

**Oldham Council**

**Capital Strategy**  
**2023/24 to 2027/28**

## Capital Strategy 2023/24 to 2027/28

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# **1 Aims of the Capital Strategy and its Links to the Council's Corporate Plan and the Oldham Plan (Our Future Oldham), Creating a Better Place Programme, Medium Term Property Strategy, Housing Strategy and Budget and Policy Framework**

1.1 In accordance with good practice, the Council has traditionally prepared a Capital Strategy, the overarching aim of which has been to provide a framework within which the Council's capital investment plans will be delivered. This Capital Strategy for 2023/24 to 2027/28 has been prepared to cover a five-year timeframe to allow sufficient opportunity for strategic capital planning. The Council's Medium Term Financial Strategy (MTFS) is aligned with the Capital Strategy as it also covers a five-year timeframe. However, it should be noted that the Government's Autumn Statement 2022 of 17 November 2022, subsequent Policy Statement of 12 December 2022 and the Provisional Local Government Finance Settlement of 19 December, provided some funding certainty up to 2024/25, the end of the current Spending Review period. Recognising that funding estimates beyond 2024/25 are indicative, this Strategy is aligned to the revenue budget and therefore also focuses on 2023/24 and 2024/25 in detail with indicative estimates for 2025/26 and future years.

1.2 The Strategy does however include a longer term vision, which also covers the time frame for 10 years from 2028/29 to 2037/38. This takes a forward look at those projects that are likely to run beyond the initial five year strategy and programme period.

1.3 The format of the Capital Strategy reflects the requirements of both the latest Prudential Code for Capital Finance in Local Authorities and the Treasury Management in Public Services Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The strategy therefore presents:

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

1.4 The Capital Strategy is therefore prepared to ensure that all Council Members are presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.5 The Capital Strategy incorporates specific information on historic non-treasury investments. This information is aligned to, but reported separately from the Treasury Management Strategy Statement. This ensures the separation of any historic commercial investment from the core treasury function which operates under the principles of security of capital, liquidity, yield and an ethical approach. To comply with current Public Works Loan Board (PWLB) lending criteria and the latest CIPFA Prudential Code for Capital Finance in Local Authorities, this strategy does not provide for new investment in commercial activities solely to generate additional income.

1.6 CIPFA's current Prudential Code requires the Capital Strategy to demonstrate the concept of proportionality between the treasury operations and the non-treasury operations. High-level indicators are referred to in Section 5.

## COVID-19 Pandemic Legacy

1.7 Although the direct impact of the COVID-19 pandemic has receded, there is still an on-going legacy for the borough, its residents and the economy.

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

#### CIPFA Prudential and Treasury Management Codes of Practice

- 1.9 In response to concerns about high levels of borrowing to fund commercial investment in a small number of local authorities, CIPFA consulted on revisions to the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice. After taking account of consultation comments, the final Codes were strengthened by CIPFA as follows:

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

Both the Council's Treasury Management Strategy and Capital Strategy for 2023/24 have incorporated the requirements of the Codes.

#### Co-operative Council

- 1.10 The 2023/24 to 2027/28 Capital Strategy is influenced by the principles which shape the overarching budget process for 2023/24 and is driven by the ethos of a Co-operative Council. The Council is therefore aiming to take a strategic view in relation to capital investment so that it can be directed to make a real and demonstrable impact on the economy of Oldham by:
- a) Regenerating the borough, building on the established investment programme, by attracting and securing significant amounts of external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer.
  - b) Prioritising regeneration schemes to develop the local economy through for example:
    - Taking forward the vision for Oldham town centre, facilitated by the acquisition and redevelopment of the Spindles and Town Square Shopping Centres;

- Implementing key strands of the Housing Strategy to improve the housing offer;
  - Improving connectivity across the borough;
  - Supporting job creation and the Get Oldham Working initiative which are key to the economic and social recovery of the borough as it addresses the legacy from the COVID-19 pandemic and the challenges facing the economy arising from national and international developments.
- c) Using regeneration schemes to drive up Gross Value Added (GVA) and increase the yield from business rates, taking advantage of the Greater Manchester 100% Business Rates Retention Pilot scheme which commenced across Greater Manchester on 1 April 2017. This has provided additional resources which have been used to support the revenue budget in previous years and will continue to do so in 2023/24.

1.11 The Council will continue to:

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

The Council's Corporate Plan and the Oldham Plan (Our Future Oldham)

1.12 Capital investment plans are driven by the Council's Corporate Plan. The Corporate Plan is the Council's key strategic document and outlines the Council's contribution to achieving the vision and outcomes detailed in the Oldham Plan, as well as priority areas of focus and delivery aimed at taking forward our vision of a co-operative future where everyone does their bit to create a confident and ambitious borough. All capital investment proposals will therefore be evaluated in accordance with a range of criteria, a key one of which is the contribution to the delivery of the aims of the Corporate Plan.

1.13 The Council's previous Corporate Plan ran from 2017 to 2020, establishing the Council's values and behaviours, and the co-operative approach to working with residents. This plan expired at the start of the COVID-19 pandemic so as an interim measure a Covid Recovery Strategy was produced as a roadmap to supporting residents in response to the pandemic. This Covid Recovery Strategy has now been replaced with a new Corporate Plan which was approved at the Council meeting of 7 September 2022

1.14 Alongside the development of the Corporate Plan, the Council worked with partners to develop a new Oldham Partnership's vision document (Our Future Oldham). This was endorsed by the Council alongside the Corporate Plan at the Council meeting of 7 September 2022 and has subsequently been approved by members of the Oldham Partnership.

- 1.15 Our Future Oldham and the Council's Corporate Plan were developed in parallel to ensure that the Council's priorities over the next five years align as far as possible with our residents' broader vision for the future. This ensures the most effective and efficient use of resources to supporting the improvement of our residents lives.
- 1.16 The Council's Corporate Plan 2022-27 describes how the Council will maximise the impact of efforts and resources to improve the lives of residents in the borough. The Plan focuses specifically on the impact of the Council's work on children and young people. The Plan acknowledges the present and future challenges created by the cost of living crisis, and describes how services across the Council will be improved for residents. It sets out five policy priorities:
- Healthy, safe and well supported residents;
  - A great start and skills for life;
  - Better jobs and dynamic businesses;
  - Quality homes for everyone;
  - A clean and green future.
- 1.17 It also highlights the Councils new operational priorities as:
- Residents first;
  - Placebased working;
  - Digital;
  - Working with communities to reduce need
- 1.18 Our Future Oldham outlines the vision for the future of the borough shared by the Oldham Partnership and informed by the views and priorities of residents. The document establishes a set of aims – the core elements of a good life in Oldham, that every resident should expect. These range from basics like a good education and a home that meets needs, to contributing to creating a richer life and place, such as opportunities to meet/work with neighbours/community. It also establishes the central governance model for the Oldham Partnership, including the functioning of the Partnership itself and its key delivery boards: the Economic Development Board, the Health and Wellbeing Board and the Communities Board.
- 1.19 The 2023/24 budget process has been heavily influenced by the aims of the Corporate Plan and Oldham Plan and the capital strategy has regard to the five policy and four operational priority areas above and how these can be delivered.

#### Creating a Better Place Programme

- 1.20 The Creating a Better Place programme (originally approved January 2020) sets out a vision for the borough which is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The strategy aims to deliver these ambitions in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.
- 1.21 The Creating a Better Place strategy was reviewed and updated in August 2020, in light of the COVID-19 pandemic, to place more emphasis on economic recovery and accelerating the potential for generating revenue budget savings. The programme envisages delivering an already approved £8.058m of revenue budget savings between 2022/23 and 2026/27.

- 1.22 The programme includes several schemes which are approaching or are already at the delivery stage including the redevelopment of the Spindles and Town Square Shopping Centres, the Alexandra Park Depot and Eco Centre, the refurbishment of the Old Library building on Union Street and the development and letting of the Egyptian Room in the Old Town Hall complex. Other schemes which are at an earlier stage of development include Northern Roots, the redevelopment of a historic building in the town centre and the delivery of a new performance space for the town.
- 1.23 The Spindles and Town Square Shopping Centre scheme will release other town centre sites for redevelopment including the Civic Centre and Queen Elizabeth Hall complex as well as Tommyfield Market.
- 1.24 The Council is currently in the process of procuring a Private Sector Partner to deliver transformation in the Town Centre working with the Council under a joint venture partnership. Once procured, the partner, in partnership with the Council will deliver a Town Centre Masterplan/Strategic Regeneration Framework that will cover the existing Tommyfield Market site, former Magistrates Court, former Leisure Centre and the current Civic Centre and Queen Elizabeth Hall, with the potential for other sites to be included. The proposals will be residential-led and are expected to significantly contribute to the Council's target to deliver 2,000 residential units within the Town Centre.
- 1.25 The Council has succeeded in securing an allocation of £10.750m of Future High Street Fund (FHSF) grant and £24.400m of Towns Fund grant to support the Creating a Better Place programme. FHSF funding is supporting the delivery of three schemes (the development and letting of the Egyptian Room in the Old Town Hall complex, the redevelopment of a historic building in the town centre and the Accessible Oldham project) whilst Towns Fund grant is supporting four schemes (the relocation of Tommyfield Market, the provision of flexible workspace within Spindles, the 'Making Space for Live Performance' project and Northern Roots).
- 1.26 In July 2022, the Council submitted a bid for £40m of Levelling Up Funding to for two, separate projects for a Cultural Improvement District and to develop Green Technology and Innovation Network in the Borough. In January 2023 the Council was notified that the Green Technology bid had been successful and a grant of £20.000m had been secured. The Council is awaiting feedback with a view to resubmitting the Cultural Improvement District bid for consideration in any future rounds of Levelling Up funding. The Cultural Improvement District bid would see the refurbishment of the Lyceum building and Masonic Hall, works to the Old Library and the Flexible Events space developed for use by creative industries.
- 1.27 The Council will seek to bid for and secure as much external funding as possible for the benefit of the Borough as new funding streams become available.

#### Medium Term Property Strategy

- 1.28 In August 2018, the Council adopted a Medium Term Property Strategy (MTPS). This, at a high level, incorporates a detailed Asset Management Plan for every group of the Council's assets. This plan was agreed at Cabinet for the term 2018 to 2022 and more recently has been incorporated into the Creating a Better Place programme of works.
- 1.29 For any organisation such as the Council, with a diverse property portfolio, best practice recommends that the Property Strategy describes the general direction that the organisation's property portfolio will take over the next 5-10 years, the approach to be adopted in getting there and the policies that will be applied to decision making. The refreshed Property Strategy will be presented for consideration in the next financial year

to present such a vision and reflect the operational and emerging new business strategy of the organisation.

