

# REVENUE BUDGET MONITORING REPORT 2022/23

## Quarter 1 June 2022

### 1 Background

- 1.1 The Authority's 2022/23 revenue budget was approved by Council on 2 March 2022 at a sum of £260.686m incorporating:
- £5.467m of budget reductions initially approved for 2022/23 at the Budget Council of 4 March 2021.
  - £6.628m of recurrent budget reductions approved within the 2022/23 Budget.
  - £24.971m use of corporate and specific reserves with an offsetting transfer to reserves of £1.710m relating to the 10% Retained Business Rates piloting arrangements.
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year, as part of this process, a forecast of the year-end position has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 1 together with known commitments, issues and planned management actions. The forecasts include the latest estimates in relation to expenditure arising as a result of the lasting impact of COVID-19.
- 1.3 The Government is not providing any additional funding to address the impact of COVID-19 in 2022/23. As a result, Authorities are no longer required to report the impact of COVID-19 to the Department for Levelling Up, Housing and Communities (DLUHC). Although there is no additional Government funding available, the Council, mindful of the legacy of the pandemic and its continued impact on Council services, approved a sum of £12.000m within its budget for 2022/23 to compensate for the cessation of Government funding and the continued financial impact of COVID-19.
- 1.4 As in the previous two financial years, services will analyse costs and variances between 'business as usual' and COVID-19 and the £12.000m funding will be retained centrally and applied as a corporate adjustment.
- 1.5 The financial reporting structure of the Council has been revised for 2022/23 and although there may be further changes, the revised structure has been implemented for the start of the new financial year as follows:
- Community Health and Social Care remains unchanged, as does Capital Treasury and Corporate Accounting.
  - Children's Services retains all services areas and is supplemented with the addition of Study Support, the Music Service and 0 to 19 Children's Services.
  - Public Health is now a stand-alone Portfolio
  - Youth, Leisure and Communities and Heritage, Libraries and Arts combine to create the Communities Portfolio.

- The former People and Place Portfolio is effectively replaced with Place and Economic Growth encompassing Economic Development, Enterprise and Skills and Environmental Services. ICT and Customer Services transfer to the Customer, Digital and Transformation division within Corporate Services.
- A new Corporate Services Portfolio area has been created. The Portfolio comprises the following services:
  - Chief Executive, Management and Executive Office
  - Commissioning and Procurement
  - Finance
  - Legal Services
  - Communications and Research
  - Customer, Digital and Transformation
  - Strategy and Performance
  - HR and Organisational Design

1.6 It is also important to note that the budget incorporates the impact of the direct provision by the Council of those services that were provided during 2021/22 by the Unity Partnership Limited (UPL). This follows the transfer of staff from UPL to the Council with effect from 1 April 2022. This, together with the changes outlined at 1.5 means that to varying degrees comparisons with the prior year at a Portfolio level are not particularly meaningful.

## 2 Current Position

2.1 The current net revenue budget of £261.254m represents a net increase of £0.568m against the originally approved budget of £260.686m. Determinations for two grants with a total value of £1.338m originally designated as un-ringfenced have now been confirmed as ringfenced and hence are passported to Directorates and reduce the net revenue budget. In addition, a range of un-ringfenced Government grants totalling £1.906m have been received since the Budget was approved. Table 1 shows the movement in funding. A full funding analysis of the net revenue expenditure is shown at Appendix 1.

**Table 1 – Movement in Funding**

Movement in Funding	£000
<b>Ringfenced Grants formerly Treated at Unringfenced</b>	
Market Sustainability and Fair Cost of Care Fund Grant	758
Local Authority Domestic Abuse Duty Grant	580
<b>Total Revision to Unringfenced Grants – Reduction in Net Revenue Budget</b>	<b>1,338</b>
<b>Additional Unringfenced Government Grants</b>	
Revenue and Benefits Service New Burdens Grant	(78)
School Improvement Monitoring and Brokerage Grant	(44)
Verify Earnings and Pension Service Grant	(19)
Rough Sleeping Drug & Alcohol Treatment Grant	(509)
Capital Grants	(154)
Botox and Fillers Children’s Act Grant	(8)
Substance Misuse Treatment and Recovery Funding Grant	(505)
Adult Social Care Charging Reform Grant: implementation support funding	(99)
Extended Rights to Free Travel Grant	(49)
Homes for Ukraine Grant	(441)
<b>Additional Grants – Increase in the Net Revenue Budget</b>	<b>(1,906)</b>
<b>Net Movement in Funding</b>	<b>(568)</b>

2.2 The current position for 2022/23 at Quarter 1 is a projected adverse variance of £5.833m. 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 Directorate, including the additional costs anticipated as a result of the lasting impact of the pandemic.

**Table 2 - Summary Forecast Revenue Outturn**

	Budget	Forecast	In Year Transfers To/ (From) Reserves	Variance Quarter 1
	£000	£000	£000	£000
Community Health and Adult Social Care	66,445	76,861	(1,565)	8,851
Children's Services	49,367	59,135	(1,788)	7,980
Public Health	19,211	21,960	(2,759)	(10)
Communities	11,895	12,096	(476)	(275)
Place and Economic Growth	54,243	58,058	(1,060)	2,755
Corporate Services	26,317	26,443	(220)	(94)
Capital Treasury and Technical Accounting	21,776	20,402	-	(1,374)
COVID-19 Legacy Funding	12,000	-	-	(12,000)
<b>NET EXPENDITURE</b>	<b>261,254</b>	<b>274,955</b>	<b>(7,868)</b>	<b>5,833</b>
<b>FINANCED BY:</b>				
Collection Fund Deficit	<b>8,807</b>	<b>8,807</b>	-	-
Use of Reserves to offset Collection Fund Deficit	<b>(8,807)</b>	<b>(8,807)</b>	-	-
General Use of Reserves	<b>(11,879)</b>	<b>(11,879)</b>	-	-
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	<b>1,710</b>	<b>1,710</b>	-	-
Other Financing	<b>(251,085)</b>	<b>(251,085)</b>	-	-
<b>TOTAL FINANCING</b>	<b>(261,254)</b>	<b>(261,254)</b>	-	-
<b>NET FORECAST VARIANCE</b>	<b>-</b>	<b>13,701</b>	<b>(7,868)</b>	<b>5,833</b>

2.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer to reserves totalling £7.868m is an adverse variance of £5.833m. Section 8 provides more detail of the approved and planned use of reserves at Quarter 1. However, key financing issues to note are:

- a) As advised during the 2022/23 budget setting process, there is a movement from reserves of the Section 31 Grant Funding (£8.807m) for Business Rate Relief compensation which was received in 2021/22 and is being used to support the 2022/23 budget.
- b) It should be noted that the 2022/23 budget report assumed that the technical adjustment relating to Section 31 Grant Funding would be £13.092m. This has been revised as the Business Rate Relief adjustment was finalised when preparing the 2021/22 accounts and changed from £8.888m to £8.807m. Guidance received from the Chartered Institute of Public Finance and Accountancy after the 2022/23 Revenue Budget was set advised that the technical adjustment for the COVID-19 Additional Relief Fund (CARF) of £4.204m was not required. Hence the final adjustment was £8.807m

2.4 There are significant variances contained within the projected net overspend. As previously mentioned, the position includes a forecast of all the additional pressures being incurred by the Authority as part of the lasting impact of the COVID-19 pandemic. During the 2022/23 budget setting process, £12.000m was set aside and retained as a corporate provision to be utilised to mitigate the legacy costs of the pandemic. There are currently two areas which are enduring significant pressures attributed to the after-effects of the pandemic; Community Health and Adult Social Care reporting £7.852m and Children's Services reporting £4.137m. These pressures when offset against the £12.000m leave a balance of £0.011m in the corporate provision.

Table 3 below analyses the variance between 'business as usual' and COVID-19.

