335m is related to the provision of placements, particularly children placed outside of the borough. Again, this is due to an increase in demand and cost due to the pandemic. This brings the anticipated overspend due to COVID to £2.628m.

3.3.4 There is a further net operational forecast deficit of £2.431m. An operational pressure of £3.274m in the main relating to social care placements including Out of Borough is being offset by net favourable variance of £0.843m in relation to staffing costs; vacant posts generate a favourable variance of £3.190m which is offset in part by the use of further agency staff to cover a number of the vacant posts at a cost of £2.347m.

#### Education, Skills and Early Years

3.3.6 The area is reporting a £0.210m overspend at Quarter 3, no change to that reported at Month 8 and incorporates the use of reserves totalling £0.540m.

3.3.7 Adverse variances totalling £0.289m are being forecast against both Inclusion and Post 16 Services (£0.099m) and Community/ Adult Learning Services (£0.190m) both due to the underachievement of income and both caused by the on-going impact of the pandemic.

3.3.8 The overspends are offset by a net £0.079m in relation to a number of small 'business as usual' underspends across the Directorate.

Preventative Services and Schools

3.3.9 There are no variances in relation to these two service areas, with the forecast being in line with budget.

Achievement of Budget Reductions

3.3.10 Budget reductions for the Portfolio in 2021/22 total £0.911m and are currently expected to be achieved in full.

### 3.4 Communities and Reform

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

**Table 6 – Communities and Reform**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Public Health & HLA	23,211	29,139	(6,455)	(527)
Youth, Leisure & Communities	5,955	6,258	(489)	(186)
HR & Organisational Development	2,611	2,378	(153)	(386)
Communications and Research	1,017	738	-	(279)
Strategy and Performance	953	697	-	(256)
Policy	40	1,146	(1,126)	(20)
Transformation and Reform	(0)	310	(310)	0
<b>Total Forecast Net Expenditure</b>	<b>33,787</b>	<b>40,666</b>	<b>(8,533)</b>	<b>(1,654)</b>

3.4.2 The forecast outturn at Quarter 3 is an underspend of £1.654m, a favourable movement of £0.534m compared to the underspend of £1.120m reported at Month 8. A favourable operational variance of £1.844m is offset by a COVID related pressure of £0.190m. The variance is after the approved use of £8.533m reserves. The paragraphs below outline the main variances within the Portfolio.

3.4.3 Public Health, Heritage, Libraries and Arts (HLA) services are showing an underspend of £0.527m as at Quarter 3, compared to £0.348m at Month 8. The variation is in part due to reductions in non pay expenditure in Libraries and the implementation of the HLA restructure.

3.4.4 Within the same service area there is a reported income pressure for the Music Service due to COVID and reduced service provision of £0.045m at Quarter 3 and there remains a pressure of £0.080m for Oldham Museum and Arts (OMA). This is offset with underspends on non-pay costs and the charging of eligible staff time to COVID grants. The significant use of reserves relates to funding from the Contain Outbreak Management Fund to address COVID related activities. Whilst this grant was received in 2020/21, it was brought forward as a reserve for use in 2021/22.

3.4.5 Youth, Leisure and Communities is showing an underspend of £0.186m as at Quarter 3 (£0.185m at Month 8). There remains an income pressure within Outdoor Education (£0.111m) due to COVID and reduced service provision which is offset against a reduction in non-pay costs and the charging of eligible staff time to COVID grants.

3.4.6 HR and Organisational Development is showing an underspend of £0.386m as at Quarter 3, a favourable movement of £0.216m from the previously reported position. The increase in the

underspend is due to additional vacant posts and an unsuccessful recruitment drive to existing vacancies.

3.4.7 Communications and Research is showing an underspend of £0.279m as at Quarter 3 (£0.169m at Month 8), this is due to vacant posts and again the transfer of eligible staff time to COVID grants.

3.4.8 Strategy and Performance is showing an underspend of £0.256m as at Quarter 3, a favourable movement of £0.029m since Month 8. There is a COVID income pressure of £0.056m which relates to the inability to provide data packs to schools in 2021/22. This is offset by vacant posts and the charging of eligible staff time to COVID grants.

3.4.9 The Policy service is showing an unchanged £0.020m underspend and Transformation and Reform continues to forecast a balanced outturn.

#### Achievement of Budget Reductions

3.4.10 The approved budget reductions of £0.626m are expected to be fully achieved in the financial year.

### 3.5 Commissioning

3.5.1 The table below shows the forecast position for the Portfolio, which, by way of reminder now excludes the Finance Directorate as it has transferred to Chief Executive Portfolio.

**Table 7 - Commissioning - Forecast Outturn**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Commissioning and Procurement	309	688	-	379
<b>Total Forecast Net Expenditure</b>	<b>309</b>	<b>688</b>	-	<b>379</b>

#### Summary

3.5.2 The forecast outturn position at Quarter 3 is a business as usual overspend of £0.379m, a reduction of £0.105m since last reported.