- 1.30 The implementation of the Creating a Better Place programme and the MTPS is key to the Council achieving both cost savings and a more efficient use of the corporate estate, contributing to the delivery of approved budget reductions.
- 1.31 Given the current economic position and its impact on current and future demand for property, the MTPS is currently under review as part of the Creating a Better Place programme. The MTPS is also at the centre of numerous inter-dependencies which will also shape future requirements including:
- The One Public Estate programme which seeks to deliver ambitious property-focused programmes in collaboration with Central Government and other public sector partners;
  - Place-Based Working centred around providing services from five districts / hubs within the borough;
  - The rationalisation of the Council's corporate estate and its contribution to the delivery of an already approved £8.058m of revenue budget savings between 2022/23 and 2026/27
- 1.32 In addition to facilitating the delivery of revenue budget savings, another objective of the property strategy is to reduce the requirement for backlog maintenance and inform the development of an asset disposals programme to reduce Council holdings of surplus assets and generate additional capital receipts.
- 1.33 The COVID-19 pandemic has undoubtedly had a major adverse impact on the economy, and this has inevitably disrupted the Council's asset disposal programme. Alongside the MTPS, the Council is currently reviewing its disposal programme to focus on 'fast tracking' a smaller number of assets for sale focusing on those with high management intensity and longer term liabilities/risks.

#### Housing Strategy

- 1.34 The Housing Strategy was approved in 2019 and was used to align priorities within the Creating a Better Place programme and the Oldham Plan, the GM Spatial Framework (replaced by 'Places for Everyone') and the GM Housing Strategy. It recognises the function that housing plays in supporting health and social care integration and wider public sector reform. A key objective of the housing strategy has been to reset the housing delivery framework that can start to tackle the challenges identified in the evidence based Local Housing Needs Assessment and help meet the housing priorities identified over the short, medium and long term. It is a strategic document to help shape the future service models and seeks to set housing and place shaping at the heart of the Oldham Partnerships collective vision for the borough.
- 1.35 Together with the Housing Strategy, a Strategic Housing Partnership has also been developed whereby the Council works collectively with key stakeholders to achieve the goals identified within the Housing Strategy Delivery plan.
- 1.36 The Housing Strategy:
- Enables the Council to determine priorities in each district or local housing market area as defined by the Local Housing Needs Assessment evidence base;
  - Informs bids for both public and private funding to support the development of new homes in Oldham;



- Supports the Council and its partners to make more informed People and Place making decisions about the targeting and future integrated commissioning priorities and underpins external funding bids to support investment in existing housing services and stock in Oldham;
- Enables the Council to focus and develop new policies and ways of working that better fit the operating environment; and
- Informs the Council to progress its energy conservation work, and to satisfy the Council's obligations under the Home Energy Conservation Act.

1.37 Delivery of Housing Strategy objectives has undoubtedly been disrupted by the current economic position. However, in line with the Creating a Better Place programme, work is underway to develop and deliver a programme of town centre housing development currently focused on the identification and assembly of suitable residential development sites. Work is also underway to determine a suitable delivery model for such development.

#### Working with Partners

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

1.39 The Strategic Estates Group (SEG) in Oldham is attended by representatives from a wide range of public sector partners, including the Oldham Integrated Care Partnership (which has now replaced Oldham CCG), NHS Property Services Ltd (NHSPS), Greater Manchester Police (GMP), North West Ambulance Service (NWAS), North West Fire Service (NWFS), Community Health Partnerships (CHP), Action Oldham, and Pennine Care NHS Foundation Trust. The SEG is supported by the Operational Working Group which functions as the 'delivery arm' to ensure that the SEG remains strategic and One Public Estate focused. It reports to the SEG on key work areas, such as the project pipeline and increasing building utilisation.

## 2 The Principles of the Capital Strategy

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

### **Principle 1**

The Capital Investment Programme Board (CIPB) will lead the strategic direction of capital investment for the Council. The CIPB will operate on a commissioning basis. This will enable funding to be better aligned with other partners and funding sources and will link into the principles of the Co-operative Council. In accordance with the commissioning approach being championed within the Council, there continues to be a requirement for links to regional strategies and programmes. As such, the Council

must ensure that, when it applies for funds on a regional basis (either individually or as part of a collective bid), it uses its best endeavours to reflect local and regional priorities. The Council must therefore ensure that its Capital Strategy complements the Greater Manchester (GM) Strategy.

### **Principle 2**

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

### **Principle 3**

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

### **Principle 4**

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

### **Principle 5**

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

- a) Delivery of the Council's Corporate Plan 2022 to 2027 and Our Future Oldham, the Oldham Plan agreed by the Oldham Partnership;
- b) Transport agenda and transport grant funding;
- c) Current pressure on primary and secondary school places in certain areas of Oldham and the lack of capacity in the current school stock and the Education Basic Need Government grant funding allocation to address such issues;
- d) Funding of adaptations to homes for the disabled and Disabled Facilities Grant funding;
- e) Social Care funding requirements arising from pooled funding arrangements;
- f) Development of new policies for Social Care arising from the proposed (but currently delayed) reform of the Adult Social Care system;
- g) Development of new schemes from the opportunities arising from the Levelling Up agenda; and
- h) Implementation of the Housing Strategy.

### **Principle 6**

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

### **Principle 7**

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

### **Principle 8**

For the purposes of preparing the Capital Strategy and Capital Programme for 2023/24, an assumption has been made that all resources that remain unallocated within the 2022/23 programme will be treated as though they are fully committed and carried forward into 2023/24 as a central pool for reallocation to other projects.

### **Principle 9**

The Capital expenditure/investment plans of the Authority will be prepared to ensure the Council is able to access PWLB resources having regard to their lending criteria.

### **Principle 10**

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

### **Principle 11**

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

### **Principle 12**

There will be a range of grant funding opportunities for which bids must be submitted; possibly at short notice and some of which may have a matched funding requirement. The Council will respond as it considers appropriate to bidding opportunities, ensuring that bids are submitted which align with its objectives and capital investment priorities and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

### **Principle 13**

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

### **Principle 14**

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

### **Principle 15**

As Health and Social Care reform continues to develop and the integration agenda moves forward with the creation of the Greater Manchester Integrated Care Partnership and at a local level the Oldham Integrated Care Partnership, the Council will prioritise the allocation of capital resources to support cross sector projects including facilities for joint service provision and the co-location of teams, with any consequent asset rationalisation.

### **Principle 16**

The Council will have a range of capital investment priorities. Whilst these are initially determined on an annual basis, it will reviewed and update the priorities in accordance with in-year developments, responding to local and national emerging issues. The priorities for 2023/24 to 2027/28 are set out in Section 3.

## **3 Priority Areas for Investment**

3.1 The priority investment areas identified for the 2023/24 to 2027/28 period are covered below. This section highlights potential priority investment areas for 2023/24 onwards. These will be taken forward subject to the availability of resources and the approval of a full business case.

3.2 As part of the annual Capital Strategy, there is an ongoing requirement for continued funding of existing programmes of work on:

- a) Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function);
- b) School Condition Works;
- c) ICT Strategy;
- d) Social Care;
- e) Environmental Services.

3.3 However, an outcome of the review of the Capital Strategy 2023/24 to 2027/28, is that expenditure for the financial year 2027/28 has not been allocated to the programme for the above schemes as cumulatively, there is deemed to be sufficient unallocated resource to meet existing needs. The principle of continued funding for the above schemes remains and will be revisited as part of the 2024/25 Capital Strategy.

3.4 In addition to the projects specifically referred to above, the following is a list of further/new projects for which funding may be required grouped by key strategies underpinning the programme:

#### 1) Creating a Better Place

- a) Housing
- b) Town Centre and Borough-Wide Regeneration (incorporating Spindles and Town Square Shopping Centres, wider Town Centre Redevelopment, Future High Street Fund Schemes, Oldham Coliseum Theatre, Making Space for Live Performance, Green Innovation and Technology Network, Northern Roots, Old Library Building, Royton Town Centre Development and Other Regeneration schemes)
- c) Asset Management (including Medium Term Property Strategy, Surplus Sites and Working with NHS Partners)
- d) Green Initiatives and Decarbonisation

#### 2) Highways and Transport

- a) City Region Sustainable Transport Settlement (CRSTS) annual Highways Maintenance allocation;
- b) GM Mayor's Cycling and Walking Challenge Fund;
- c) Department for Transport Highway Maintenance Challenge Fund;
- d) Future High Street Fund
- e) Active Travel Fund 2
- f) CRSTS funding

### 3) Other Programmes and Schemes

- a) Housing Initiatives (funded by the Housing Revenue Account Resources) including working with the Councils Private Finance Initiative (PFI) partners to ensure the condition of the housing stock is maintained
- b) Social Care (including the Better Care Fund (Disabled Facilities Grant) and responding to the Adult Social Care reform agenda
- c) Fleet Replacement
- d) Local Improvement Fund
- e) GM Investment Fund Loans
- f) GM Devolution and Related Initiatives
- g) Opportunities arising from the Levelling Up agenda
- h) Matched Funding for Grant Bids
- i) Funding for Emerging Priorities

3.5 Included within the Capital Strategy is an unallocated resource to provide funding for emerging priorities. This resource can be deployed to support existing priority schemes or new initiatives. This is considered a prudent approach to allow flexibility, revision and reassessment of priorities. The Capital Strategy also includes an additional unallocated resource to mitigate against the risk of scheme cost increases resulting from supply chain issues in the construction sector and associated inflationary pressures.

3.6 The Strategy does however include a longer-term vision, a forward look at those projects that are likely to run beyond the five year strategy and programme period or be initiated subsequently. This covers a timeframe for the 10 years from 2028/29 to 2037/38.

3.7 Further details of the capital priorities can be found in Annex A of this Capital Strategy.

## **4 Supporting Greater Manchester Devolution and Accessing Levelling Up, UK Shared Prosperity Fund (UKSPF) and Decarbonisation Resources**

4.1 Greater Manchester remains at the forefront of the city-region devolution agenda. The Greater Manchester Combined Authority has powers across a range of services and policy areas including health and social care integration, transport, strategic planning, housing, work and skills and the justice system.