**Table 3 - Analysis of Variances**

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 1 £000
Community Health and Adult Social Care	7,852	998	8,851
Children's Services	4,137	3,843	7,980
Public Health	-	(10)	(10)
Communities	-	(275)	(275)
Place and Economic Growth	-	2,755	2,755
Corporate Services	-	(94)	(94)
Capital Treasury and Technical Accounting	-	(1,374)	(1,374)
COVID-19 Legacy Funding	(12,000)	-	(12,000)
<b>Total</b>	<b>(11)</b>	<b>5,844</b>	<b>5,833</b>

2.5 Community Health and Adult Social Care (CHASC) is reporting a net adverse variance of £8.851m, including a £1.565m use of reserves. The adverse variance comprises £7.852m of COVID-19 related expenditure, in the main due to the demand for care packages linked to hospital discharges. The residual adverse variance of £0.998m relates to 'business as usual' activities.

2.6 Children's Services is forecasting a net adverse variance of £7.980m, after a £1.788m use of reserves. The main pressure is within Children's Social Care (CSC) which is showing an overspend of £7.907m. The adverse variance within CSC attributes £4.137m to COVID-19, in the main due to an increased demand for social care placements both throughout and following the pandemic. Parallel to this, additional costs are being incurred in the use of supernumerary agency workers to reflect the lasting increase in demand for services and the impact on case numbers. The residual CSC adverse variance of £3.770m relates to operational pressures across the Division. Education, Skills and Early Years and Preventative Services are showing a combined business as usual overspend of £0.073m.

2.7 Public Health is forecasting a small operational underspend of £0.010m after a net £2.759m use of reserves primarily related to the use of the Contain Outbreak Management Fund grant which was brought forward from 2021/22.

2.8 Within Communities, the Youth, Leisure and Communities Division is showing an underspend of £0.124m after utilising £0.526m of reserves. Heritage, Libraries and Arts

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Division is similarly reporting an underspend of £0.151m after a transfer of £0.050m to reserves. In total, the underspend for the Directorate is £0.275m.

- 2.9 Place and Economic Growth Portfolio is forecasting an overspend of £2.755m net of a £1.060m use of reserves, in the main due uncertainty in realising budget reductions. None of the adverse variances have been attributed to the lasting impact of COVID-19 and is therefore being wholly classed as an operational pressure.
- 2.10 The Corporate Services Directorate is forecast to underspend by £0.094m, all of which relates to 'Business as Usual'. There are pressure totalling £0.393m; HR and Organisational Development (£0.126m), Commissioning and Procurement (£0.110m), Customer, Digital and Transformation (£0.105m) and Legal Services (£0.052m). The pressures are offset by favourable variances totalling £0.487m within Finance (£0.373m), Chief Executive, Management and Executive Office (£0.085m) and Strategy and Performance (£0.029m).
- 2.11 Capital, Treasury and Technical Accounting is showing a favourable variance of £1.374m, all of which relates to 'business as usual'
- 2.12 A more detailed analysis of the financial performance, the major variances and contributing factors can be found by Directorate in Section 3.
- 2.13 It is important to note that 2022/23 approved budget reductions totalling £0.641m; all within Children's Services are currently forecast not to be achieved and are therefore rated 'Red - off track and will not deliver', further details are provided in section 3.2.13. The £0.641m is contributing to the adverse variance for the Portfolio.
- 2.14 In addition, there are a further eleven Budget Reductions, across a range of Divisions, with a combined value of £5.405m rated 'Amber - off track but with measures in place to recover the position' and which are reporting to have achieved £0.398m in the first quarter of the financial year. These budget reductions will need to be closely monitored to ensure they do not become unachievable. A schedule and assessment of all the 2022/23 budget reductions is attached as Appendix 3.
- 2.15 In view of the projected adverse variance, 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 will continue to be monitored via a corporate process. Such service and corporate actions will continue with the aim of reducing expenditure so it is nearer to the resources available. 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 Management Teams with regular progress updates being provided to the Management Board and Portfolio Holders.

### **3 Directorate Summaries**

#### **3.1 Community Health and Adult Social Care**

- 3.1.1 The Directorate 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 Directorate at Quarter 1.

**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	-	7,852	-	<b>7,852</b>
Commissioning	13,434	13,447	-	<b>13</b>
Community Business Services	2,051	2,059	(65)	<b>(57)</b>
Community Health & Social Care	25,065	24,730	-	<b>(335)</b>
Director Adult Social Care	2,375	2,375	-	-
Learning Disability	13,714	15,918	(1,500)	<b>704</b>
Mental Health	8,835	9,315	-	<b>480</b>
Safeguarding	971	1,165	-	<b>194</b>
<b>Total Forecast Net Expenditure</b>	<b>66,445</b>	<b>76,861</b>	<b>(1,565)</b>	<b>8,851</b>

### Summary

- 3.1.2 The pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £8.851m, including a £1.565m use of reserves. The predominant factor contributing to the overspend is the COVID-19 related expenditure: Adult Social Care is one of the Council's services most affected by the pandemic and the legacy impact continues to cause significant financial pressure and it is probable that the financial forecasts will be subject to further revision.
- 3.1.3 There is a £7.852m overspend forecast on costs related to COVID-19. These are legacy costs which are incurred as a result of individuals being funded via the Hospital Discharge Programme (reclaimed from the NHS) in the previous two financial years. As this funding ceased on 31 March 2022, the Council has to finance the whole cost. Budget to offset this expenditure is held and monitored corporately.
- 3.1.4 'Business as usual' variances represent the remaining £0.998m of the overspend. The main reasons for the adverse variance are detailed in the following paragraphs.

### Learning Disability

- 3.1.5 Learning Disability is showing an overspend £0.704m after the use of £1.500m of reserves to support transitions from Children's Social Care. Community care is reporting a gross pressure of £4.011m which is impacted by the increasing complexity of cases, towards which the NHS is making a contribution. Efforts are being made to ensure the costs of provision can be reduced. Income contributions from residents and the NHS have a favourable contribution to the budget of £3.307m and are helping offset the majority of cost pressures.

### Mental Health

- 3.1.6 Mental Health is forecasting an overspend of £0.480m. Several vacancies mean salary budgets will underspend by £0.076m, only partially mitigating the pressures reported in both community care of £0.461m and income from client contributions of £0.095m.

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## Safeguarding and Commissioning

- 3.1.7 Safeguarding has a projected overspend of £0.194m all of which is attributable to increased salary costs. There are currently six full time temporary posts over-established within the MASH team due to an increase in activity and staffing shortages elsewhere in the system. The service is confident that once the Adult Referral Contact Centre is up and running from September 2022, the need for additional staff will diminish.
- 3.1.8 There is a small overspend of £0.013m being reported in the Commissioning Service.
- 3.1.9 Offsetting the adverse variances above are combined underspends totalling £0.392m which are being forecast in Community Health and Social Care (£0.335m) and Community Business Services (£0.057m) mainly due to income recovery from client contributions and vacant posts.

## Achievement of Budget Reductions

- 3.1.10 The directorate has approved Budget Reductions of £3.974m in 2022/23 of which £2.082m are rated 'Green – on track and will be delivered'. The remaining £1.892m have been rated 'Amber - off track but measures in place to recover the position', of which £0.073m have currently been delivered bringing the total of achieved budget reductions at quarter 1 to £2.155m. The service is confident that the remaining balance of £2.009m will be delivered by the end of the financial year, for this reason a pressure has not been forecast in the current monitoring position.