#### Commissioning and Procurement

3.5.3 The service is continuing to experience difficulties in recruiting to permanent posts. This is resulting in the necessity to retain interims to provide service continuity leading to an estimated £0.311m overspend which has reduced by £0.110m since Month 8. The service is also reporting a pressure of £0.068m against the Early Payment scheme.

#### Achievement of Budget Reductions

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

### 3.6 Chief Executive

3.6.1 The table below shows the forecast position for the Chief Executive's Portfolio including additional cost associated with COVID.

**Table 8 – Chief Executive**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Finance	8,164	13,209	(5,386)	(341)
Legal Services	3,247	3,345	(130)	(32)
Chief Executive	2,186	2,020	-	(166)
Chief Executive Management	1,787	1,758	-	(29)
Executive Office	588	557	-	(31)
<b>Total Forecast Net Expenditure</b>	<b>15,972</b>	<b>20,889</b>	<b>(5,516)</b>	<b>(599)</b>

#### Summary

- 3.6.2 The Portfolio is showing an underspend of £0.599m, an improvement of £0.023m compared to the position at Month 8. Details of the underspend are shown below.
- 3.6.3 The Finance Service, at Quarter 3 is showing an underspend of £0.341m incorporating New Burdens funding to support the administration of business grants. This represents a favourable variance of £0.066m compared to the £0.275m underspend reported at Month 8. There is a pressure in relation to summons cost recoveries of £0.250m. Although courts have re-opened it is still anticipated there will be fewer summons costs recoveries in 2021/22 due to the ongoing impact of COVID. This is being offset by vacancies in the Finance division; a reduction in non-pay costs and additional project income totalling £0.591m.
- 3.6.4 The Legal Service is reporting an underspend of £0.032m at Quarter 3, virtually unchanged to the position shown at Month 8. This is due to the Registrars Service income increasing to pre-pandemic levels, staffing vacancies and increased levels of underspends on non-pay mainly within the Civic and Political Support budget. There is however a remaining pressure in Legal Services due to reduced traded income with schools.
- 3.6.5 The Chief Executive division is reporting an underspend of £0.166m (£0.208m at Month 8). This movement mostly relates to increased income of £0.098m and an underspend on the Coroners budget based on the recent forecast from Rochdale MBC of £0.068m.
- 3.6.6 Chief Executive Management and the Executive Office are reporting a combined underspend of £0.060m at Quarter 3, unchanged to that reported at Month 8 .

#### Achievement of Budget Reductions

- 3.6.7 The approved budget reductions of £0.523m, are expected to be fully achieved in the financial year.
- 3.6.8 There is a total use of reserves of £5.516m, with £5.386m being applied within the Finance Service this relates primarily to the payment of grants to businesses from the Additional Restrictions Grant regime with funding having been received from Government in 2020/21 but spent in this year (see paragraph 4.14).

### 3.7 Capital, Treasury and Corporate Accounting

- 3.7.1 The following table shows the forecast position reported at Quarter 3.

**Table 9 – Capital, Treasury and Corporate Accounting – Forecast Outturn**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	26,619	11,083	10,144	(5,392)
<b>Total Forecast Net Expenditure</b>	<b>26,619</b>	<b>11,083</b>	<b>10,144</b>	<b>(5,392)</b>

### Summary

- 3.7.2 The Portfolio includes the budgets associated with the Council's Treasury Management activities including interest payable on borrowing and interest receivable on investments.
- 3.7.3 A favourable variance of £5.392m is due to projected additional income being received with regard to external investments, a larger than budgeted benefit generated as a result of the pre-payment of pension contributions and other non-pay variances including reduced capital financing charges. This is offset by an adverse variance with regard to the Annual Leave Purchase Scheme.
- 3.7.4 The Housing Benefit service is not anticipating a variance at this stage in the financial year, however the continued transfer of benefits claimants onto universal credit, and the longer-term impacts of COVID may have an impact, but this will not be known until the interim benefits claim is produced and agreed.
- 3.7.5 As advised at month 8, there is a net transfer to reserves of £10.144m of which £5.665m relates to the release of provisions. This will further boost resilience and has assisted the 2022/23 budget setting process as has the anticipated return of resources from partner organisations, as happened at the end of 2020/21.

### 3.8 Unringfenced COVID Funding

- 3.8.1 As outlined at paragraph 2.3, the Council has received £7.737m of unringfenced Government grant to provide the Council with financial support in 2021/22 to address the additional costs associated with COVID. This is being used to offset pressures being experienced across all Portfolio areas. In addition, £0.352m of unringfenced grant support is anticipated, providing compensation for lost Sales, Fees and Charges income for the first quarter of 2021/22. The total sum of £8.089m will be utilised in full by the year end, with no further funding anticipated.

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

- 3.9.1 Members will be aware that the Government introduced the extension of Business Rate Reliefs for Retail, Leisure, Hospitality and Nursery businesses after the Council had set its 2021/22 budget (just as it had in 2020/21). As such, an unringfenced grant will be received by the Council in 2021/22 to compensate for the Business Rates that businesses will not have to pay. The final amount will not be known until the financial year ends and the estimate has fluctuated. The current expectation is an estimated total of £8.888m, unchanged from Month 8.
- 3.9.2 Due to the accounting requirements for Business Rates income, the £8.888m will be carried forward as a reserve at the end of 2021/22 and will be used at budget setting for 2022/23 to balance a deficit of a corresponding amount from the Collection Fund.