4.2 The Greater Manchester Strategy (GMS) remains the key policy document that will shape the future of Greater Manchester. The plan explains the region's ambitions for the future of those who live in the towns, cities, communities and neighbourhoods that make up Greater Manchester. The strategy for Greater Manchester sets out a route, over the next decade, to deliver this vision for the benefit of people, places and planet.

4.3 Working collectively across the city region, with partner Authorities and their communities, the focus is on improved wellbeing for the 2.8m who live in Greater Manchester, with better homes, jobs and transport.

4.4 Priorities of the strategy are making Greater Manchester a great place to visit, invest and study, with thriving businesses which are UK and world leading, in sectors including low carbon and digital. It's important that key strategies adopted in Oldham reflect the aims and aspirations of the GM strategy as this will be the key decision document for future funding that might be allocated through GMCA (see UKSPF below).

4.5 One key area will be the move towards net zero carbon. GMCA has set a target of achieving net zero carbon status by 2038 but Oldham Council has adopted a stretched target for Oldham of 2030 via its Green New Deal strategy. Over the course of 2022

the Government launched a series of funding competitions to enable the public sector to bid for funds to support the decarbonisation of the public estate. The Public Sector Decarbonisation Scheme (PSDS) is a Government capital grant scheme aimed at enabling the future decarbonisation of public buildings, in particular the decarbonisation of heat through replacement of fossil fuelled heating systems with electrical heating. The fund is administered for the Government by Salix and has had a number of bidding phases (1-3b).

- 4.6 The Council submitted an unsuccessful bid for PSDS2 funding in partnership with the GMCA to secure grant funding towards energy efficiency measures during the remodelling of the Spindles project. Other aspects of the GMCA bid were accepted by Salix and overall funding of £17m was awarded to the GMCA.
- 4.7 Oldham Council was asked by GMCA to explore the potential for the inclusion of the carbon reduction measures planned at for the Spindles redevelopment within their approved PSDS2 award as other projects had not proceeded in line with original plans.
- 4.8 This opportunity for extra funding has given the Council the certainty that it will receive grant without having to submit a further bid to phase 3b of the Grant Programme. The challenge will be to spend the grant by the earlier deadline of 31 March 2024.
- 4.9 The Council has been successful in a bid for a PSDS 2 grant. Once the Council receives the final confirmation and grant terms and conditions the grant will be added to the Capital Programme in line with usual process. The grant will finance the capital works on wall insulation, roof insulation, double glazing, air source heat pumps to replace the current gas air handling units, and solar PV on the roof of the Spindles building. The detailed implications of accepting this grant have been incorporated into the on-going discussions with Spindles main contractor, to finalise the overall works required.
- 4.10 Further to this, the Council also submitted a proposal to Phase 3b for energy efficient measures at Chadderton Town Hall. A decision as to whether this bid will be successful is expected early in 2023 and if so, delivery will be 2023/24. The capital works to be financed from the grant if successful include double glazing, roof insulation, wall insulation, floor insulation, pipe insulation, Building Management System, LED lighting, lighting controls and air source heat pumps. If the grant bid is successful, the Capital Programme 2023/24 to 2027/28 will be amended accordingly.
- 4.11 Levelling up is at the heart of the Government's agenda to build back better after the pandemic and to deliver for citizens in every part of the UK. The Levelling Up White Paper highlighted that levelling up requires a multi-faceted approach and the Levelling Up Fund is part of a broad package of complementary UK-wide interventions including: The UK Community Renewal Fund, The UK Community Ownership Fund, the Plan for Jobs, the Freeports programme, the UK Infrastructure Bank, the Towns Fund, and the UK Shared Prosperity Fund (UKSPF).
- 4.12 The UKSPF has been allocated over a 3 year period to the GMCA. GMCA allocated some of this grant funding direct to the 10 Councils in GM and the rest can be accessed by a bidding process. As part of funding to be allocated directly, Oldham Council has submitted a proposal for a pre-identified allocation that covers activity under grant headings E1, E3 and E6 as detailed below.
  - E1: Accessible Oldham - increase accessibility into and around the Town Centre – primarily on the Eastern Gateway and new Jubilee Park

- E3: Active Travel Oldham - Increase the take up of active travel (modal shift away from car and increase the access to the Northern Roots Urban Farm and Eco-Park Northern Roots Bike Hub
  - E6: Co-design community led events including satellite sessions from Oldham Theatre Workshops and the exciting 'Illuminate festival'. These directly support Oldham's Place Marketing approach, a core element of the Cultural Strategy and will support the emerging Creative Improvement District and Night-Time Economy strategy and action plan
- 4.13 The challenge with this funding will be to spend the 2022/23 allocation which if not spent will be returned to Government.
- 4.14 In addition, Oldham Council has also submitted a proposal under the E11 theme of the UKSPF which is specifically funding investment in small to medium sized enterprise (SME) facilities. The objectives for this submission are based on redevelopment of a historic building in Oldham town centre.
- 4.15 The Government announced a £9m Leveling Up Parks Fund in September 2022 to improve both the equality of access and quality of green space in over 100 neighbourhoods across the UK. It was announced that grant would be awarded to places that Government identified as most in need of quality green space and would not be involve a competitive bidding process.
- 4.16 Oldham is one of the UK eligible Councils that were invited to opt-in to the programme to receive a grant of £0.085m consisting of: up to £0.047m for parks improvement, up to £0.019m revenue support and up to £0.019m for tree planting. The Council opted in before the October 2022 deadline.
- 4.17 The Council has been in discussion with the grant's managing authority to develop the final scheme that will focus on facilities at Chelmsford St and Greengate St and it is expected that these works would commence in 2022/23 and conclude early in the financial year of 2023/24.
- 4.18 With regard to Levelling up resources, in January 2023 the Council was notified that its Green Innovation and Technology Network bid had been successful with £20.000m being secured. The grant bid will see the development of the Oldham Innovation and Technology Network including the Jubilee Park, the Green Shoots Centre, a new incubation centre for environmental technology start-ups and a Learning Centre as part of the Northern Roots project.

## **5 Affordability, Delivery and Risk Associated with the Capital Strategy**

- 5.1 In compliance with the requirements of the Prudential and Treasury Management Codes, the following paragraphs consider the Council's capital financing and treasury management activity and its contribution to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability looking at Prudence, Affordability and Sustainability.
- 5.2 The table below shows the Council's current borrowing position and its borrowing need including the Council's Capital Financing Requirement (CFR). The CFR represents total historic outstanding capital expenditure which has not yet been financed from either revenue or capital resources (£503.278m for 2023/24). It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which is not immediately financed from cash backed resources, will increase the CFR. The CFR for

2023/24 is higher than for previous years due to the anticipated impact of the investment relating to the Creating a Better Place programme.

- 5.3 The Council has a number of on-going Private Finance Initiative (PFI) arrangements for the delivery of assets and services, presented at Other Long-Term Liabilities (OLTL) in the table below (£204.536m at the start of 2023/24) which has the effect of inflating the CFR. As can be seen, the Council's actual level of borrowing at the start of 2023/24 is expected to be £365.528m (the £204.531m plus debt at 1 April of £160.992m).

	2021/22 Actual £'000	Forecast position as at 31/3/23 £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
<b>External Debt</b>					
Debt at 1 April	172,843	167,597	160,992	200,987	235,982
Actual/Expected change in debt	(5,246)	(6,605)	39,995	34,995	14,995
Debt at 31 March	167,597	160,992	200,987	235,982	250,977
Opening OLTL* at 1 April	224,405	213,448	204,536	193,864	182,499
Actual/ Expected change in OLTL	(10,957)	(8,912)	(10,672)	(11,365)	(12,078)
<b>Closing OLTL at 31 March</b>	<b>213,448</b>	<b>204,536</b>	<b>193,864</b>	<b>182,499</b>	<b>170,421</b>
<b>Actual/ Forecast gross debt (borrowing requirement) at 31 March</b>	<b>381,045</b>	<b>365,528</b>	<b>394,851</b>	<b>418,481</b>	<b>421,398</b>
<b>The Capital Financing Requirement</b>	<b>468,895</b>	<b>464,182</b>	<b>503,278</b>	<b>540,364</b>	<b>550,843</b>
<b>Under / (over) borrowing</b>	<b>87,850</b>	<b>98,654</b>	<b>108,427</b>	<b>121,883</b>	<b>129,445</b>

\* Other Long-Term Liabilities

- 5.4 The CFR does not increase indefinitely, as the Council makes 'prudent' provision for debt repayment which broadly reduces indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used. The approach to making prudent provision is known as the Minimum Revenue Provision (MRP), in other words, making a direct charge to the Council's revenue budget to reflect the cost of repaying the borrowing. The Council's MRP Policy Statement is set out in Appendix 1 of the Treasury Management Strategy 2023/24.
- 5.5 It is important to note that the Council has for a number of years been projecting a borrowing requirement but has not needed to undertake any borrowing as there has been reprofiling of the Capital Programme and cash balances available, thus resulting in the under borrowed position. The Council did not fully borrow up to its CFR position therefore is still in an underborrowed position.
- 5.6 The Prudential Code states that it is the responsibility of the Council's Chief Finance Officer (Director of Finance) to explicitly report on the affordability, deliverability and the risks associated with this Strategy. These key elements are set out in the following paragraphs.

#### **Affordability**

- 5.7 Affordability is a key criterion when considering whether a project should be approved for inclusion within the Capital Programme. Before any decisions are made, new schemes are underpinned by a business case identifying the expenditure and funding,



appraisal of alternative options and the risks and rewards associated with the scheme. The Business Case preparation and consideration process is set out fully in Section 11 of this Strategy.

- 5.8 All projects must also have a clearly identified capital funding source with a definite commitment of financial support if external funding, such as an external grant, is to be used. Also, there must be an identified source of funding to support any on-going revenue costs associated with the use of a capital asset, and these must be built into future years financial projections.
- 5.9 Where borrowing is to be used, the affordability test is the ability to fund interest costs linked to the borrowing, together with the repayment of the borrowing (the MRP charge). This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The Prudential Code sets out the requirements for the appropriate governance of such borrowing and the Council's processes comply with the requirements of the Code.