## 3.2 Children's Services

- 3.2.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 5 – Children's Services**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	38,302	46,905	(696)	7,907
Education, Skills & Early Years	7,603	8,648	(944)	101
Preventative Services	3,501	3,621	(148)	(28)
Schools	(39)	(39)	-	0
<b>Total Forecast Net Expenditure</b>	<b>49,367</b>	<b>59,135</b>	<b>(1,788)</b>	<b>7,980</b>

### Summary

- 3.2.2 The Directorate has a projected overspend of £7.980m. The overspend includes costs of £4.137m (all within Children's Social Care) due to the lasting impact of COVID-19 and incorporates the use of reserves totalling £1.788m. The principal underlying reasons are detailed below.

### Children's Social Care

- 3.2.3 This Division is projecting a £7.907m overspend at Quarter 1 and incorporates the use of reserves totalling £0.696m.

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- 3.2.4 Throughout 2020/21 and 2021/22 it was necessary to employ additional temporary social work staff to cover the increase in demand and increased caseloads as a result of the pandemic. The current cohort of additional workers is expected to cost £1.182m if retained for the whole of the financial year. A further £2.698m is relating to COVID-19 legacy placement costs for children who came into care during the pandemic. An overspend in disbursement/legal costs is anticipated at £0.257m due to the upturn in demand for specialist legal services as a by-product of the pandemic. This brings the total anticipated spend due to the lasting impact of COVID-19 to £4.137m. Budget for COVID-19 related expenditure is held corporately and will be notionally allocated to services at the year end.
- 3.2.5 There is a further operational, business as usual forecast deficit of £3.770m, again in the main relating to social care placements including high-cost external residential packages (£3.104m), with further variances in relation to Adoption (£0.140m), Children with Disabilities Short Breaks (£0.215m), No Recourse to Public Funds/ Assistance to Families (£0.165m) and a net overspend of £0.112m on social care establishment staffing costs. A number of small miscellaneous variances account for the remaining (net) pressure of £0.034m
- 3.2.6 Social workers in Children's Social Care play a critical role in supporting and protecting children, young people and families within the community. However, the challenge of recruiting and retaining social workers within Children's Services is something that is being experienced not only in Oldham but nationally, creating a reliance on employing temporary social work staff to deal with demand. This is then compounded by rapidly increasing hourly rates for the agency staff being engaged. Management action is being taken to help with combatting the problem by extending the dedicated social work academy to invest not only in supporting extra newly qualified social workers in an Assessed and Supported Year in Employment (ASYE) but also to invest in a number of new trainee social workers. The trainee social workers are being offered university placements alongside on-the-job experience with dedicated support from practice co-ordinators. A 'grow your own' approach has proven successful in many Local Authorities across the country with successful recruitment and retention as a result.
- 3.2.7 During the COVID-19 pandemic and ultimately following, Children's Social Care in Oldham has experienced an increased volume in demand which has led to a high number of young people becoming Children in Need or Children Looked After. This combined with the high cost of external residential and foster care placements has put even greater pressure on the Directorates budget in 2022/23. Whilst demand cannot be wholly controlled, Senior Management is dedicated to addressing these issues and a number of management actions are being implemented to address such problems. Whilst continuing to monitor the approval of placements through the Additional Resource Panel, an invest to save proposal has been put forward to commission an external research agency to work with managers and social care staff to address demand management to tackle both operational and financial pressures. Other management initiatives and actions to deal with on-going budgetary and operational pressures whilst continuously promoting the welfare of children in Oldham include;
- Rivendell House – a 4 bedroomed Children's Residential Care home owned and operated by the Authority. It was re-opened in July 2021 to support 4 young people in-house rather than commissioning high-cost external residential provision, there are currently 3 young people in-situ.

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- Hub and Spoke Foster Care model – to invest in a number of specialised foster carers to provide support to a network of internal foster carers with an intention to prevent placement breakdown, support the assessment process following reception into care, enable more children to stay in Oldham foster care placements and to support children to move into Oldham fostering placements from external residential provision. This will strengthen Oldham’s internal foster carers network and reduce the requirement to place young people in more expensive external foster care or residential placements.
  - Edge of Care – the creation of a ‘rapid response’ Edge of Care team to target children and families where the child is at risk of being taken into care. There is substantial evidence that these types of interventions are having a positive impact on outcomes for children and young people which are relevant to the development of Oldham’s approach.
  - Closer Commissioning Ltd – an independent review which will consider the future development and utilisation of children’s residential care within the borough.
  - Gang Response and Early Collaborative intervention Project (GRiP) – this project is in its second year and provides a partnership approach between the Complex Safeguarding Team and Positive Steps to respond to an escalation of concerns around contextual risk, social groups and gang related activity, notably placing our most vulnerable young people in positions of risk.

3.2.8 Whilst the impact of all of these management actions are not currently financially quantifiable, it is expected that they will result in delivering either a significant saving or cost reduction. Progress will be monitored throughout this financial year and into the future.

#### Education, Skills and Early Years

3.2.9 The area is reporting a £0.101m overspend at Quarter 1 and incorporates the use of reserves totalling £0.944m.

3.2.10 The Music Service is currently reporting a pressure of £0.094m which relates to an estimated trading income shortfall in the Services Service Level Agreements, partially offset by underspends in Staffing.

3.2.11 A potential pressure exists in relation to the 0-19 Children’s Services which for 2022/23 are now being delivered under a Section 75 Partnership Agreement with the Northern Care Alliance NHS Foundation Trust; circa £0.700m was identified based on the transfer information. This is expected to be mitigated by staff and vacancy management in the current financial year, with work underway to reconfigure the services within the financial envelope.

#### Preventative Services

3.2.12 The area is reporting a small £0.028m underspend at month 3 and incorporates the use of reserves totalling £0.148m

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## Achievement of Budget Reductions

3.2.13 Budget reductions for the Directorate in 2022/23 total £1.432m of which £0.641m are rated 'Green – on track and will be delivered'. One Budget Reduction in relation to Income Generation- Educational Psychologists / QEST (£0.150m) is currently rated 'Amber – off track but measures in place to recover the position' and will need to be monitored closely as the year progresses. There are currently three Budget Reductions which are being rated as 'Red – off track and will not deliver.' This will have an adverse impact of £0.641m, as follows:

- Special Educational Needs and Disability (SEND) Education provision £0.114m
- External Placement Cost Avoidance £0.500m
- Oldham Music Service – Fees & Charges £0.027m

### 3.3 Public Health

3.3.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 6 – Public Health**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Public Health (Client and Delivery)	19,211	21,960	(2,759)	(10)
<b>Total Forecast Net Expenditure</b>	<b>19,211</b>	<b>21,960</b>	<b>(2,759)</b>	<b>(10)</b>

#### Summary

3.3.2 The Directorate has a projected underspend, all designated as Business as Usual of £0.010m and incorporates the use of reserves of £2.759m. The principal underlying reasons are detailed below.

3.3.3 Public Health (Client and Delivery) is showing an underspend of £0.010m which is due to a small reduction in non-pay expenditure and additional income received. Use of reserves is in the main the continued use of the Continued Outbreak Management Fund received in 2021/22 (£3.081m). It is important to note that it is possible that the Government may seek reimbursement of the grant. The situation is currently unclear and is being monitored closely, with further details provided at section 4.2.

#### Achievement of Budget Reductions

3.3.4 Budget reductions for the Directorate in 2022/23 total £0.511m and are all rated 'Green – on track and will be delivered'

### 3.4 Communities

3.4.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 7 - Communities**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Youth, Leisure & Communities	6,798	7,200	(526)	(124)
Heritage, Libraries and Arts	5,097	4,896	50	(151)
<b>Total Forecast Net Expenditure</b>	<b>11,895</b>	<b>12,096</b>	<b>(476)</b>	<b>(275)</b>

### Summary

3.4.2 The Directorate has a projected, business as usual underspend of £0.275m and incorporates a net use of reserves totalling £0.476m. The principal underlying reasons are detailed below.

#### Youth, Leisure and Communities

3.4.3 The Division is reporting an underspend of £0.124m at Quarter 1. There is a pressure of £0.095m within Outdoor Education which is due to a reduction in income which is offset by vacancies in the District Partnerships team.