### 4 Other Grants/Contributions Received by the Council

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

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

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

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

4.3 In this financial year the Council has so far been notified of nineteen ringfenced grants with a total value of £16.526m specifically to deal with the ongoing response to the pandemic. The one addition from the previous month is the Omicron Support Fund, an allocation of £0.281m which is to be deployed within Adult Social Care. Whilst the ringfenced grants are included in the budget, the increased income is offset by matched expenditure within the relevant service area, and so does not increase the net revenue budget. The anticipated refunds of £0.275m across the Round 1 (£0.222m) and Round 2 (£0.025m) allocations of the Infection Control and Rapid Testing Fund will reduce the grants applied to £16.251m.

4.4 Furthermore a range of grants totalling £4.047m has been received on behalf of schools. Once again, the grants are included in the budget and offset by matched expenditure as the allocations are passported in full to schools. In addition, £0.183m has been received from the Greater Manchester Combined Authority (GMCA) for the GM Self Isolation pathway initiative.

4.5 The Council has, and continues to receive contributions from the NHS via Oldham CCG (as prescribed in NHS Guidance) to support Adult Social Care provision including hospital discharges to a social care setting. As outlined earlier in the report, it has been confirmed that the scheme will now be extended to 31 March 2021, with care being funded for 4 weeks upon discharge. The amount claimed to the 31 December 2021 was £1.743m.

4.6 The Greater Manchester Health and Social Care Partnership and the Greater Manchester Association of Directors of Adult Social Services, have provided one-off funding to support hospital discharge and workforce retention, as part of the wider Living Well at Home Programme, the allocations for Oldham are £0.177m to support Workforce Recruitment and Retention and £0.118m for Therapists and Community Response; £0.295m in total. It is anticipated that there will be minimal spend in the current financial year and the majority of the funding will be carried forward into 2022/23

4.7 A full list of the COVID grants and contributions with a grand total of £22.794m, is attached at Appendix 2.

### **Grant Support for Businesses – Restart Grants**

4.8 Restart Grants became available from 1 April 2021 to support businesses that were forced to close during national lockdown to help them reopen safely as COVID restrictions were lifted. In this regard, on 6 April the Government paid the Council £10.542m to administer mandatory Restart Grants and the Oldham scheme went live on that day.

4.9 The Council received applications for the grants from 1 April 2021 to 30 June 2021 and therefore the grant regime is now closed. However, grants payable to businesses were calculated as follows:

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### **Non-essential Retail Businesses**

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

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

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

4.10 As there was no discretion in the level of grant payment the Council was acting as an agent of the Government and therefore the expenditure is reflected in the Council's Balance Sheet rather than in the General Fund. There is therefore no budget adjustment in respect of Restart Grants.

4.11 As advised above, the final date for applications for these grants was 30 June 2021 and the final date for payment was 31 July 2021. Of the £10.542m the Council received to support such payments, at 31 July 2021 it had paid 1,417 grants totalling £9.703m, thus £0.839m remained unspent. The final reconciliation has now been made and the £0.839m has been returned to Government.

### **Grant Support for Businesses - Local Restrictions Support Grant (LRS) and Additional Restrictions Grant (ARG)**

4.12 Members will recall that during 2020/21 the Council received £28.417m of Local Restrictions Support Grant. Most LRS payments were made during 2020/21 but at the end of March 2021, there was still the opportunity to apply for one tranche of LRS. The final date for applications for the last round of LRS was 30 April 2021 and the final payment date was 30 June 2021. At the end of 2020/21 £19.556m had been spent, with a final total of £20.092m at the end of June 2021. In total therefore, £8.325m of grant remained unspent and has been returned to Government. Every effort was made to issue grants to all qualifying businesses.

4.13 The Council acted as an agent of the Government for most of these grants and hence they were transacted through the Council's Balance Sheet rather than the revenue budget.

4.14 Members will also recall that the Council received £7.123m in Additional Restrictions Support Grant during 2020/21. This is a discretionary grant scheme and the Council can determine the awarding of the grant. This therefore impacts on the budget of the Council. At the end of 2020/21 £3.076m had been paid with £4.047m held in a reserve. The full £4.047m has been spent in the period to 30 June 2021 and £4.047m of reserves has been called into the revenue account (within the Finance Service). A further tranche of ARG of £1.214m was received in July 2021, plus a further tranche of £0.306m to deal with the latest Omicron wave of the COVID-19 pandemic (see paragraph 4.21). This means the total received across the two financial years is £8.643m and the budget has been increased to reflect the receipt of the grant. The grant has to be spent by 31 March 2022. To date, almost 94% of this funding has been allocated to businesses across Oldham leaving an outstanding balance of £0.535m. This will be spent before the year end.