### **Delivery**

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

### **Risks**

- 5.13 The Council is exposed to a range of risks with regard to the continued affordability and delivery of the Capital Programme as follows:
- Financial risks related to the investment of the Council's assets, cash flow and market volatility;
  - Macroeconomic risks related to the growth or decline of the local economy, interest rates, inflation and the wider national and global economy. Of particular relevance in this regard is the legacy of the COVID-19 pandemic and the current Cost of Living crisis. There is also the long term effect of the Brexit which some economic commentators believe has contributed to significant increases in material prices and supply chain disruption across the construction industry;
  - Inflationary pressures currently being experienced may have adverse financial implications for other approved capital projects that are currently under development. The proposed capital programme includes specific provision to mitigate against the delivery impact of these inflationary pressures;

- Insurance risks whereby some contractors are either unable or unwilling to put policies and cover levels in place which meet the Council's requirements. Equally, some insurers are broadening the scope of policy exclusions which may mean some construction risks are uninsurable;
- Credit and counterparty risks related to investments, loans to public and private institutions;
- Operational risks related to operational exposures within its organisation, its counterparties, partners and commercial interests;
- Strategic risks related to key initiatives undertaken by the Council such as areas of organisational change deemed necessary to enable the Council to meet its goals and objectives, significant capital schemes, major acquisitions and new ventures;
- Reputational risks related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception;
- Environmental and social risks related to the environmental and social impact of the Council's strategy and interests. This is a risk that is becoming more high profile given the recent national and international publicity in relation to climate change;
- Governance risks related to ensuring that prudence and careful consideration are prominent in the Council's decision-making, augmented by quality independent advice and appropriate checks to ensure that the Council has the correct level of oversight, scrutiny and efficiency; and
- Risks arising from a financial commitment by the Council in line with Government policy when that policy is then changed mid-stream leaving the Council to manage the position.

5.14 Managing risk within the Council is an area of significant focus for senior management and Members. The Council adopts an integrated view to the management and qualitative assessment of risk. The Risk Management Strategy and Framework was approved by Cabinet at its meeting on 16 December 2019 and is subject to an annual review. The Strategy and Framework were reviewed in July 2022 and will be reviewed again in July 2023 unless there are any significant changes in legislation which need to be addressed within the Strategy. The Council aims to minimise its exposure to unwanted risks through a range of mitigation strategies that are considered with each service, business case or capital project.

5.15 However, it is important to recognise that there are significant risks associated with a large Capital Programme and associated borrowing, but these are mitigated as part of the Council's Treasury Management Practices and project management arrangements. As advised above, there is a robust capital business plan process, project management arrangements and/or project boards in place and all projects are delivered by suitably skilled staff. Appropriate consideration is given to tax planning, cash flow and the operational planning for the use of any asset. Governance is addressed by the establishment of officer/Member working groups with regular and transparent reporting. Due diligence is undertaken on loans and purchases and external advice is sought where necessary.

5.16 There are clear links from the Capital Strategy to the Treasury Management Strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at CIPB, Audit Committee, Cabinet and Council.

5.17 Members recognise that risk increases with any new borrowing and are mindful of this when considering funding arrangements. New borrowing will increase the Council's annual level of fixed interest and repayment costs which are already currently forecast

to increase in the coming years and could have a borrowing liability of £419.901m by 2027/28.

### Concept of Proportionality

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

	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
<b>Total Net Non-Financial Investment Return</b>	112	112	112	112	112
<b>Net Revenue Budget</b>	275,361	279,693	283,837	288,420	293,090
<b>% of Net Non- Financial Investment Income as a contribution to Net Revenue Budget</b>	<b>0.041%</b>	<b>0.040%</b>	<b>0.039%</b>	<b>0.038%</b>	<b>0.038%</b>

- 5.19 As can be seen in the table above, the net non-financial investment income as a contribution to the Net Revenue Budget is less than 1% over the life of the Capital Strategy. Within the Capital Strategy 2023/24 to 2027/28 there are no plans to invest in commercial activities solely to generate additional income in line with PWLB lending criteria.

## 6 Knowledge and Skills

- 6.1 The Capital and Treasury Finance Team has responsibility for both the preparation of and on-going management of the capital and treasury management strategies and Capital Programme. The team is staffed by professionally qualified accountants with extensive Local Government finance experience. Team members attend all relevant training courses, workshops and events to ensure that their knowledge and skills are up to date and the Council is in a position to address all new technical developments. They all follow a Continuous Professional Development Plan (CPD) as part their individual accountancy accreditation. The overall responsibility for capital and treasury activities lies with the Council’s Section 151 Officer who, in accordance with statute, is professionally qualified and is suitably experienced to hold the post.
- 6.2 The Council aims to provide training to Members on an annual basis, which is delivered by Council officers and external advisors. This ensures Members have a full understanding of key issues and have the appropriate knowledge and skills to make capital and treasury decisions. Members are updated on developments and any issues of significance throughout the year with information presented to the Audit Committee (responsible for Treasury Management), CIPB (responsible for the Capital Programme) and at Cabinet Member briefings.
- 6.3 The Council uses the Link Group, Treasury Solutions as its external Treasury Management advisors. The Council recognises that it is essential to engage with external providers of Treasury Management services in order to acquire access to specialist skills and resources. The Council also arranges for Treasury Management

training to be provided to Members; particularly Audit Committee and Cabinet Members to facilitate robust scrutiny and decision making. The Council provided a training session for Members of these Committees on 5 October 2021 which was led by and external trainer. Also during 2022/23 externally facilitated general financial skills training was provided for Members on 22 June 2022 and also on 28 September 2022.

- 6.4 When looking at a commercial element within a particular capital scheme, where the primary focus is on public service, housing, regeneration, preventative objectives or treasury management investments, officers from relevant professional disciplines from across the Council are involved in conducting due diligence exercises. Alongside the internal teams, the Council also uses external advisors to complete the due diligence process.

## **7 Treasury Management**

- 7.1 The Council produces a Treasury Management Strategy which is approved by full Council annually as part of the Budget Setting process.
- 7.2 The Capital Strategy and Treasury Management Strategy are closely linked as the Capital Programme determines the borrowing need of the Council, essentially the long term cash flow planning and ensures that the Council can meet its capital spending obligations. The Capital Strategy is integral to treasury management activities throughout the year in the management of long term cash that may involve arranging long or short term loans or investing longer term cash flow surpluses. A treasury action is to look for opportunities to restructure any existing borrowing in support of the Councils budget process.
- 7.3 At the end of the five year Capital Strategy period the Council's debt is forecast to be £423.470m. Included within the Council's CFR under long term liabilities are items such as Private Finance Initiative (PFI) and leasing arrangements. The Council is currently expected to have £204.536m of such liabilities at the start of 2023/24 which is expected to reduce to £158.498m by 2027/28. The Council's Operational Boundary for 2023/24 is forecast to be £508.500m. The Council's Authorised Borrowing limit will be £533.500m for 2023/24.
- 7.4 The Council is required to set aside 'prudent' provision for debt repayment where borrowing or credit arrangements have been used to finance capital expenditure. This is known as Minimum Revenue Provision (MRP). Over the Capital Strategy period the Council has an MRP provision of £78.684m.
- 7.5 The Audit Committee is responsible for the scrutiny and governance of Treasury Management activity within the Council. It reviews the Treasury Management policy and procedures and all Treasury Management reports. However, the Policy Overview and Scrutiny Committee also scrutinises the Treasury Management Strategy alongside the full suite of budget reports prior to their presentation to Cabinet and Council for final approval. As both the Treasury and Capital Strategies are reviewed together, it allows for a combined scrutiny process.
- 7.6 Throughout the year the Audit Committee receives regular updates on Treasury Management performance and emerging issues including the Mid-Year Review report which is also reported to full Council. It is also important to note that the Treasury Management function is subject to regular Internal and External Audit reviews. All recent reviews have highlighted the high standard by which the Treasury Management function is delivered.
- 7.7 Further detail can be found in the Treasury Management Strategy 2023/24.

## **8 Long Term Loans**

- 8.1 The Council has the ability, should it choose to exercise its powers, to enter into loan arrangements to support the delivery of strategic corporate priorities.
- 8.2 The Council has chosen to make limited use of its ability to enter into loan arrangements, but in such instances, all loans have been and will be approved in line with the Council's Constitution under the Financial Procedure Rules which ensures that they are prudent and secured by:
- A full independent due diligence process;
  - Ensuring adequate security for the loan is in place;
  - Continuous monitoring of the loans and undertaking review meetings;
  - Ensuring the financial exposure of the Council is proportionate to its size.
- 8.3 The Council may choose to provide assistance to organisations where they have experienced difficulty in securing funds from other sources at affordable interest rates. In order to deliver corporate priorities, loans to third parties may be offered at an interest rate below the market rate. Where the loan is advanced at less than a market interest rate there is an associated loss of investment return which would otherwise have been earned on these funds. The cost to the Council in this respect would be reflected in the Council's Annual Accounts.
- 8.4 Loans are treated as capital expenditure and will therefore be approved as part of the Capital Programme.

## **9 Other Non-Treasury Investments**

- 9.1 For many years, the Council has been working in an environment of historically low interest rates (although recently the position has changed) and these low investment returns have contributed to pressure on the Council's revenue budget. Combined with the revenue budget shortfall the Council faces and the relatively low returns available on cash investments, plus Central Government financial support for local public services having been reduced significantly during the previous decade, the Council has investigated various options for generating enhanced returns.
- 9.2 The Council holds commercial property assets that were acquired prior to the introduction of the revised PWLB lending criteria. These assets are located throughout the borough but were purchased primarily to support local policy objectives including the acquisition of strategic sites to support long term redevelopment and regeneration. The fair value of these assets will be reviewed as part of the Council's Treasury Management activities. Should the valuation be lower than the purchase cost, the Council will report this in the Treasury Management Strategy, along with the consequences of the loss on security of investments and any revenue budget implications. To date, these investment property acquisitions have not resulted in any requirements to be disclosed in the Council's Treasury Management Strategy.
- 9.3 The Council has also invested in the Churches, Charities and Local Authorities (CCLA) property fund. As advised within the Treasury Management Strategy, due to the anticipated fluctuations in price this is an investment with a minimum time horizon of 5 years. The Council currently holds £15.000m in the property fund and the investment currently generates a return of approximately 4.5% per annum.
- 9.4 During 2022/23, the property fund has seen an increase in value as the markets continue to recover from the COVID-19 pandemic. As per previous years, occupier trends continued to be stable, and the dividends remained constant at a similar rate.

9.5 Any further investment in the CCLA or any such longer term investment funds/bonds will only be undertaken after detailed and thorough due diligence process has been completed and having regard to the Treasury Management principles of security of capital, liquidity, yield and ethical investments.