#### Heritage, Libraries and Arts

3.4.4 The Division is reporting an underspend of £0.151m at Quarter 1. There are vacancies in the Libraries Service, increased income for Oldham Theatre Workshop and underspends within non pay budgets.

#### Achievement of Budget Reductions

3.4.5 Budget reductions for the Directorate in 2022/23 total £0.074m and are all rated 'Green – on track and will be delivered'

### 3.5 Place and Economic Growth

3.5.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 8 – Place and Economic Growth**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development, Enterprise and Skills	1,672	5,653	(1,109)	2,872
Environmental Services	52,571	52,405	49	(117)
<b>Total Forecast Net Expenditure</b>	<b>54,243</b>	<b>58,058</b>	<b>(1,060)</b>	<b>2,755</b>

### Summary

3.5.2 The Directorate has a projected overspend of £2.755m all of which is attributed to business as usual and incorporates a net use of reserves totalling £1.060m. The principal underlying reasons are detailed below.

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## Economic Development, Enterprise and Skills

3.5.3 The area is forecasting an overspend of £2.872m after a £1.109m use of reserves. The main reasons for the adverse variance are detailed below:

- There is an estimated pressure against the Corporate Landlord / Investment Estate totalling £2.457m. This is a pressure of £2.620m due to the budget reduction, Creating a Better Place - Projects and Assets which is currently rated 'Amber' further details are provided at section 3.5.5 and 3.5.6 below. Offsetting this, there are staffing underspends across the services totalling £0.163m.
- Further significant pressures linked to the impact of increases in global energy prices have been offset by the application of £1.700m funding previously uncommitted and held centrally specifically for this purpose.
- Facilities Management is projecting an overspend of £0.162m. The Catering Service is forecasting an underachievement of income against the sale of meals of £0.805m which is partially being offset by underspends against catering staffing costs of £0.587m and an overachievement of income within the Cleaning Service of £0.056m.
- There is a pressure relating to the Town Centre of £0.191m due to the underachievement of income within the Market Service (£0.217m) which is being partially offset by vacant posts within the service (£0.026m).
- The Planning Service is showing a £0.062m overspend due to expected costs in relation to the Local Plan and Places for Everyone.

## Environmental Services

3.5.4 The area is forecasting an underspend of £0.117m after a £0.049m transfer to reserves. The main reasons are detailed below:

- The Fleet Service is anticipating an overspend of £0.170m due to inflationary increases on fuel.
- Environmental Management is forecast to underspend by £0.132m due to vacant posts within the service and additional income within Cemeteries and Crematoria.
- Street Lighting is showing a forecast underspend of £0.094m relating to vacant posts and anticipated reductions on the PFI contract.
- Strategic Highways is showing an underspend of £0.061m due to capital rechargeable income (£0.114m) which is being offset by increases in fleet recharges (£0.043m) and a small overspend in staffing costs (£0.010m)

## Achievement of Budget Reductions

3.5.5 Budget reductions for the Directorate in 2022/23 total £3.612m of which £0.892m are rated 'Green – on track and will be delivered'. There are two budget reductions rated 'Amber' with a combined value of £2.720m which relate to:

- Creating a Better Place – Projects and Assets (£2.620m)
- Creating a Better Place – Income Generation (0.100m).

3.5.6 The options above are rated as Amber and would therefore not ordinarily be forecast as an adverse variance. There is however a high degree of uncertainty in relation to deliverability, particularly in the current economic climate, a pressure is therefore being recorded, the position will be monitored throughout the year to maximise deliverability.

### 3.6 Corporate Services

3.6.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at Quarter 1.

**Table 9 – Corporate Services**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive, Management and Executive Office	4,763	4,678	-	(85)
Commissioning and Procurement	671	781	-	110
Finance	6,589	6,216	-	(373)
Legal Services	3,496	3,768	(220)	52
Communications and Research	985	985	-	0
Customer, Digital and Transformation	6,303	6,408	-	105
Strategy and Performance	864	835	-	(29)
HR & Organisational Development	2,646	2,772	-	126
<b>Total Forecast Net Expenditure</b>	<b>26,317</b>	<b>26,443</b>	<b>(220)</b>	<b>(94)</b>

#### Summary

3.6.2 The Directorate has a projected underspend of £0.094m and incorporates the use of reserves totalling £0.220m. The principal underlying reasons are detailed below.

#### Chief Executive, Management and Executive Office

3.6.3 The Partnership Support (Borough and GM) service area is reporting an underspend of £0.085m which relates to reduced costs and favourable income recovery.

#### Commissioning and Procurement

3.6.4 The Division is reporting an overspend of £0.110m at Quarter 1. The service is continuing to experience difficulties in recruiting to permanent posts, this is resulting in a pressure of £0.307m due to the necessity of having to retain interims, this is being offset by vacant posts of £0.257m. The service is also reporting a pressure of £0.060m against the Early Payment scheme.

#### Finance

3.6.5 The Division is reporting an underspend of £0.373m at Quarter 1. There are vacancies across the Finance Division and underspends on non-pay budgets which are offsetting a pressure in Revenues and Benefits relating to agency staff engaged to support increased service demand.

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## Legal Services

3.6.6 There are vacancies across the Legal Division which is offsetting in part a pressure in relation to income from schools buy back in the Legal Team and produces a net forecast overspend of £0.052m.

## Customer, Digital and Transformation

3.6.7 The Division is reporting a pressure of £0.105m at Quarter 1. There are vacant posts across the Division (£0.834m) which is offset in part by agency costs in Customer Services and ICT (£0.363m). An underspend of £0.128m in Customer Services has arisen due to eligible staff costs being transferred and offset against the Contain Outbreak Management Fund COVID-19 grant in 2022/23. There is a reported pressure of £0.058m in the Schools ICT service which relates to upfront telephony system costs. ICT is reporting a pressure of £0.646m against the capital fees income target. It is anticipated that this pressure could reduce during the course of the financial year and progress will be monitored and reported in the following months.

## Strategy and Performance

3.6.8 The Division is reporting an underspend of £0.029m due to vacant posts.

## HR and Organisational Development

3.6.9 The Division is reporting a pressure of £0.126m. An income pressure in the HR Advisory Service is partly being offset by vacant posts.

## Achievement of Budget reductions

3.6.10 Budget reductions for the Directorate in 2022/23 total £1.382m of which seven totalling £0.999m are rated 'Green – on track and will be delivered' and have been fully achieved at quarter 1. A further two are being rated 'Amber – off track but measures in place to recover the position' with a combined value of £0.383m which relate to:

- Internal Efficiency Initiatives (Unity Partnership); £0.363m with £0.030m reported as achieved at Quarter 1.
- Information and Communications Technology (ICT) of £0.020m.

3.6.11 These will be monitored throughout the year to maximise deliverability.

## 3.7 Capital, Treasury and Technical Accounting

3.7.1 The following table shows the forecast position for the Directorate at Quarter 1.

**Table 10 – Capital, Treasury and Technical Accounting**

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital, Treasury and Corporate Accounting	21,776	20,402	-	(1,374)
COVID-19 Budget	12,000	-	-	(12,000)
<b>Total Forecast Net Expenditure</b>	<b>33,776</b>	<b>20,402</b>	-	<b>(13,374)</b>

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## Summary

### Capital, Treasury and Technical Accounting

- 3.7.2 The Directorate holds the budgets associated with the Council's Treasury Management activities including interest payable on borrowing and interest receivable on investments and is reporting a wholly business as usual underspend of £13.374m at Quarter 1.
- 3.7.3 As mentioned above in paragraph 2.4 of the report, COVID-19 Legacy funding is being held centrally within this division. This contributes £12.000m towards the £13.374m underspend. The corresponding expenditure that this provision is funding is currently being reported within CHASC (£7.852m) and Children's Services (£4.137m) leaving an overall favourable corporate balance of £0.011m in relation to the COVID funding.
- 3.7.4 The favourable residual Portfolio variance of £1.374m is due to projected non-pay variances including past pension costs and banking charges. This is offset by an adverse variance with regard to the Annual Leave Purchase Scheme and loss of income through non buy back of the Schools / Academies Cash Collection service.
- 3.7.5 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 at the end of August 2022

### Achievement of Budget Reductions

- 3.7.6 The single Budget reduction of £0.750m for the Directorate for 2022/23 is rated 'Green – on track and will be delivered' and has been fully achieved at Quarter 1.