### **Support for Business – COVID-19 Additional Relief Funding (CARF - £4.204m)**

4.15 On 25 March 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF) with £1.5 billion available nationally to support this scheme. This was to enable Local Authorities to provide Business Rate relief to businesses other than those already receiving such relief (retail, leisure, hospitality and nursery businesses). However, it wasn't until 15 December 2021 that the detail of the CARF was announced with guidance being issued relating to the eligibility and administration of the grant regime. The guidance advises that the fund is available to support those businesses affected by the pandemic but ineligible for existing Business Rates support.

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The Council has been allocated £4.204m based upon a methodology which uses the estimated rateable value in each local authority rating list (which falls within the scope of the fund), weighted for the Gross Value Added (GVA) impact of COVID per sector. This grant will be used to offset the Collection Fund deficit of £4.204m that this will cause in 2021/22 given the reduction in the value of Business Rates that will need to be collected. This has been addressed in the 2022/23 budget.

- 4.16 The Government is using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 in relation to the CARF. It is therefore for the Council and other billing authorities to adopt a local scheme and determine in each individual case whether, having regard to the guidance and their own local scheme, Business Rate relief will be granted under Section 47 powers. The discretionary scheme has now been prepared and was approved by Cabinet at its meeting on 24 January 2022. The Council is now receiving applications for the reliefs and will award the reliefs to qualifying businesses as quickly as possible, seeking to maximise the grant funding to the benefit of Oldham businesses.

### **Grant Support for Businesses most Impacted by the Omicron Variant**

- 4.17 On 21 December the Chancellor announced a new round of grants for businesses experiencing difficulties because of the Omicron variant of COVID and the dual impact of staff absences and lower consumer demand. These grants consist of a mandatory scheme (Omicron Hospitality and Leisure Grants) and a discretionary scheme (a further round of Additional Restrictions Grant)

#### **a) Omicron Hospitality and Leisure Grants**

- 4.18 This scheme is to provide support to hospitality, leisure and accommodation businesses. The grant round was open from 30 December 2021 to 16 March 2022, with final payments being made by 31 March 2022. Qualifying businesses have to be included on the rating list and be trading on 30 December 2021. The primary principle is to support businesses that provide in-person services, where the main service takes place in fixed Business Rate paying premises. For the purposes of the grant scheme:

- A hospitality business is one whose main function is to provide a venue for the consumption and sale of food and drink.
- A leisure business can be defined as a business that provides opportunities, experiences and facilities, in particular for culture, recreation, entertainment, celebratory events and days and nights out.
- An accommodation business can be defined as a business whose main lodging provision is used for holiday, travel or other purposes.

- 4.19 In total £683m has been made available nationally to support this scheme. Grants are per premises and the amount paid is varied by the rateable value of each eligible establishment in three Rateable Value bands as follows:

- £0 to £15,000 - £2,700
- £15,000 to £51,000 - £4,000
- £51,000 and above - £6,000

- 4.20 The Council has received an initial grant allocation of £1.398m. This represents 90% of the overall grant meaning the maximum grant award for the Council will be £1.553m. The Council has launched the scheme and is now processing grant payments.

#### **b) Additional Restrictions Grant**

- 4.21 In addition, £102m has been made available nationally to top-up the Additional Restrictions Grant with a further discretionary scheme. The Government has advised that this should be aimed at businesses impacted by COVID that may not be eligible for an Omicron Hospitality and Leisure



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grant, but given the discretionary nature of the scheme there is the opportunity to have regard to local circumstances. The Council has received a grant funding allocation of £0.306m and has prepared a local scheme. It is now administering applications for grant support.

## **5 Schools**

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

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

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

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

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

The Schools Forum has historically agreed transfers between Schools Block and High Needs Blocks and a further 0.5% has been agreed for the current financial year (£1.049m).

5.4 With the continued support from the Schools Block, the High Needs Block has an in-year surplus of £1.339m. This contributes to a cumulative deficit forecast of £14.358m as at 31 March 2022. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net deficit of £3.029m (as illustrated in the table below).

**Table 10 – DSG and High Needs Block**

DSG Key Issues	£000
Original Budget Allocation including adjustment for imports/exports	44,630
Contribution from Schools Block (Schools Forum approval)	1,049
Adjustment for imports/exports	(79)
<b>2021/22 Total Budget Available</b>	<b>45,600</b>
Estimated Expenditure	(44,261)
<b>Projected in Year Surplus</b>	<b>1,339</b>
Deficit Brought Forward 01/04/2021	(15,697)
<b>Cumulative Deficit</b>	<b>(14,358)</b>
Offset by;	
Virement from Schools Block- 2016/17 to 2020/21	7,247
Savings in Schools and Early Years Block- 2015/16 to 2021/22	4,082
<b>Projected Deficit 31/03/2022</b>	<b>(3,029)</b>