## **10 Capital Resources to Support Capital Expenditure**

### **10.1 The Utilisation of Capital Resources**

10.1.1 The Council's strategy is to ensure that all resources are deployed to support the achievement of the Council's objectives. The Council's Capital Strategy and capital planning arrangements are consistent with, and linked to, the Greater Manchester Strategy but also enhance the Council's own co-operative ethos and other corporate initiatives such as Get Oldham Working, with the devolution of some resources and decision-making to Districts and Neighbourhoods. As such, the aspirations of District Partnerships need to be considered and they will be consulted, as appropriate, over potential bids for any available funding. The District Investment Fund and its replacement the Local Investment Fund are included in the Capital Programme, currently at £0.400m in the financial year 2023/24 and £0.100m in 2024/25.

10.1.2 As most capital financing can be used for projects at the Council's discretion, the Council is able to address its own priorities and shape the Capital Programme to align with local, regional and national priorities.

### **10.2 Creation of a Central Pool of Capital Resources**

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

- a) Cabinet/Council on the prioritisation of resources for the initial 2023/24 to 2027/28 Capital Programme.
- b) The appropriate decision-maker for any subsequent revisions to the Capital Programme.

10.2.2 The Budget Council will make the final decision on the overarching Capital Programme for 2023/24 to 2027/28 and will subsequently delegate (subject to the provisions in the Council's Constitution) the updating of the programme and revisions to projects following review and recommendations by the CIPB.

10.2.3 The CIPB will review the usage of any ringfenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council.

10.2.4 In determining the size of the central fund, the CIPB will have regard to the following:

- a) Delivery of the Council's Corporate Plan 2022 to 2027 and Our Future Oldham, the Oldham Plan agreed by the Oldham Partnership.

- b) The statutory fourth Greater Manchester Local Transport Plan (GMLTP4). This is part of the long-term transport strategy for Greater Manchester to 2040 with a five-year delivery plan.
- c) The current pressure on primary and secondary places in certain areas of Oldham and the lack of capacity in the current school stock.
- d) The Disabled Facilities Grant (DFG) is provided to meet the Council's obligation to finance adaptations to the homes of disabled residents and its commitments to wider social care. The Council receives the DFG funding via the Better Care Fund (BCF) and this is included within the pooled funding arrangements with Oldham ICP
- e) Social Care funding requirements arising from pooled funding arrangements
- f) Development of new policies arising from the proposed (but currently delayed) reform of Adult Social Care.
- g) The development of opportunities for new schemes arising from the Levelling Up agenda.
- h) The Council's ambition to deliver its Housing Strategy.
- i) Any resources allocated by Central Government after approval of the Council's 2023/24 to 2027/28 Capital Strategy/Capital Programme.

10.2.5 The Council will therefore passport all of the un-ringfenced resources for schools (via the Education Basic Need grant), transport, Disabled Facilities Grant and housing related funding to support spending in each of these respective areas.

10.2.6 Grant funding allocations notified to the Council also include information regarding capital maintenance funding for Voluntary Aided (VA) schools. This grant is paid directly to the Church of England and Roman Catholic Diocesan authorities and is not therefore included within the Council's Capital Programme. Expenditure undertaken by the Council on VA schools is planned with regard to the availability of contributions from the VA grant and diocesan resources.

### **10.3 Methods of funding capital expenditure**

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

#### **a) Government Grants and Non-Government Contributions**

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

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

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

## **b) Prudential Borrowing**

- 10.3.4 The Council will consider financing capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing.
- 10.3.5 Where it is considered that Prudential Borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be reflected in the revenue budget planning process.
- 10.3.6 The Council applied for and received the PWLB Certainty Rate reduction. This entitles the Council to receive a 20 basis points rate reduction on the prevailing rate of PWLB on any borrowing undertaken from 1 November 2022 to 31 October 2023. The obvious benefit to the Council of the certainty rate is reflected in reduced Treasury Management borrowing costs in relation to any PWLB borrowing undertaken. The Council will look at and assess all sources of external financing with a view to externally borrowing at an appropriate time when the borrowing need is identified. This will include, as appropriate, accessing funding through the UK Infrastructure Bank.

## **c) Capital Receipts**

- 10.3.7 Section 9 (1) of the Local Government Act 2003 defines a capital receipt as “a sum received by the authority in respect of the disposal by it of an interest in a capital asset”.
- 10.3.8 Section 9 (2) of the Act states “an asset is a capital asset if, at the time of the disposal, expenditure on the acquisition of the asset would be capital expenditure”.
- 10.3.9 Capital receipts are usually restricted to use for:
- i) Financing new capital investment.
  - ii) Reducing borrowing under the Prudential Framework.
  - iii) Paying a premium charged in relation to any amounts borrowed.
  - iv) Meeting any liability in respect of credit arrangements.
  - v) Meeting disposal costs (not exceeding 4% of the receipt).
- 10.3.10 In general, capital receipts arising from the disposal of housing assets and for which account is made within the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. In summary the regulations require that receipts arising from:
- i) Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government; and
  - ii) All other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying of housing debt.
- 10.3.11 Such receipts have reduced substantially since the transfer of the housing stock to First Choice Homes Oldham (FCHO).
- Value Added Tax (VAT) Shelter
- 10.3.12 As part of the Housing Stock transfer that took place in February 2011 a Value Added Tax (VAT) shelter agreement was entered into with FCHO. This allows FCHO to obtain the same VAT exemption on its capital works as the Council. The shelter only applies



for first-time improvements and is expected to cease in 2025/26 (the scheme will end in January 2026). FCHO retained all the benefits in the first four years and the savings thereafter have been split 50:50 with the Council, although the first £6.000m was top sliced to deal with outstanding FCHO asbestos liabilities.

- 10.3.13 FCHO has provided an indicative notification of the release of resources from the VAT shelter until the end of the scheme. These estimates are included in this current strategy and are being used to support the capital receipts requirement underpinning the overall Capital Programme.

#### Ringfencing of Capital Receipts

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

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

- i) The Equity Home Loan Initiative.
- ii) The Flexible Use of Capital Receipts Strategy – in 2023/24 and 2024/25, the first £2.600m of unallocated receipts will be used to support the revenue budget via the financing of transformational projects.

#### Flexible Use of Capital Receipts

- 10.3.16 As part of the Local Government Finance Settlement (LGFS) in March 2016, the Secretary of State for Housing, Communities and Local Government provided Local Authorities with the opportunity to use capital receipts to fund the revenue costs of transformation. This flexibility was then extended to 2021/22 as part of the 2018/19 LGFS. During the early part of the financial year 2022/23 confirmation was received from Government that this flexibility was extended for a further three year period (2022/23 to 2024/25) and a further revision was made in August 2022 to clarify qualifying disposals. As previously stated, the Council intends to utilise £2.600m of capital receipts to fund elements of Oldham's transformational agenda in line with the Directive guidance. Therefore in 2023/24 and 2024/25 the first £2.600m of qualifying disposals/ receipts will be used to support the revenue budget via the financing of transformational projects.

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

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

#### Availability of Capital Receipts

- 10.3.19 In considering the 2023/24 Capital Programme, and given the position with regard to capital receipts, a prudent approach has been taken with capital receipts assumed in accordance with an anticipated timeline for asset disposal. However as advised above,

the Council anticipates utilising £2.600m under the Flexible Use of Capital Receipts Strategy in 2023/24 and 2024/25 to support transformational projects.

10.3.20 The level of receipts upon which the programme relies to fund existing and new commitments has in the past been affected by the property market and more recently the COVID-19 pandemic (although the position is now moving to pre-pandemic conditions) which has impacted on the:

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

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

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

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

#### **d) Revenue Contributions**

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

#### **e) Use of Leasing**

10.3.25 Some of the assets used by the Council have previously been financed by leasing arrangements. Leasing is considered as a viable option for consideration when financing options are being appraised. Leasing may occasionally offer better value for money than financing through prudential borrowing, however, at the time a decision is required, a full financial appraisal will be undertaken.

#### **f) Section 106 Agreements**

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

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

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

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

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

#### **g) Community Infrastructure Levy**

10.3.29 The Council has the option to charge a Community Infrastructure Levy (CIL), a planning charge on new development based on legislation that came into force on 6 April 2010. The Council has considered this but at this time there are no plans to progress with CIL in Oldham as the viability of development in Oldham is low, meaning that the CIL charge might deter new development and, in any event, the charge collected would be relatively small because of the low viability. The position will be kept under review as work is taken forward in relation to the Greater Manchester initiatives and the Council's own Local Plan, and it should be noted that the Levelling Up and Regeneration Bill proposes a new Infrastructure Levy that is similar to CIL but would become mandatory once the relevant legislation and regulations are rolled out. More details on the proposed new Infrastructure Levy, and how it would be calculated, is awaited.

#### **h) Private Finance Initiative (PFI)**

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

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

## **i) UK Municipal Bonds Agency Plc**

- 10.3.32 The UK Municipal Bonds Agency (UKMBA) is owned by the Local Government Association (LGA) and managed by PFM; the largest independent financial advisory firm in the United States that works solely for public sector clients. It has extensive experience in the US bonds market and has a wealth of experience of bringing bonds to market for public sector clients. The aim of the agency is to provide Councils with a cost-effective source of long term borrowing (as an alternative to the PWLB) and to introduce sector owned diversity into the Local Government lending market.
- 10.3.33 To date the UKMBA has made one a standalone loan outside of the proportional guarantee. The loan was for £350m for 5-years and was a floating rate and linked to the Sterling Overnight Index Average (SONIA).
- 10.3.34 The Council has invested a total sum of £0.100m in the equity of the UKMBA. The Council will continue to monitor issuances by the UKMBA and cost of funds from the UKMBA as an alternative source of finance with a view to borrowing at an appropriate time if terms are preferential.