## **4 Other Grants and Contributions Received by the Council**

- 4.1 Members will recall that in 2021/22 the Government provided a range of both ringfenced and un-ringfenced grants to support the response to COVID-19. There have been no new notifications in the first quarter of 2022/23, however there are residual sums in relation to the funding received in 2020/21 and 2021/22 with the Council bringing forward into 2022/23 unspent balances totalling £3.138m in relation to seven ring-fenced COVID grants. The application of these grants will therefore be treated as a drawdown from reserves.
- 4.2 The single largest sum (£3.081m) is in relation to the Contain Outbreak Management Fund (COMF). Central Government raised some concerns in June about the availability of the balance of the COMF grant in 2022/23. Having previously been assured that any grant that was not spent in 2021/22 could be carried forward into 2022/23, the Government has indicated that it considers that there should be little need to continue to spend resources on the COVID response. Councils have been advised that they will have to evidence how any actual expenditure and future commitments funded by the COMF grant comply with the prevailing guidance. In view of this, there is some risk about the availability of the COMF to support existing commitments which include staffing contracts, albeit that the risk is considered to be fairly low.
- 4.3 The Council has received a number of specific Grants from the Government or other sources which have been ringfenced to Directorates to be utilised on certain defined activities. At Quarter 1, Directorates are forecasting a total of £60.384m of ringfenced grants to be used for specific purposes which have been either new notifications for

2022/23 or grants received in prior years where terms and conditions allow for usage in the current and potentially future years. The table below shows the total grants forecast by Directorates up to Quarter 1.

**Table 11 – Grants Ringfenced to Directorates**

Directorate	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
Community Health and Adult Social Care	-	(15,496)	(15,496)
Children's Services	(72)	(15,162)	(15,234)
Public Health	(363)	(699)	(1,062)
Communities	(657)	(1,803)	(2,461)
Place and Economic Growth	(60)	(4,471)	(4,531)
Corporate Services	-	(2,802)	(2,802)
<b>Total Ringfenced Grants include within the Net Revenue Budget</b>	<b>(1,152)</b>	<b>(40,433)</b>	<b>(41,585)</b>
Housing Revenue Account	0	(18,799)	(18,799)
<b>Total</b>	<b>(1,152)</b>	<b>(59,232)</b>	<b>(60,384)</b>

- 4.4 As highlighted in the table, grants received in previous years and carried forward into 2022/23 total £1.152m with new allocations for 2022/23 totalling £59.232m; £60.384m in total (£41.585m within the net Revenue Budget and £18.799m within the Housing Revenue Account). Dependant on the terms and conditions of the individual grant, some of the above income could be carried forward into 2023/24 to be utilised in future financial years.
- 4.5 Of the £40.433m of new General Fund allocations, £14.288m relates to the Better Care Fund Grant which is awarded by NHS England and distributed by Integrated Care Boards. This is included within the Community Health and Adult Social Care net revenue budget. A further £13.263m relates to PFI Credits received to support unitary charge payments across the Councils four Revenue Fund PFI schemes. A further two PFI schemes, with grant totalling £18.799m sit within the Housing Revenue Account.
- 4.6 A total of 44 additional Government Grants are included in the forecasts for 2022/23 totalling £45.444m. Of this sum, £26.646m are within the Revenue Budget and £18.799m relating to the Housing Revenue Account PFI Credits. A further 5 grants being awarded through other sources and classed as 'other grants' totalling £14.939m. Twenty three of these grants have an individual value which is greater than £0.150m and total £58.601m. A full list of these grants can be found at Appendix 2.
- 4.7 The remaining £1.783m relates to 26 grants with individual values less than £0.150m.

## 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 and Early Years Finance (England) Regulations 2022. 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 The DSG is made up of the following 4 blocks of funding as follows;

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

5.3 For a number of years there has been considerable financial pressure on the DSG, particularly in the High Needs Block. This 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, which must agree the allocation of the DSG, has historically agreed transfers between the Schools and High Needs Blocks. Due to the increased funding received in 2022/23 there was no requirement for a transfer in this financial year.

5.4 Without the support from the Schools Block, the High Needs Block is currently forecasting an in year surplus of £3.633m. This reduces the cumulative deficit forecast to £11.636m as of 31 March 2023. The deficit is offset by cumulative virements and savings from the Schools and Early Years Blocks to leave a net forecast High Needs Block surplus of £0.017m (as illustrated in the table below).

**Table 12 – DSG High Needs Block**

DSG High Needs Block Key Issues	£000
Original High Needs Budget Allocation including adjustment for imports/exports	52,013
Estimated Expenditure	(48,380)
<b>Projected in Year Surplus</b>	<b>3,633</b>
Deficit Brought Forward 01/04/2022	(15,269)
<b>Cumulative Net Deficit</b>	<b>(11,636)</b>
Offset by;	
- Virement from Schools Block- 2016/17 to 2021/22	8,296
- Savings in Schools and Early Years Block and Central Schools Services Block- 2015/16 to 2021/22	3,357
<b>Projected High Needs Block Surplus 31/03/2023</b>	<b>17</b>

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## 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. 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 including the transfer of DSG funding between the Schools and the High Needs Funding Blocks that has been undertaken in prior years.
- 5.6 Oldham has been supported by the Education and Skills Funding Agency (ESFA) in its monitoring and management of the DSG. An updated Recovery Plan was submitted to the Department on 18 October 2021 and a follow up meeting to discuss this took place on 9 November 2021. In more recent developments Oldham has been invited by the Government to take part in the Delivering Better Value Programme which will provide dedicated support for the reform to high needs systems to 55 Local Authorities with deficit issues, the aim being to put more Local Authorities on a more sustainable footing so that they are better placed to respond to the forthcoming SEND Review reforms. Oldham has been selected as one of the Local Authorities to be invited to take part in the programme, as it had a significant percentage DSG deficit in 2020/21 and has attended on-line introduction and planning events on 4 July and 3 August with further conversations expected to be held in the coming months
- 5.7 The Schools Forum is regularly updated on the status of the Recovery Plan and it remains appropriate to present information in this format and the Authority will continue to use the Recovery Plan arrangements as an effective means of monitoring the DSG position and returning the deficit to a surplus. The last meeting of the Schools Forum on 15 June 2022 received an update in relation to the DSG including the Recovery Plan, which had again been updated to take account of the most recent funding announcements, the latest expenditure predictions and their impact on the projections from the current financial year through to 2024/25.
- 5.8 The table below shows the latest Recovery Plan and illustrates that with the increased funding anticipated and the planned actions to address new operating arrangements to generate efficiencies, the DSG should be brought into a position where there is an in-year surplus in 2022/23 of £2.790m, which is sufficient to reverse the deficit brought forward of £2.773m and enable there to be a forecast surplus of £0.017m to be carried forward into 2023/24. Predominantly as a result of additional funding announced in December 2021, the cumulative surplus increases significantly to £4.769 at the end of 2023/24 and to £9.338m at the end of 2024/25. However, it is important to note that the overall surplus position is expected to reduce as revised expenditure estimates are confirmed.