### Overall DSG Position and Recovery Plan

- 5.5 There is a requirement that the DSG is brought back into balance and a DSG Financial Recovery Plan was submitted to the Department for Education in 2019. As previously reported to Members, the financial elements of the Recovery Plan have been continuously updated to take account of estimated additional cost pressures, formal notification of additional funding and the agreed funding methodology for 2021/22 (including the 0.5% transfer of DSG funding between the Schools and the High Needs Funding Blocks for 2021/22) that was approved by Cabinet on 14 December 2020.
- 5.6 An updated Recovery Plan was presented to the Schools Forum meeting on 17 November 2021 incorporating a 0.5% indicative transfer between the Schools and High Needs Block. As the decision to approve any transfer up to a maximum of 0.5% had to be approved by Schools Forum in the first instance, it required consultation with Schools. Consultation documents were therefore issued to all schools on 18 October 2021, the consultation ran to 12 November 2021 and the outcome was presented to the Schools Forum on 17 November.
- 5.7 The Government's Spending Review announced that there would be £1.6bn in additional funding for 2022/23 school budgets, on top of the year-on-year increase already confirmed. The additional funding is for schools and High Needs, of which £300m is for the increased National Insurance (NI) Health & Social Care levy to cover schools additional NI contributions, as well as all other cost pressures including demographics, inflation, teachers minimum salary and pay inflation. It will be allocated as a separate grant in 2022/23 and then rolled into the National Funding Formula (NFF) from 2023/24. The grant will be allocated to schools as per the NFF formula distribution as if it was part of National Funding Formula from April 2022 for Academies and Maintained schools and to Local Authorities for the High Needs block and is follows:
- £3.1bn for 2023/24 – a further £1.5bn on top of the £1.6bn for 2022/23
  - £4.7bn for 2024/45 – a further £1.6bn on top of the cumulative £3.1bn at 2023/24
- 5.8 Without knowing the exact benefit of this new funding for Oldham, the Schools Forum members at the meeting on 17 November approved a transfer of up to a maximum of 0.5% between the Schools and the High Needs Blocks subject to the receipt of the detailed additional funding information for 2022/23 (arising from the Spending Review announcement) which would

determine if the transfer was still required. The principle of the transfer was subsequently ratified by Cabinet at its meeting on 13 December 2021.

- 5.9 Following confirmation of the Authority's funding allocation on 16 December 2021, the DSG Recovery Plan was remodelled. The allocations together with the latest estimates, now excluding the provisionally approved 0.5% transfer show a deficit of £3.029m in 2021/22 which reduces to £0.113m in 2022/23 and reverses to deliver a surplus of £2.522m in 2023/24, as illustrated in the table below. The Recovery Plan also includes the additional 2022/23 High Needs allocation that was initially announced in the autumn 2021 spending review and subsequently confirmed (on 16 December 2021) as being £1.756m for Oldham. This funding will continue in 2023/24. The updated position was reported to the Schools Forum on 19 January 2022, together with a recommendation that the transfer 0.5% between the Schools and High Needs Blocks was not required in 2022/23. Schools Forum accepted the recommended approach to the DSG budget for 2022/23. A further update will be provided to the Schools Forum on 23 March 2022.

**Table 11 - Overall DSG Position**

	2021/22 £000	2022/23 £000	2023/24 £000
Opening Balance - Surplus/(Deficit)	(3,560)	(3,029)	(113)
Movements per original plan	5,081	0	0
<b>Revised Forecast Variance</b>	<b>1,521</b>	<b>(3,029)</b>	<b>(113)</b>
Estimated Additional (Pressures)/ Savings	(4,550)	2,284	879
Additional High Needs Funding per the announcement	0	1,756	1,756
Reverse Indicative Transfer		(1,124)	
<b>Revised Net Forecast (Deficit)/Surplus</b>	<b>(3,029)</b>	<b>(113)</b>	<b>2,522</b>
<b>Previously Reported Net Forecast (Deficit)/Surplus (Nov 21)</b>	<b>(3,731)</b>	<b>(382)</b>	<b>844</b>

- 5.10 Regulations introduced in 2020 mean that there will no longer be an automatic 1% trigger for the production of a DSG deficit recovery plan, instead the Department for Education (DfE) via the Education Skills Funding Agency (ESFA) will focus on those authorities requiring help through a more measured and targeted approach. As such, Council representatives held an initial informal liaison meeting with the Department on 20 May 2021 and it was agreed the DSG Management Plan would be submitted to the Department, using the DfE Management Tool, in advance of a review meeting arranged for 9 November 2021. The meeting was very positive and the DfE/ESFA is supportive of the Councils action in relation to the DSG deficit recovery. Clearly, in view of the most recent projected position, the DfE is likely to be satisfied with the DSG position given the projected movement to a surplus in 2023/24.

## 6 Housing Revenue Account (HRA)

- 6.1 The current HRA position is presented in Table 12 and compares the initially approved HRA position to the current estimated outturn. The actual closing balance for 2020/21 at £21.370m was £1.756m better than the final estimate of £19.614m. The original HRA forecast was for a planned in-year decrease in balances of £2.151m, mainly to support housing related expenditure in the Capital Programme.
- 6.2 The current forecast is for an in-year surplus of £0.921m (unchanged from Month 8); a net favourable movement of £3.072m. The variance is attributable to the reprofiling of several capital

projects as part of the Annual Review of the capital programme. The projected year end HRA balance is £22.291m.