## **11. Capital Investment and Disposal Appraisal**

### **11.1 Capital Investment**

- 11.1.1 All capital investment will be commissioned on the recommendation of the Capital Investment Programme Board (CIPB) which will enable any expenditure and its funding to be better aligned with corporate priorities, partners and funding sources. Partners, from both the public and private sector will be at regional and local levels as well as at a district level.
- 11.1.2 Within the Council, a concept for a potential capital project should originate from, or at least be 'owned' by Senior Responsible Officer (SRO) or Directorate Management Teams (DMTs). The SRO or DMT that 'owns' the concept should prepare or direct the preparation of a Strategic Business Case (SBC) for the proposed project. The Strategic Business Case should be submitted to CIPB for consideration, with the exception of Strategic Regeneration projects where the Corporate Property Board (CPB) first reviews the SBC.
- 11.1.3 If the CIPB (or the CPB in the case of Strategic Regeneration Projects) is satisfied that the proposal meets investment criteria, it will be given approval to progress to Stage 2 of the process – the completion of an Outline Business Case (OBC). The OBC builds on the SBC providing more detailed information including the benefits that could be realised and may include a number of options to deliver the proposed benefits. The OBC will be submitted to the CIPB for consideration, and if it is satisfied with the proposal will give guidance for the development of a preferred option.
- 11.1.4 Stage 3 of the process entails the completion of a Final Business Case (FBC) which will then be submitted to the CIPB for final consideration. Again, building on the OBC, the FBC will contain evidence of a:
- a) Detailed financial analysis of all costs/income including how the project is financially sustainable and that any adverse revenue implications can be dealt with within existing budgets.
  - b) Robust delivery plan including how the chosen option delivers the highest impact in achieving the required outcomes with identified key project milestones enabling progress review.

- c) Risk assessment and that appropriate actions to negate these risks have been identified.
- d) Full exit strategy where the project involves a disposal.
- e) Method of procurement that represents value for money.

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

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

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

#### Gateway Review System

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

- a) Carrying out structured reviews at decision checkpoints, defined by boundaries between management stages, to test the project's management and its readiness to progress to the next stage.
- b) Promoting project assurance through the application of a structured project management system.
- c) Informing the governance process.

11.1.8 The Gateway Review structure is designed to be efficient by only requiring detail when it is needed to get to the next stage. It also tries to minimise additional work for team members by using templates that build on each other, reducing the need for reworking.

11.1.9 Gateway Reviews are undertaken by the Creating a Better Place Project Management Office which has been specifically set up to ensure there is a robust review process in place to support the delivery of capital schemes and therefore to support the work of the CIPB.

11.1.10 There are four Gateway Reviews which are initiated at key milestones in the delivery of a programme. Gateways 1 to 3 are undertaken in the approval process for the Strategic, Outline and Final business cases respectively. Gateway 4 is undertaken in support of the delivery and handover phase. It is important to note that the Gateway report is used to advise and inform those responsible for making the investment decision, the decision will not be made by the Gateway Review team.

## 11.2 **Service Challenge & Review, Efficient Use of Assets**

11.2.1 As part of the Creating a Better Place programme, the Council has started an ambitious programme of transformation which includes rationalising the corporate estate as a key driver for change which includes the delivery of revenue budget reductions.

11.2.2 A review of the Council's operational land and property portfolio has been initiated to consider:

- a) The core office estate;
- b) The operational asset base used for district-based service delivery; and
- c) Land.

11.2.3 Through the Creating a Better Place programme, an Assets Accommodation and Investment Group is leading work to further streamline the Council's core office accommodation, working collaboratively with other public sector partners, to exploit collective town centre property ownerships (including the Spindles and Town Square Shopping Centres) to maximise benefits from regeneration, inward investment and improve efficiency in operating costs. This will align with the Government's One Public Estate (OPE) Programme and the work undertaken by the Strategic Estates Group (SEG).

11.2.4 With regard to the review of operational district assets and Place-Based operating arrangements, the Property Team and services continue to work closely alongside wider public and third sector partners to ensure that portfolios are the best fit for purpose and efficient usage is maximised. Work with NHS partners has been accelerated to support the health and social care integrated working agenda.

11.2.5 In taking forward the Creating a Better Place programme, the disposal of land and property assets will be progressed with alignment to corporate objectives and incorporated into the asset rationalisation programme. The review of the Council's existing investment portfolio will be included as part of proposals to further streamline the Council's Asset Estate, in line with required capital receipts targets and approved revenue budget savings.

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

11.2.7 The Corporate Property Board oversees the acquisition and disposal of land and property assets and monitors the progress of the asset rationalisation programme and performance of the investment portfolio.

## **12 The Prioritisation of Capital Requirements**

12.1 Once a bid for capital expenditure has passed through the Gateway process and has demonstrated that it aligns with Council priorities and links to the Greater Manchester Strategy (if appropriate) and it has been agreed that it is suitable for capital investment, the strategic requirements will be prioritised using the following criteria (it should be noted that these are not mutually exclusive or in ranking order):

12.2 The criteria examine whether the proposal is:

- a) Related to mandatory, contractual or legislative service delivery requirements.
- b) Required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process.
- c) Required to support Corporate Plan, Oldham Plan and Service Plan priorities.
- d) Enhancing the Co-operative Council agenda and demonstrating the delivery of wider Social Value.
- e) Supporting the Get Oldham Working priority initiative and demonstrating how it delivers the aim of local jobs for local people.
- f) Supporting integrated working with NHS partners or in support of other GM strategic objectives
- g) Linked into other regional objectives.
- h) Enhancing the asset management/estate management agenda.
- i) Providing general revenue budget reductions or offering the delivery of a more efficient service including promoting the digital transformation of Council services.
- j) Fully-funded from external resources.
- k) Securing substantial external resources for which Council matched funding is required.
- l) Likely to have the highest impact on achieving improved performance against the Council's key objectives.
- m) Making a contribution to carbon reduction targets and renewable energy initiatives as part of the Council's Green New Deal.
- n) Supporting regeneration and economic growth, particularly in the town centre and district centres.
- o) Supporting recovery from the long term impact of the COVID-19 pandemic.

12.3 The results of this process will be presented to Members each year as part of the capital budget setting process, or during the year if projects come forward outside of the normal timeframe.

## **13 The Procurement of Capital Projects**

13.1 The structure of the Council's procurement and strategic relationship management function includes designated Commercial Procurement Managers whose focus is to support all capital projects.

13.2 Integration of revenue and capital financial planning provides opportunities for greater efficiency by selection of the most effective procurement processes to ensure the best commercial solution.

13.3 The Council is keen to ensure that Social Value, is demonstrated during the procurement process, linked to the principles of the co-operative agenda. Therefore, this is of key importance in the procurement of all capital schemes. The social value

deliverables are actively monitored by the procurement team throughout the life of the contract.

13.4 Efficiency gains via procurement will be achieved by:

- a) Efficient procurement processes which are constantly being enhanced with opportunities being developed to ensure the best commercial solution is selected and delivered.
- b) Expanding the range of providers included within the Council's early payment discount scheme.
- c) Strategic contract management of the wider supply chain to ensure continuous savings through the life of the project.
- d) Procuring fixed price contracts with risk/reward terms to incentivise further efficiencies.
- e) Joining in GM wide procurement initiatives which will provide savings through economies of scale.
- f) Public Private Partnership (PPP) agreements and other innovative financing arrangements where practicable.
- g) Leasing/borrowing strategies which will consider the most effective means of acquiring assets.
- h) The establishment in April 2022 of the Northwest Contactor Framework to facilitate the engagement of construction contractors to deliver Council planned projects. An additional benefit of the framework is, the option to generate additional income from other public bodies who wish to use the framework.

## **14 The Measurement of the Performance of the Capital Programme**

14.1 The capital commissioning approach that has been adopted by the Council is supported by a strong programme management process in order to ensure a co-ordinated corporate approach to the strategic alignment of investments. The process has been modelled on the PRINCE 2 project management methodology, incorporating risk assessment, risk management, option appraisal, cost v benefit analysis, etc. This ensures that investments are planned, managed and delivered prudently.

14.2 The Capital Investment Programme Board (CIPB) has a remit to review the financial performance of the Capital Programme and from month 3, it receives a monthly monitoring report. In addition, financial monitoring reports will be considered by Cabinet at months 3, 6, 8 and 9 together with a capital outturn report. Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports.

14.3 The undertaking of the detailed annual review of the Capital Programme provides the opportunity to review all schemes or focus on specific areas of concern.

14.4 Where a potential cost overrun has been identified, the CIPB will explore possible solutions in detail. It will also consider any under spending or identified surplus resources which can be added to the central pool of resources. The CIPB may also suggest a reallocation of resources to other projects.

14.5 Where there is a delay in the commitment of programme/project resources, the CIPB will require project managers to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of un-ringfenced resources to other projects.

14.6 The performance of the Capital Programme is also measured by the prudential indicators which are reported to Cabinet/Council as part of the Treasury Management



Strategy, the Treasury Management half-yearly review, and the Annual Review. Some grant regimes, such as the Towns Fund, have separate monitoring arrangements with reports required to be submitted to Government. Where appropriate CIPB will consider such external reports.

## **15 The Capital Investment Programme Board**

15.1 The Capital Investment Programme Board (CIPB) is an Advisory Board and is chaired by the Deputy Leader and Cabinet Member for Finance and Low Carbon. The lead Chief Officer for CIPB is the Executive Director – Place and Economic Growth. The Leader of the Council and the Deputy Leader and Cabinet Member for Culture and Leisure Services have a standing invitation to all meetings. The Board is supported by the Director of Finance, the Director of Education, Skills and Early Years and the External Funding Manager. The Board has a Terms of Reference and detailed reporting performance processes which are included at Annex B.

15.2 All Directorates are represented at Director level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet Member to attend when a project within their portfolio is being discussed.

## Priority Areas for Investment

The priority investment areas identified for the 2023/24 to 2027/28 period covered by this Capital Strategy document are set out below, along with information about longer term projects which form part of the vision for the borough.

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

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

The breakdown of funding by project area is shown across the current programme to 2027/28 at Annex C. The narrative supporting the programme is set out below together with information about projects which the Council plans to take forward in the following 10 years from 2028/29 to 2037/38.

### **A) Schemes to be Delivered in Years 0-5 (2023/24 to 2027/28)**

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

- those that will be initiated and delivered in the five years of this strategy period (2023/24 to 2027/28); and
- those which will progress from 2028/29 to 2037/38 (a further 10 year timeline).