**Table 13 - Overall DSG Position**

	2022/23 £000	2023/24 £000	2024/25 £000
Opening Balance – (Deficit)/Surplus	(2,773)	17	4,769
Estimated Additional (Pressures)/ Savings	(2,960)	(4,496)	(6,015)
2022/23 High Needs Block Increase	4,852	4,852	4,852
Additional High Needs Funding per the announcement	1,756	1,756	1,756
Reverse Indicative Transfer	(1,124)	0	0
Estimated additional funding increase High Needs Pupils	0	157	157
Estimated change additional funding Special Free School	854	976	976
Estimated Additional High Needs Funding 5%	0	2,203	2,203
Estimated Additional High Needs Funding 3%	0	0	1,336
Estimated cost increases Special Schools re inflation etc.	(394)	(405)	(405)
Estimated cost Post 16 re inflation and additional teaching hours.	(194)	(291)	(291)
In Year surplus	2,790	4,752	4,569
<b>Current Net Forecast Surplus</b>	<b>17</b>	<b>4,769</b>	<b>9,338</b>
Previously Reported Net Forecast Surplus (March 22)	129	5,305	n/a

- 5.9 Work will continue throughout 2022/23 and beyond to ensure that the forecast surplus position is actually achieved and maintained. Clearly the position has improved; the current estimates show that there could be a significant surplus at the end of 2023/24, which is a change to the trends of the last few years and is largely due to the additional funding expected from Central Government, although this is likely to reduce in value as more detailed expenditure estimates are prepared. Given the size of the projected surplus, the position will be monitored to ensure that there is an effective use of resources and that the surplus is managed so that it does not become excessive.

## 6 Housing Revenue Account (HRA)

- 6.1 The current HRA position is presented in Table 14 and compares the initially approved HRA position to the current estimated outturn. The actual closing balance for 2021/22 at £21.719m was £0.572m lower than the final estimate of £22.291m.
- 6.2 The original HRA forecast for 2022/23 was for a planned in-year decrease in balances of £1.808m, mainly to support housing related expenditure in the Capital Programme. The current forecast is for an increased in year deficit of £1.998m, a net adverse movement of £0.190m attributable to increased utility costs. The projected year end HRA balance is therefore £19.721m; a £0.762m adverse movement.

**Table 14 - Housing Revenue Account Forecast Position**

HRA Income & Expenditure Account	Original Budget £000	Actual 2021/22 & Latest 2022/23 Forecast £000	Variance to Budget £000
HRA Balances Brought forward from 2021/22	(22,291)	(21,719)	572
Deficit on HRA Services	1,808	1,998	190
<b>HRA Balances Carried Forward</b>	<b>(20,483)</b>	<b>(19,721)</b>	<b>762</b>

## 7 Collection Fund

7.1 The tables below show the forecast outturn position for the Collection Fund and the forecast position in relation to the share of balances between the Council and the Greater Manchester Combined Authority precepting services.

**Table 15 - Collection Fund Forecast Position**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	2,958	6,175	9,133
Contribution to deficit cfwd from 2021/22	(2,874)	(10,378)	(13,252)
<b>Prior Year Balance Brought Forward</b>	<b>84</b>	<b>(4,203)</b>	<b>(4,119)</b>
Deficit for the Year	766	2,629	3,395
<b>Net (Surplus)/Deficit Carried Forward</b>	<b>850</b>	<b>(1,574)</b>	<b>(724)</b>

**Table 16 - Collection Fund – 2022/23 Share of Balances; Forecast Position**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	718	(1,558)	(840)
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	91	-	91
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	41	(16)	25
<b>Total (Surplus)/Deficit</b>	<b>850</b>	<b>(1,574)</b>	<b>(724)</b>

7.2 Council Tax and Business Rates remain a significant source of funding for Council services. However, these areas can be volatile, the 2022/23 financial year is presumed to be no different with the lingering impact of COVID-19 and as such the financial position of the Collection Fund is under constant review. With regards to the Business Rates surplus brought forward from 2021/22 this was due to the delayed rollout of the £4.204m of COVID-19 Additional Relief Fund (CARF) allocations. The Business Rates reliefs available under the CARF scheme were originally assumed to be fully allocated within 2021/22, thus increasing the estimated deficit as the level of Business Rates to be collected would be reduced. This was expected to be compensated for by Un-ringfenced

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Section 31 grant of £4.204m included within the 2022/23 Revenue Budget. The £4.204m grant will now be applied in 2022/23.

- 7.3 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2022/23. Any financial benefits arising from membership within the pilot scheme will continue to be monitored and upon realisation, any beneficial financial resource will be used to support the Council's budget.
- 7.4 As highlighted in Tables 15 and 16 above, current year end Collection Fund projections are showing an overall surplus of £0.724m, with the Council's proportion of this surplus being £0.840m. This is a particularly volatile area to forecast with many unknowns, therefore, this area will be closely monitored over the forthcoming months. Any anticipated financial impact in 2023/24 and future years will be considered within the context of the Medium Term Financial Strategy.

## **8 Use of Reserves**

- 8.1 Members will recall that at the Council budget meeting of 2 March 2022, it was agreed that a proposed use of Earmarked Reserves of £24.971m be used to support the 2022/23 budget including £0.405m to support the delivery of budget reductions for 2023/24 with an offsetting transfer to reserves of £1.710m for Retained Business Rates. Of the Earmarked Reserves to be used, £11.879m were to be met from the specific balancing budget reserve. A further £13.092m of reserves were to be used in 2022/23 as a result of Business Rates compensation funding received in 2021/22 and held in reserve to support the Collection Fund Deficit in 2022/23. Since the Budget Council meeting and as part of the closure of accounts the completion of the Business Rates Year End Return (NDR3) and using guidance issued by CIPFA, it was determined that the Business Rate compensation related Collection Fund Deficit for 2022/23 would be revised downwards by £4.285m to £8.807m; a revision of £0.081m for Grant in Lieu of Business Rates and £4.204k in relation to the Covid-19 Additional Relief Fund (CARF) scheme. This resulted in the initial, net call on reserves to support the revenue budget in 2022/23 of £18.976m.
- 8.2 In addition to the above transfer to reserves the Quarter 1 position incorporates additional Directorate requests to use reserves with a total (net) value of £7.868m, therefore the budget as a whole relies upon the application of £26.844m of reserves, the resultant impact is for an estimated combined closing value of £83.114m, comprising £77.173m of Earmarked Reserves and £5.941m of Revenue Grant Reserves, as illustrated in the table below.

**Table 17 – 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 2022</b>	<b>(99,227)</b>	<b>(10,731)</b>	<b>(109,958)</b>
Reserves applied to balance the Budget	11,879	-	11,879
Use of Reserves to offset Collection Fund Deficit	13,092	-	13,092
Reduction in Reserve to offset Collection Fund Deficit	(4,285)	-	(4,285)
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	(1,710)	-	(1,710)
<b>In Year Balance</b>	<b>(80,251)</b>	<b>(10,731)</b>	<b>(90,982)</b>
<b>Directorate Transfers from Reserve</b>			
Community Health and Adult Social Care	1,565	-	1,565
Children's Services	135	1,653	1,788
Public Health	-	3,137	3,137
Communities	526	-	526
Place and Economic Growth	1,109	-	1,109
Corporate Services	220	-	220
Capital Treasury and Technical Accounting	-	-	-
<b>Total Directorate Transfers from Reserve</b>	<b>3,555</b>	<b>4,790</b>	<b>8,345</b>
<b>Directorate Transfers to Reserves</b>			
Community Health and Adult Social Care	-	-	-
Children's Services	-	-	-
Public Health	(377)	-	(377)
Communities	(50)	-	(50)
Place and Economic Growth	(49)	-	(49)
Corporate Services	-	-	-
Capital Treasury and Technical Accounting	-	-	-
<b>Total Directorate Transfers to Reserve</b>	<b>(477)</b>	<b>-</b>	<b>(477)</b>
<b>Total Directorate Use of Reserves</b>	<b>3,078</b>	<b>4,790</b>	<b>7,868</b>
<b>Closing Balance as at Quarter 1</b>	<b>(77,173)</b>	<b>(5,941)</b>	<b>(83,114)</b>

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8.3 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.