**Table 12 - Housing Revenue Account Forecast Position**

HRA Income & Expenditure Account	Original Budget £000	Latest Forecast £000	Variance to Budget £000
HRA Balances Brought forward	(19,614)	(21,370)	(1,756)
Deficit/ (Surplus) on HRA Services	2,151	(921)	(3,072)
<b>HRA Balances Carried Forward</b>	<b>(17,463)</b>	<b>(22,291)</b>	<b>(4,828)</b>

## 7 Collection Fund

7.1 The tables below show the forecast outturn position for the Collection Fund (the ringfenced account within which Council Tax and Business Rates [NDR] are managed) and the forecast position in relation to the share of balances.

**Table 13 - Collection Fund Forecast Position**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Residual Balance brought forward after 2020/21 exceptional balance adjustment	168	329	497
Deficit for the current year	1,613	10,049	11,662
<b>Net (Surplus)/Deficit Carried Forward</b>	<b>1,781</b>	<b>10,378</b>	<b>12,159</b>

**Table 14 - Collection Fund – 2021/22 Share of Balances; Forecast Position**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	1,511	10,274	11,785
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	188	-	188
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	82	104	186
<b>Total (Surplus)/Deficit</b>	<b>1,781</b>	<b>10,378</b>	<b>12,159</b>

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

7.3 Council Tax and Business Rates remain a significant source of funding for Council services. However, these areas can be volatile, particularly for the 2021/22 financial year with the impact of COVID, as such the financial position of the Collection Fund is under constant review. It is apparent that it is not only reduced collection rates that are affecting the Council's Collection Fund balances but also the increased amount of reliefs given thus reducing the overall tax base. This has been most evident in relation to Council Tax with an increased number of individuals becoming eligible for the Council Tax Reduction Scheme.

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- 7.4 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2021/22. Given the impact of the pandemic, at this stage in the financial year it is unclear if there will be any financial benefits arising from the pilot scheme. The position will be kept under review.
- 7.5 As highlighted in Tables 13 and 14, current year end Collection Fund projections are showing an overall deficit of £12.159m with the Council's allocation being £11.785m. Grant received in lieu of Business Rates relating to the provision of Extended Retail Relief for Retail, Leisure, Hospitality and Nursery businesses and the COVID-19 Additional Relief Fund (CARF) Scheme will be carried forward into 2022/23 to offset the Business Rates deficit. Current estimates are that these Grants will total £13.092m. This will allow a £1.307m surplus to be used to support the 2022/23 budget. It should be noted that the treatment of the CARF scheme has changed from that initially envisaged. On the advice of the Chartered Institute of Public Finance and Accountancy (CIPFA), it now matches that of the Extended Retail Relief scheme.
- 7.6 The Collection Fund has consistently been a particularly volatile area to forecast with many unknowns. Therefore, this area has been closely monitored. Collection Fund deficits have to be addressed and this may impact on the Councils budget in future years. However, surpluses can be used to support the budget. The anticipated financial impact in 2022/23 and future years has been considered within the 2022/23 Revenue Budget and Medium-Term Financial Strategy.

## **8 Use of Reserves**

- 8.1 Members will recall that at the Council budget meeting of 4 March 2021, it was agreed that Earmarked Reserves of £42.286m be used to support the 2020/21 budget. Of the Earmarked Reserves to be used, £15.703m were to be met from the specific balancing budget reserve, £0.127m related to a budget reduction which was agreed to be funded from the District Partnership Reserve and £1.000m from a reserve created from anticipated Local Income Tax Guarantee grant. A further £25.456m of reserves were to be used in 2021/22 as a result of Business Rates compensation funding received in 2020/21 and held in reserve to support the Collection Fund Deficit in 2021/22. Since the Budget Council meeting and as part of the closure of accounts, the completion of the NDR3 Government return determined that the Business Rate compensation related Collection Fund Deficit for 2021/22 would be revised downwards to £25.182m and this is the amount that was transferred to reserve at the end of the financial year. This resulted in the total call on reserves to support the revenue budget in 2021/22 of £42.012m.
- 8.2 As outlined at section 2.4 (b) and 3.9, £13.092m is to be transferred to reserves. This is additional Section 31 Grant Funding paid to the Council's General Fund in 2021/22 to compensate for Business Rates reliefs, and, having been transferred to reserves will be released to reimburse the corresponding element of the Collection Fund deficit in 2022/23. This grant funding position will be revised during the year as Business Rate Reliefs are awarded. It will therefore undoubtedly change.
- 8.3 In addition to the above transfer to reserves, the Quarter 3 position incorporates Portfolio requests to use reserves with a total (net) value of £6.317m (most of which are COVID related), therefore the total net in-year planned reserves position is a transfer to reserves at Quarter 3 of £6.775m and the budget as a whole relies upon the net application of £35.237m of reserves.
- 8.4 The levels of Reserves after the planned use and creation of Earmarked and Revenue Grant Reserves at Quarter 3 is summarised below. Including the transfers to reserves, the opening earmarked reserves balance of £113.513m is now projected to reduce to £92.191m at the year end and Revenue Grants Reserves are projected to reduce to £6.231m; reserves available are therefore projected to total £98.421m.
- 8.5 In line with the Council's reserves policy, the recommended use of reserves to fund spend during the year have been initially approved by the appropriate officers prior to consideration by Cabinet. However, as there is a need to minimise the use of reserves in order to support the financial

resilience of the Council, only those reserves supporting essential business will be utilised this year.