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

## **1 On-going Requirements**

There are requirements for the continued annual funding of existing programmes of work across the current five year programme and beyond. However, as mentioned in paragraph 3.3 in the Strategy, following the outcome of the review of the Capital Strategy 2023/24 to 2027/28, in the financial year 2027/28 no additional funding has been allocated to the programme in the following areas as cumulatively there is deemed to be sufficient unallocated resource to meet existing needs. The principle of continued funding

remains and will be revisited as part of the 2024/25 Capital Strategy. The continuation of funding schemes are summarised as follows:

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

Spending in this area aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. Provision for such expenditure is included within the Place and Economic Growth – Asset Management (Backlog maintenance and Other) service budget which has an allocation of £7.419m in 2023/24.

b) School Condition Works

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

c) ICT Strategy

The current review of transformational change across the service areas and the associated Change Activity Log that has been compiled by the Customer, Digital Technology and Transformation (CDTT) team in conjunction with the new Programme Area Management Boards, is still under review by the Strategic Change Board. The outputs from this exercise, expected in early 2023 is likely to have a bearing on the ICT Strategy and may influence the priorities and when key initiatives are progressed.

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

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

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

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

- **Digital & Technology Foundations** – the main focus of this area is to further implement the technology necessary to safely and securely exit the Council's

on-premise data centre and move legacy Council systems into the MsAzure cloud environment with suitable Disaster Recovery provision and segregated backup facilities. Change will include further development of the Council's client estate deploying a zero-trust connection architecture and regarding the network, data connections will no longer traverse the datacentre. The network will also be developed with the Great Manchester One Network across the Borough. The move to Azure will involve changes to secure printing and replacement of existing print capability. Key initiatives will reduce the current technical deficit existing in the infrastructure by replacement of systems for sustainability reasons and to enhance cyber resilience. External drivers such as the move to a fully digital network will be catered for in preparation for the national switch off, of the existing PSTN (Public Switched Telephone Network) at the end of 2025. In 2023 there will also be the start of the Council end-user device refresh, where eventually, up to 3,000 laptops will be replaced to ensure compliance and maintain productivity.

- **Line of Business Systems** – the line of business systems investment is necessary for the upgrade and re-platforming of key business systems, moving to cloud provision where appropriate. An allowance is also provisioned to implement Application Platform / Portfolio Management, rationalisation of functionality and decommissioning.
- **Business Support, HR/OD foundations** – the implementation of Workforce management automation, implementation of an Electronic Data Records Management Solution (EDRMS) and improvements to employee self-service within Council's payroll system (iTrent).
- **Workforce Collaboration and Productivity** – enabling staff to work from anywhere via leading edge and fully secure remote connection methods where they can access their stored documentation through cloud storage. This will include migrating the on-premise shared files from the datacentre into SharePoint Online. The new cloud-based telephony system will support hybrid working principles and will integrate telephony with a CRM system for improved customer service. Implementing more of the collaborative tools included within MsOffice365 will increase the productivity of the workforce and replacement of the current intranet will improve access to information for staff.
- **Customer Experience** – utilisation of the Customer Digital Platform to create end to end digital services, redesigning services accessed through the new customer portal will continue to be developed and will promote / utilise customer insights. Implementation of a new website will improve the customer journey and improvements to contact centre capabilities will be explored in conjunction with the customer digital platform.
- **Business Insight Performance, Strategy & Policy Foundations** – Leveraging existing investments to deploy a data analytics platform. This platform builds upon the above themes and principles to create the conditions where Oldham Council can understand the borough better and use this insight to improve services, through the deployment of a Business Intelligence (BI) accelerator for the customer, finance and social care business units supporting the challenges around Troubled Families and the cost of living crisis.

To finance the investment in the areas highlighted above, provision is included within the Information Technology service budget which has funding available of £5.958m in 2023/24.

d) Social Care

This resource will provide additional support for transformational schemes to further health and social care integration, and wider social care initiatives within both Adult's and Children's services. The current budget within the strategy over the period 2023/24 to 2026/27 is £1.700m and is available for such investment.

e) Environmental Services

To support the purchase of environmental machinery, provision is included within the People and Place – Environment (Countryside and Parks) service budget. Funds for investment of £0.135m are available in 2023/24, with a overall total of £0.435m over the life of the programme.

## 2 Creating a Better Place

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

Creating a Better Place also encompasses the Housing Strategy and Medium Term Property Strategy. Efficient utilisation and rationalisation of the Council's corporate estate (land and property) is crucial to the delivery of £8.058m of approved revenue budget savings between 2022/23 and 2026/27. The Creating a Better Place programme incorporates a wide range of schemes which are either in train or will be started over the period 2023/24 to 2027/28.

The ambition set out within the Creating a Better Place programme will be supported with significant grant funding initially identified in the Levelling Up the UK White Paper in the form of £24.400m from the Towns Fund (£11.266m over this Capital Strategy period) and £10.750m from the Future High Streets Fund (£9.019m over this Capital Strategy period), the recently announced £20.000m Levelling Up for Green Innovation and Technology Network and funding from the Public Sector Decarbonisation Scheme. The Council will seek to secure further funding to support decarbonisation and the Green New Deal strategy from funds such as the Public Sector Decarbonisation Scheme as well as the £2.6bn UK Shared Prosperity Fund.

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

a) Housing

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

possible to achieve the aims of the Housing Strategy, including the potential opportunities from the recently announced Local Authority Housing Fund which provides a new funding stream with the opportunity to construct/acquire a sustainable stock of affordable housing.

#### b) Town Centre and Borough-Wide Regeneration

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

Details of key regeneration schemes are set out below.

##### *Spindles and Town Square Shopping Centres*

The Council acquired the shopping centres in October 2020 as a critical strand of wider plans for the redevelopment of the town centre. The acquisition of the shopping centres and subsequent redevelopment will facilitate the release other town centre sites for repurposing including the provision of housing and additional green space. These proposals will also help reduce corporate landlord costs and backlog maintenance liabilities which will contribute to the delivery of an already approved £8.058m of revenue budget savings between 2022/23 and 2026/27.

Plans for the redevelopment of the shopping centre include the relocation of Tommyfield Market and the provision of flexible office accommodation which will enable the Council to eventually vacate its existing Civic Centre site. The current retail offer will remain a key element of the centre albeit with better overall use of the space available. The first phase of the development of office space in the Spindles was completed in October 2022 and the Council is currently occupying the Phase 1 office space. Redevelopment of the centre is partially financed from over £12m of Towns Fund grant out of an allocation totalling £24.400m and the Council has successfully received an offer of PSDS funding which will be added to the programme once the final grant offer and conditions have been approved.

##### *Wider Town Centre Redevelopment*

The Council is currently procuring a Private Sector Partner (PSP) to enter into a Joint Venture with the Council to facilitate the regeneration of several key Town Centre Assets including the former Magistrates Court, Civic Centre and Queen Elizabeth Hall, Tommyfield Market and the former Leisure Centre with the option to include further sites with the agreement of the PSP and Council. The proposals are for a residential-led regeneration of the Town Centre to meet the Council's requirements for housing, however, it is expected that the proposals will also include other mixed uses.

##### *Future High Streets Fund (FHSF) Schemes*

Grant of £9.019m from the FHSF is supporting the delivery of three regeneration schemes over the period 2023/24 to 2027/28. Firstly, the Egyptian Room in the Old Town Hall Complex is being converted to a food hall which will see a coffee shop, pizzeria and a bar centred around a communal dining area. The fund will also support the acquisition and redevelopment of a historic building in the town centre

as well as the Accessible Oldham project which will deliver public realm and connectivity improvements in and around the town centre.

#### *Oldham Coliseum Theatre*

The Council is investigating potential options with regards to Oldham Coliseum Theatre following the Coliseum's unsuccessful application to remain in the Art Council England (ACE) portfolio for the next three years. No specific provision has been included within the capital programme at this point as options are being considered and assessed, with the Council working alongside the Coliseum Board.

#### *Making Space for Live Performance*

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

#### *Green Innovation and Technology Network*

A public realm improvement project supporting Oldham's low carbon 20-minute neighbourhood that will establish Oldham as a sustainable destination, enhancing its green infrastructure network, facilitating a modal shift to active travel and making the Green Shoots Centre and Learning Centre more accessible to the local population. One of the key destinations on the network will be the new Jubilee Park which will provide a new green heart to Oldham Town Centre. The proposals combined, will maximise inclusive economic growth and net zero carbon opportunities in Oldham whilst supporting economic recovery, access to green space, reduced health inequality, improved air quality and enhanced connectivity.

#### *Northern Roots*

This scheme is part of a long term vision to create the UK's largest urban farm and eco-park on 160 acres of land at Snipe Clough in the east of the borough. The scheme incorporates a wide range of initiatives including growing hubs, recreation areas and educational facilities. The scheme will also contribute to social prescribing and boost tourism. Towns Fund Grant of £6.133m will support the cost of enabling works and access routes as well as the construction of key infrastructure including a visitor centre and mountain biking hub. A proposal for a learning centre from part of the Council's £20.000m Levelling Up bid that was approved in January 2023.

#### *Old Library Building*

The Old Library building is currently in the process of being refurbished and redeveloped to house the Council's Member services including the Council Chamber, provide for an extension of Gallery Oldham and the provision of publicly accessible spaces to bring the historic building back into use and support plans to vacate the existing Civic Centre.

#### *Royton Town Centre Development*

In line with the Co-operative Council ethos, a capital priority is investment in neighbourhoods, in particular the creation of hubs around neighbourhood town halls. There is an allocation within the Capital Strategy for the Royton Town Centre redevelopment.

### *Other Regeneration Schemes*

Other schemes which are progressing through to the construction phase include the provision of a new depot at Alexandra Park and investigations into a potential Minewater Heat Network. The Council is also developing housing and employment sites at Broadway Green, Hollinwood and Salmon Fields. Housing developments at Southlink and Derker are also being progressed via land sales to developers. All these sites are expected to advance further within the next five years. The Council will take advantage of suitable development opportunities throughout Oldham in order to advance its regeneration objectives.

#### c) Asset Management

##### *Medium Term Property Strategy (MTPS)*

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

The MTPS and its implementation is key to the Council achieving both cost savings and a more efficient use of the corporate estate, contributing to the delivery of an already approved £8.058m of annual revenue budget savings and a reduced requirement for backlog maintenance as well as informing the development of an asset disposals programme to reduce Council holdings of surplus assets and generate additional capital receipts.

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

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

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

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

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



### *Surplus Sites*

The Council has an extended portfolio of surplus sites scheduled for disposal, for which up front capital funding may be required for enabling and other works to ensure that the land is suitable for redevelopment. The Medium Term Property Strategy and Creating a Better Place programme encompass the disposal of surplus sites to create capital receipts and create a revenue saving. The Capital Strategy 2023/24 to 2027/28 includes an allocation within the Place & Economic Growth – Other Regeneration Priorities service budget to support this enabling work. It must be noted that the Capital Programme's financing is reliant on the income generated from these disposals in the form of capital receipts.