8.4 The availability of reserves is a demonstration of the financial resilience of the Council and as such the reserves must be carefully managed. However, the use of reserves is also a means by which the Council can support the 2023/24 and future years budget setting processes and Medium-Term Financial Strategy. Members will therefore recall that reserves of £6.000m to support the 2023/24 budget process and a further £3.932m in 2024/25 have already been committed.

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

9.1 Members will recall that at the Council meeting of 2 March 2022, it was approved that up to £2.500m 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. In April 2022, guidance on the flexible use of capital receipts was updated by the Department for Levelling Up, Housing and Communities which extends the flexibility that has been in place since 2016. This allows the freedom to continue up to 2024/25 to help authorities plan for the long-term.

9.2 A number of schemes in support of the transformation programme which meet the qualifying expenditure requirements as detailed within the statutory guidance issued by the MHCLG have been identified and are itemised within the approved 2022/23 Capital Programme. The contribution to the Flexible Use of Capital Receipts is the first call on any receipts generated by the Council and processes are in place to monitor progress throughout the year as advised in Annex 2 to this report which sets out the Capital Programme position.

## **10 Conclusion**

10.1 The current projected position, after adjustment for reserves and the application of the full £12.000m of the Council funded provision for COVID legacy pressures is showing an overspend of £5.833m. The legacy funding is forecast to be fully utilised with only £0.011m forecast to be available. There is no expectation that there will be any further Government support whilst there is still a lasting cost to the Council. The business as usual pressure of £5.844m is obviously of concern, particularly so early in the financial year, driven in part by the uncertainty in relation to achieving budget reductions which has potential to impact on the 2023/24 budget setting process.

10.2 There remains in 2022/23 a high degree of estimation with regard to the lasting impact of COVID-19 and also with the emerging cost pressures in relation to utilities and fuel, the impact of cost of living pressures on pay awards and also interest rates. The forecasting of the likely impact of all these factors on the Council's budget is based on both the actual expenditure and the income loss recorded to date but also relies on a series of assumptions which are both unpredictable and constantly changing. Future reports will advise of the progress of mitigating factors and management actions to control and reduce the forecast deficit.

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10.3 The reserves position is important in the context of financial resilience. Whilst the year started with healthy balances of earmarked reserves (£99.227m) and Revenue Grants Reserves (£10.731m), as advised in this report, net earmarked reserves of £22.054m and net Revenue Grant reserves of £4.790m are forecast to be called into support the 2022/23 budget. It is also important to note that there is the potential £9.942m use of reserves to balance the 2023/24 and 2024/25 budgets, it is therefore important to minimise the use of reserves in year to maintain financial resilience.

FINANCING OF THE 2022/23 BUDGET	Original Budget	Additions to Quarter 1	Revised Budget
	£'000	£'000	£'000
<b>Net Expenditure Budget</b>	<b>(260,686)</b>		<b>(260,686)</b>
<b>Financed by:</b>			
Business Rates Top-up Grant	(42,923)		(42,923)
Grant in Lieu of Business Rates	(19,471)		(19,471)
Social Care Support Grant	(12,132)		(12,132)
Improved Better Care Fund Grant	(11,188)		(11,188)
2022/23 Services Grant	(4,467)		(4,467)
Independent Living Fund (ILF) Grant	(2,580)		(2,580)
Housing Benefit Administration Grant	(824)		(824)
Council Tax Administration Grant	(371)		(371)
Market Sustainability and Fair Cost of Care Fund	(758)	758	0
Local Authority Domestic Abuse Duty Grant	(580)	580	0
Lower Tier Services Support Grant	(437)		(437)
New Homes Bonus Grant	(562)		(562)
Revenue and Benefits Service New Burdens Grant	(13)	(78)	(91)
School Improvement Monitoring and Brokerage Grant	0	(44)	(44)
Verify Earnings and Pension Service Grant	0	(19)	(19)
Rough Sleeping Drug & Alcohol Treatment Grant	0	(509)	(509)
Capital Grants	0	(154)	(154)
Botox and Fillers Children's Act Grant	0	(8)	(8)
Substance Misuse Treatment and Recovery Funding Grant	0	(505)	(505)
Adult Social Care charging reform: implementation support funding	0	(99)	(99)
Extended Rights to Free Travel Grant	0	(49)	(49)
Homes for Ukraine Grant	0	(441)	(441)
<b>Total Government Grant Funding</b>	<b>(96,306)</b>	<b>(568)</b>	<b>(96,874)</b>
Council Tax Income - General (Including parish precepts)	(90,697)		(90,697)
Council Tax Income - Adult Social Care Precept	(12,549)		(12,549)
Collection Fund - Council Tax Deficit 2020/21	2,192		2,192
Collection Fund - Council Tax Surplus 2021/22	(1,307)		(1,307)
Collection Fund Deficit	13,092	(4,285)	8,807
Retained Business Rates	(51,850)		(51,850)
<b>Total Locally Generated Income</b>	<b>(141,119)</b>	<b>(4,285)</b>	<b>(145,404)</b>
<b>Total Grant and Income</b>	<b>(237,425)</b>	<b>(4,853)</b>	<b>(242,278)</b>
Use of General Earmarked Reserves	(10,074)		(10,074)
Use of Specific Earmarked Reserves	(1,805)		(1,805)
Use of Earmarked Reserves - Collection Fund	(13,092)	4,285	(8,807)
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,710		1,710
<b>Total Use of Reserves</b>	<b>(23,261)</b>	<b>4,285</b>	<b>(18,976)</b>
<b>Total Financing</b>	<b>(260,686)</b>	<b>(568)</b>	<b>(261,254)</b>

**Appendix 2- Analysis of Grants**

Grant Name	Grant Type	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
<b>Community Health and Adult Social Care</b>				
Market Sustainability and Fair Cost of Care Fund	Govt.	0	(758)	(758)
Changing Futures in GM	Govt.	0	(322)	(322)
Better Care Fund	Other	0	(14,288)	(14,288)
Balance: Grants less than £0.150m	Govt. (x2)	0	(128)	(128)
<b>Sub Total</b>		<b>0</b>	<b>(15,496)</b>	<b>(15,496)</b>
<b>Children's Services</b>				
PFI Credits (2 contracts)	Govt.	0	(8,988)	(8,988)
Staying Put Grant	Govt.	0	(201)	(201)
Skills Funding Agency Adult Education	Govt.	0	(2,846)	(2,846)
Holiday Activities and Food Grant	Govt.	0	(1,166)	(1,166)
Youth Justice Board	Govt.	0	(496)	(496)
Support to victims of Domestic Abuse within Safe Accommodation	Govt.	0	(580)	(580)
Unaccompanied Asylum Seeking Children and Care Leavers	Govt.	0	(300)	(300)
Kickstart	Other	0	(193)	(193)
Balance: Government Grants less than £0.150m	Govt. (x6)	(72)	(391)	(463)
<b>Sub-Total</b>		<b>(72)</b>	<b>(15,162)</b>	<b>(15,234)</b>
<b>Public Health</b>				
Additional Drug Treatment Crime and Harm Reduction	Govt.	(297)	(505)	(802)
Balance: Grants less than £0.150m	Govt. (x3)	(66)	(194)	(260)
<b>Sub -Total</b>		<b>(363)</b>	<b>(699)</b>	<b>(1,062)</b>
<b>Communities</b>				
PFI Credits	Govt.	0	(1,803)	(1,803)
GM Safer Streets funding	Govt.	(278)	0	(278)
Community Safety	Other	(206)	0	(206)
Balance: Grants less than £0.150m	Govt. (x3) Other (x1)	(173)	0	(173)
<b>Sub-Total</b>		<b>(657)</b>	<b>(1,803)</b>	<b>(2,461)</b>
<b>Place and Economic Growth</b>				
PFI Credits	Govt.	0	(2,471)	(2,471)
Homelessness Prevention Grant	Govt.	0	(553)	(553)
A Bed Every Night (ABEN)	Govt.	0	(277)	(277)
Community Accommodation Services - Tier 3 Grant	Govt.	0	(294)	(294)
Sustainable Transport Fund	Govt.	0	(455)	(455)
Balance: Other Government Grants less than £0.150m	Govt. (x7)	(60)	(421)	(481)
<b>Sub-Total</b>		<b>(60)</b>	<b>(4,471)</b>	<b>(4,531)</b>
<b>Corporate Services</b>				
Housing Support Fund	Govt.	0	(2,420)	(2,420)
Other Government Grants	Govt.	0	(158)	(158)
ERDF	Other	0	(224)	(224)
<b>Sub-Total</b>		<b>0</b>	<b>(2,802)</b>	<b>(2,802)</b>
<b>Total Ringfenced Grants include within the Net Revenue Budget</b>		<b>(1,152)</b>	<b>(40,433)</b>	<b>(41,585)</b>
<b>Housing Revenue Account</b>				
PFI Credits (2 contracts)	Govt.	0	(18,799)	(18,799)
<b>Total</b>		<b>(1,152)</b>	<b>(59,232)</b>	<b>(60,384)</b>