- 8.6 The availability of reserves is a demonstration of the financial resilience of the Council and as such the reserves must be carefully managed. However, the use of reserves is also a means by which the Council has supported the 2022/23 budget setting process and Medium-Term Financial Strategy. Members will therefore recall that £24.971m of the reserves shown below have been committed to support the 2022/23 budget as approved at Council on 2 March 2022. There is also a commitment of £8.500m to support the revenue budget over 2023/24 (£6.000m) and 2024/25 (£2.500m) plus a further £1.432m for Bus Reform required in 2024/25.

**Table 15 – Reserves Summary**

	<b>Earmarked Reserves £000</b>	<b>Revenue Grant Reserves £000</b>	<b>Total Reserves £000</b>
<b>Opening Balance as at 1 April 2021</b>	<b>(113,513)</b>	<b>(20,145)</b>	<b>(133,658)</b>
Reserves applied to balance the Budget	16,830	-	16,830
Collection Fund Deficit – Business Rates relief	25,182	-	25,182
<b>In Year Balance</b>	<b>(71,501)</b>	<b>(20,145)</b>	<b>(91,646)</b>
<b>Portfolio Transfers from Reserve</b>			
People and Place	1,963	224	2,187
Community Health and Adult Social Care	950	-	950
Children's Services	139	1,667	1,806
Communities and Reform	1,032	7,601	8,633
Chief Executive	367	5,149	5,516
Capital, Treasury and Corporate Accounting	-	-	-
<b>Total Portfolio Transfers from Reserve</b>	<b>3,696</b>	<b>14,641</b>	<b>18,337</b>
<b>Portfolio Transfers to Reserves</b>			
People and Place	(100)	-	(100)
Community Health and Adult Social Care	(950)	-	(950)
Children's Services	-	(727)	(727)
Communities and Reform	(100)	-	(100)
Capital, Treasury and Corporate Accounting	(10,144)	-	(10,144)
<b>Total Portfolio Transfers to Reserve</b>	<b>(11,294)</b>	<b>(727)</b>	<b>(12,021)</b>
<b>Total Portfolio Use of Reserves</b>	<b>(7,598)</b>	<b>13,914</b>	<b>6,317</b>
Additional Section 31 Grant to compensate for a Collection Fund deficit	(13,092)	-	(13,092)
<b>Total net in-year planned use of reserves</b>	<b>(20,690)</b>	<b>13,914</b>	<b>(6,775)</b>
<b>Closing Balance as at Quarter 3</b>	<b>(92,191)</b>	<b>(6,231)</b>	<b>(98,421)</b>

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## **9 Flexible Use of Capital Receipts**

- 9.1 Members will recall that at the Council meeting of 4 March 2021, it was approved that up to £2.000m of capital receipts would be used to underpin the revenue budget in line with the flexibilities agreed by Secretary of State for Housing, Communities and Local Government in March 2016.
- 9.2 A number of schemes in support of the transformation programme were identified which met the qualifying expenditure requirements as detailed within the statutory guidance issued by the Government. As capital receipts in excess of £2.000m have now been generated in this financial year, this funding requirement has been met in full and there will be no variance in this regard.

## **10 Conclusion**

- 10.1 The current projected position, after adjustment for reserves and receipt of additional Government funding to support COVID pressures, is showing an improved underspend of £2.680m, within which provision has now been made for all the COVID related funding that the Authority is expecting to receive.
- 10.2 There still remains some estimation in relation to the impact of COVID. The forecasting of the likely impact of the pandemic on the Council's budget is based on both the actual expenditure and the income loss recorded to date but also relies on a series of assumptions. It is only at the year-end that the overall final position can be determined, however it is expected that the outturn will be close to the projection.
- 10.3 The reserves position is important in the context of financial resilience. Whilst the year started with healthy balances of earmarked reserves (£113.512m) and Revenue Grants Reserves (£20.145m), as advised in the report, before any offsetting transfers and technical adjustments to compensate for the Collection Fund deficit, earmarked reserves of £45.708m and Revenue Grant reserves of £14.641m (mostly COVID related) have already been called into support the 2021/22 budget. It is important to minimise the use of reserves in year to maintain financial resilience.