**Summary of 2022/23 Approved Budget Reductions and deliverability**

**Appendix 3**

Community Health and Adult Social Care					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
CSA-BR1-423	Maximising independence through alternative models of care	Amber	(1,000)	(1,000)	0
CSA-BR1-424	CHASC Workforce Reduction	Green	(50)	(50)	0
CSA-BR1-429	KeyRing	Green	(20)	(20)	0
CSA-BR1-430	Achieving Better Outcomes: Supported Living & Learning Disabilities	Amber	(500)	(500)	0
ASC-BR1-548	Smarter Ways of Working	Amber	(100)	(100)	0
ASC-BR1-549	Income Maximisation for Adult Social Care	Green	(1,380)	(1,380)	0
ASC-BR1-550	CHASC 'Other' - General Operational	Green	(174)	(174)	0
ASC-BR1-551	Core Management Fee Reduction - MioCare Group	Green	(115)	(115)	0
ASC-BR1-553	Increasing Community Enablement Throughput	Amber	(292)	(292)	0
ASC-BR1-554	Learning Disability Consultant Psychiatrist	Green	(73)	(73)	0
ASC-BR1-555	Supported Living Voids Budget	Green	(45)	(45)	0
ASC-BR1-556	Housing Related Support (Short Term Supported Housing)	Green	(225)	(225)	0
			<b>(3,974)</b>	<b>(3,974)</b>	<b>0</b>

Children's Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction	Deliverable	Shortfall
			£000	£000	£000
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	Red	(114)	0.0	114
CHS-BR1-443	External Placements Cost Avoidance	Red	(500)	0.0	500
CHS-BR1-445	Early Help Re-modelling	Green	(200)	(200)	0
PPL-BR1-504	Visit Oldham, Training Budget and Oldham Enterprise Trust	Green	(38)	(38)	0
CHS-BR1-532	Income Generation- Educational Psychologists/ QEST	Amber	(150)	(150)	0
CHS-BR1-534	Virtual School Team Manager- Pupil Premium Plus	Green	(58)	(58)	0
CHS-BR1-535	Governor Services- Reduce Expenditure	Green	(15)	(15)	0
CHS-BR1-536	Oldham Learning reduced de-delegated funding	Green	(85)	(85)	0
CHS-BR1-537	General (non-staffing) Expenditure	Green	(10)	(10)	0
CHS-BR1-538	Early Years Staffing Reduction	Green	(21)	(21)	0
REF-BR1-527	Oldham Music Service - Fees & Charges	Red	(27)	0.0	27
CHS-BR1-539	Delete post-Designated Missing from Home	Green	(16)	(16)	0
CHS-BR1-540	Reduce FTE of Children with Disabilities (CWD) Team	Green	(26)	(26)	0
CHS-BR1-541	Delete Post- Corporate Parenting Manager	Green	(54)	(54)	0
CHS-BR1-542	Delete 2 Social Workers from the Adoption Service	Green	(83)	(83)	0
CHS-BR1-545	Do not renew MOMO	Green	(10)	(10)	0
CHS-BR1-547	Savings on Targeted Youth Lot 3	Green	(25)	(25)	0
			(1,432)	(791)	641

Public Health					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
REF-BR1-521	Smoking in Pregnancy Midwife	Green	(50)	(50)	0
REF-BR1-522	Medicines Management	Green	(10)	(10)	0
REF-BR1-523	NHS Health Checks EMIS Contract	Green	(32)	(32)	0
REF-BR1-524	Sexual Health - Various	Green	(245)	(245)	0
REF-BR1-525	Public Health Staffing	Green	(112)	(112)	0
REF-BR1-526	Get Oldham Growing	Green	(62)	(62)	0
			(511)	(511)	0

Communities					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
REF-BR1-519	Electric Cars	Green	(18)	(18)	0
REF-BR1-520	Reduction of FTE in Community Safety Services	Green	(45)	(45)	0
REF-BR1-528	Oldham Theatre Workshop - Fees & Charges	Green	(11)	(11)	0
			(74)	(74)	0

Place and Economic Growth					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-401	Creating a Better Place - Projects & Assets	Amber	(2,620)	(295)	2,325
PPL-BR1-403	Digital Mail	Green	(100)	(100)	0
PPL-BR1-501	Creating a Better Place - Income Generation	Amber	(100)	(100)	0
PPL-BR1-502	Additional Income Generation from new Flexi Parking Permit	Green	(75)	(75)	0
PPL-BR1-506	Cemetery and Cremations	Green	(118)	(118)	0
PPL-BR1-507	Highways and Highways Unity	Green	(245)	(245)	0
PPL-BR1-508	Increase External Customer Base - Trade Waste	Green	(32)	(32)	0
PPL-BR1-509	Increase Trade Fees and Charges - Trade Waste	Green	(74)	(74)	0
PPL-BR1-510	Public Protection Restructures - Environmental Health & First Response	Green	(37)	(37)	0
PPL-BR1-511	Public Protection Restructures - Building Control	Green	(23)	(23)	0
PPL-BR1-503	Planning Income Fees	Green	(50)	(50)	0
PPL-BR1-504	Visit Oldham, Training Budget and Oldham Enterprise Trust	Green	(18)	(18)	0
PPL-BR1-505	Corporate Landlord and Facilities Management	Green	(120)	(120)	0
			(3,612)	(1,287)	2,325

Corporate Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	Amber	(363)	(363)	0
CEX-BR1-513	Review of Executive Support Service	Green	(45)	(45)	0
CEX-BR1-514	Chief Executive Management	Green	(186)	(186)	0
CEX-BR1-515	Elections	Green	(15)	(15)	0
CEX-BR1-516	Finance Service	Green	(180)	(180)	0
CEX-BR1-516	Finance Service	Green	(199)	(199)	0
PPL-BR1-512	Information and Communications Technology (ICT)	Amber	(20)	(20)	0
REF-BR1-529	Human Resources & Organisational Development	Green	(250)	(250)	0
REF-BR1-530	Transformation & Reform - Vacant Posts Deletion	Green	(124)	(124)	0
			(1,382)	(1,382)	0

Capital, Treasury and Technical Accounting					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
CEX-BR1-518	Treasury Management	Green	(750)	(750)	0
			(750)	(750)	0