## Appendix 1

<b>FINANCING OF THE 2021/22 BUDGET AT QUARTER 3</b>	<b>Original Budget</b>	<b>Additions to Month 8</b>	<b>Additions to Quarter 3</b>	<b>Revised Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net Expenditure Budget</b>	<b>(254,179)</b>			<b>(254,179)</b>
<b>Financed by:</b>				
Business Rates Top-up Grant	(41,748)			(41,748)
Public Health Business Rates Top-up		(164)		(164)
Improved Better Care Fund Grant	(10,859)			(10,859)
Grants in Lieu of Business Rates	(10,843)	(5)		(10,848)
2021/22 Social Care Support Grant	(8,947)			(8,947)
COVID-19 Grant	(7,737)			(7,737)
COVID - Additional Restrictions Grant (ARG)		(1,214)	(306)	(1,520)
Local Council Tax Support Grant	(3,183)			(3,183)
Independent Living Fund (ILF) Grant	(2,580)			(2,580)
Housing Benefit & Council Tax Administration Grant	(1,178)	(11)		(1,189)
Opportunity Area Funding - Round 5		(1,339)		(1,339)
Early Identification of Autism Grant		(300)	(100)	(400)
Domestic Abuse Safe Accommodation Funding	(578)			(578)
Lower Tier Services Support Grant	(407)			(407)
New Homes Bonus Grant	(171)			(171)
New Burdens Grant		(229)		(229)
Capital grants		(2,502)	(737)	(3,239)
School Improvement Monitoring and Brokerage Grant		(242)		(242)
Additional New Burdens in Welfare Reform		(94)		(94)
Verify Earnings and Pension Service		(24)		(24)
Levelling Up Fund - Capacity Funding Grant		(125)		(125)
Local Authority New Burdens - Allergen Labelling		(6)		(6)
Section 31 grant for Collection Fund Deficit (to be transferred to Reserves)		(13,092)		(13,092)
<b>Total Government Grant Funding</b>	<b>(88,231)</b>	<b>(19,348)</b>	<b>(1,143)</b>	<b>(108,722)</b>
Council Tax Income - General	(88,329)			(88,329)
Council Tax Income - Adult Social Care Precept	(10,523)			(10,523)
Collection Fund Deficit	25,809	(274)		25,535
Use of Reserves to offset Collection Fund Deficit	(25,456)	274		(25,182)
Retained Business Rates	(50,619)	(547)		(51,166)
<b>Total Locally Generated Income</b>	<b>(149,118)</b>	<b>(547)</b>	<b>0</b>	<b>(149,665)</b>
<b>Total Grant and Income</b>	<b>(237,349)</b>	<b>(19,895)</b>	<b>(1,143)</b>	<b>(258,387)</b>
Balance to be addressed by Use of Reserves	(16,830)			(16,830)
<b>Total Financing</b>	<b>(254,179)</b>	<b>(19,895)</b>	<b>(1,143)</b>	<b>(275,217)</b>



Ringfenced COVID Funding 2021/22	Appendix 2
Grant	Awarded 2021/22 £
<b>Grants- Council:</b>	
Reopening the High Street Safely Fund (RHSSF)/Welcome Back Fund	-210,418
Contain Outbreak Management Fund	-1,996,711
Test and Trace Support Payments	
- Mandatory payments	-478,750
- Discretionary payments	-152,750
- Administration	-80,488
Covid Winter Grant Scheme	-338,848
Covid Local Support Grant	-1,146,693
Household Support Fund Grant	-2,419,369
Self-isolation Practical Support Payment	-490,982
Elections Grant	-98,498
Holiday Activity Funding Grant	-1,566,220
Prevention and Promotion Fund for Better Mental Health	-323,137
Infection Control Fund (Quarter 1)	-878,214
Infection Control Fund (Quarter 2)	-614,131
Infection Control Fund (Quarter 3)	-1,019,076
COVID Rapid Flow Testing (Quarter 1)	-640,337
COVID Rapid Flow Testing (Quarter 2)	-478,160
COVID Rapid Flow Testing (Quarter 3)	-553,861
COVID Vaccine (Quarter 3)	-118,170
COVID - Next Steps Accommodation Programme (NCAP)	-45,533
Workforce Recruitment and Retention Fund Round 1 (Adult Social Care)	-759,927
Workforce Recruitment and Retention Fund Round 2	-1,402,943
Targeted Community Testing Funding (TCT)	-295,234
New Burdens 4 Restart & Additional Restrictions	-100,100
New Burdens 5 Post Payment Assurance Reconciliation and Debt Recovery	-36,900
Omicron Support Fund	-280,589
<b>Sub Total</b>	<b>- 16,526,039</b>
<b>Grants- Schools:</b>	
Workforce Fund	-6,120
Catch-up Premium Payment	-717,860
National Testing Programme	-109,570
Recovery Premium	-1,526,264
School-led Tutoring Grant Allocations academic year 2021 to 2022	-1,486,423
Free School Meals Additional Costs	-141,421
Summer School	-59,677
<b>Sub Total</b>	<b>- 4,047,335</b>
<b>Other funding:</b>	
GM Self Isolation Pathway	-183,035
Hospital Discharge Fund (Claimed to 31 December 2021)	-1,743,305
GMHSCP Recruitment and Retention Fund	-176,564
GMHSCP Therapist and Community Response	-118,000
<b>Sub Total</b>	<b>- 2,220,904</b>
<b>Total</b>	<b>- 22,794,278</b>

Summary of 2021/22 Approved Budget Reductions and deliverability

Appendix 3

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