### *Working with NHS Partners*

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

### d) Green Initiatives and Decarbonisation

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

Achieving these targets will necessitate the alignment of the Council's Capital Programme with the decarbonisation agenda. This will mean addressing new building projects, the retrofit of existing assets and routine maintenance through the lens of whole-life business cases taking into account the future costs and carbon implications of energy use. Grant funding is available for the decarbonisation of Council buildings Public Sector Decarbonisation Scheme (PSDS) grant funding has already been obtained for projects at Oldham Leisure Centre, Alexandra Park Depot and the Spindles subject to the final offer letters and the Council approving the grant. but requires match funding from the Council. The Council has identified 10 key assets to be prioritised for decarbonisation works, which have been selected according to the level of energy use and political priority, and has bid for further PSDS grant funding for the first of these (Chadderton Town Hall). Additionally, the Council has approved the development a solar farm in the Borough now that increases in the wholesale price of electricity have improved the financial viability of the scheme.

As well as Council investment in its own assets, there is potential to establish a strategic partnership which could help to unlock private sector investment for low carbon energy infrastructure in the borough. An initial assessment of need has

identified a potential opportunity for £5.6bn of low carbon energy infrastructure in Oldham borough helping to deliver our 2030 net zero aspirations.

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

Feasibility work on the proposed Town Centre Minewater District Heat Network continues with another circa £0.160m in revenue funding secured from the Department for Business, Economy and Industrial Strategy (BEIS) Heat Network Delivery Unit (HNDU) to develop the project to Outline Business Case (OBC) stage. The new BEIS Green Heat Network Fund will provide capital funding for any future heat network which either the Council or a private developer will be able to access. The cost of the proposed heat network has been estimated at £20m. No specific provision has been included within the capital programme at this point to fund the cost of the proposed heat network as it is envisaged financing may either be sourced from Central Government or from the private sector, notwithstanding the ultimate recommendation in the Outline Business Case once it has been completed (expected summer 2024).

The Council is investigating potential options with regards to carbon efficiency and revenue savings associated with the Council's Street Lighting, which is a joint PFI contract with Rochdale Borough Council. The proposal is to replace the street lights with more energy efficient LED lights. No specific provision has been included within the capital programme at this point as options are being considered including an assessment of the PFI contract.

### **3 Highways and Transport**

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

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

Government changed the funding arrangements for Mayoral Combined Authorities from 2022/23 and introduced a single City Region Sustainable Transport Settlement (CRSTS) covering the 5-year period 2022/23 to 2026/27

CRSTS includes new funding for transport as well as existing funding streams that have been consolidated into the 5-year settlement, such as the Highway Maintenance Block which previously formed the basis of Oldham's Transport Capital Programme, and the Integrated Transport Block.

Government announced in April 2022 that Greater Manchester would receive £1.070bn of funding from the City Region Sustainable Transport Fund for the five-year period 2022/23 to 2026/27. Greater Manchester's bid for this funding included several transport projects put forward by Oldham Council, as well as Transport for Greater Manchester (TfGM) led schemes and Greater Manchester wide programmes which could result in further investment in the borough.

Highways Maintenance funding for Oldham is a guaranteed figure of £3.067m per year between 2022/23 and 2026/27. Whilst Integrated Transport Block grant was distributed to districts on a formula basis for 2022/23, there is uncertainty as to whether this allocation will continue for the rest of the funding period. This is due to the possibility of Integrated Transport Block being used as part of the funding strategy for Bus Franchising. This need will be reviewed on an annual basis.

Each GM district has one 'Strategic Maintenance' scheme being developed through CRSTS. These schemes attract capital funding of upto £4.500m each. Oldham's scheme involves major maintenance / refurbishment of the Manchester Street Viaduct structure, the last major structure along the Oldham Way bypass to require refurbishment to secure the highway network for the future.

The Strategic Outline Business Case (SOBC) for this scheme has been prepared and submitted to TfGM for assurance with the drawdown of the capital allocation for the scheme expected early in 2023/24 with delivery between 2023/24 and 2026/27.

A sum of £2.000m of maintenance block funding is committed to 'match fund' this scheme in 2025/26 and 2026/27.

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

- £3.067m Highways Maintenance per year between 2022/23 and 2026/27.
- A GM Mayor's Cycling and Walking Challenge Fund grant of £11.600m for Tranche 6 Bee Network schemes (including the TfGM-led scheme 'Bee Network Crossings') - £2.200m forecast to be spent in 2022/23, £5.696m in 2023/24 and £4.536m in 2024/25.
- A £3.8m DfT Highway Maintenance Challenge Fund grant for Waterloo Street and Wellington Street bridges on Oldham Way with a forecast spend of £1.600m in 2022/23 and £2.211m in 2023/24.
- A Future High Street Fund grant of £1.482m for further elements of the Accessible Oldham Town Centre programme, forecast to be spent across 2022/23 and 2023/24.
- Active Travel Fund 2 grant of £0.600m to be spent in 2022/23.
- CRSTS funding totalling £4.912m over the life of the programme, with a forecast spend of £1.142m in 2023/24, £1.000m in 2024/25 and £2.770m in 2025/26.

Securing additional grant funding for investment in transport infrastructure is an Oldham Council priority and an ongoing activity. The Council is currently awaiting the announcement of the Department for Transport Active Travel Fund Tranche 4 allocation for Greater Manchester. This announcement is expected in early-2023 and Oldham Council will submit active travel scheme proposals for inclusion in the GM package that is presented to Government.

In addition, Oldham is developing its own Oldham-led CRSTS schemes which are likely to secure capital funding in 2023/24 for further development to Outline Business Case (OBC) and Full Business Case (FBC) as follows:

- £7.200m for Accessible Oldham Phase 2 - St Marys Way Streets for All scheme;
- £4.500m for Mumps Corridor Highway Improvements;
- £4.500m for Beal Valley / Broadbent Moss Accessibility Improvements (existing highway network).

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

- CRSTS Bus Pinchpoint Programme;
- CRSTS Bus priority signing and lining;
- CRSRS Bus Stop Enhancement Programme.

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

#### 4 Other Programmes and Schemes

##### a) Housing Initiatives (Funded by the Housing Revenue Account Resources)

Given the reducing HRA balances following the below inflation rent increases applied over the next few years, the Council will need to determine for all future HRA projects, the best source of funding. However, the forecasts in this Capital Strategy reflect a planned use of balances.

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

- **Developing the Purchase and Repair and Lease and Repair pilot schemes in the private rented sector** - The Council has launched a pilot empty homes intervention project to work with owners of empty homes to bring their properties back into use through one of the two options available from the Council. A combination of HRA funding and Homes England Grant funding has enabled the development of Purchase & Repair and Lease & Repair options; designed to financially support landlords in bringing their properties back into use. It is envisaged that this scheme will be widened post the pilot phase.
- **Future Housing Purchases** – The Council has made provision to purchase additional housing which will be added to the Council's HRA stock and will provide a new social housing option for families within Oldham.

##### b) Social Care

The Council has extensive responsibilities to deliver an adequate standard of social care and works closely with National Health Service partners. The Council will address identified needs or opportunities to facilitate enhanced service provision and support income generation in respect of community health and adult social care. The current budget within the strategy is £1.700m and is available for such investment.

This resource will provide additional support for transformational schemes to further health and social care integration, and wider social care initiatives within both Adult's and Children's services, including the provision of an in-borough childrens social care facility.

#### *Better Care Fund (Disabled Facilities Grants)*

The demand for major property adaptations to premises continues to rise, particularly because of the increase in numbers of elderly clients and also of very disabled children where medical advances have seen improvements in life expectancy. There are also increased requests for adaptations to FCHO properties. For 2022/23 the final Better Care Fund (BCF) capital allocation in the form of Disabled Facilities Grant (DFG) was £2.343m. The grant was un-ringfenced but, given the Council's obligation to undertake adaptations, the strategy of the Council is to passport the full grant allocation for the intended purpose; to support housing adaptations (it is important to note that grant is included within the Pooled Fund in place between the Council and Oldham ICP). The 2022/23 funding is expected to be fully utilised together with a portion of the cumulative unspent grant brought forward from prior years. At present, there is no notification of future funding allocations, therefore an estimated allocation mirroring the current years grant of £2.343m has been included in each of 2023/24 and 2024/25 and £0.526m in 2025/26 which includes an element of the cumulative unspent grant brought forward from prior years.

Within the proposed adult social care reforms, the Government has promised to facilitate a new practical support service to make minor repairs and changes in peoples' homes to help people remain independent and safe in their home. This will be accompanied by an increase in the upper limit of the Disabled Facilities Grant clients can access for home adaptations.

#### *Proposed adult social care reform*

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

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

The reforms promised to make additional funding available although it is not yet fully clear how this funding will be accessed/distributed. A proportion of this funding is likely to be for capital purposes

Contained within the proposed reforms are a range of commitments a proportion of the funding from the allocations highlighted below is likely to be for capital purposes:

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

Within the Autumn Statement 2022, delivered on 17 November 2022, the Chancellor of the Exchequer announced that the Adult Social Care Reforms specifically in relation to Charging and the Fair Cost of Care would be delayed for two years, with the funding retained within Local Government and allocated “to allow local authorities to provide more care packages”. At this moment in time, it is not clear if and/ or how this may impact on the priority areas listed above.

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

c) Fleet Replacement Programme

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

d) Local Improvement Fund

Within the life of the Capital Strategy there is an allocation of £0.500m (£0.400m in 2023/24 and £0.100m in 2024/25) for the Local Improvement Fund (LIF). The LIF was originally established in 2019 to encourage the active participation of residents and local organisations in improving the quality of life in the local area. The fund can be used to improve community buildings, equipment and other facilities and encourages residents to prioritise the schemes that matter to them.

e) GM Investment Fund Loans

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

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

f) Greater Manchester Devolution and Related Initiatives

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

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

g) Opportunities arising from the Levelling Up Agenda

The Levelling Up agenda is focussed on a wide range of initiatives and funding streams and mentioned in section 4 of the strategy. The Council will ensure as more information becomes available about funding streams, the opportunities these provide will be maximised to the benefit of Oldham. Bids will be submitted and resources deployed to support the key objectives of the Council's capital strategy.

#### h) Matched Funding for Grant Bids

The Council is mindful that the Government or the GMCA may introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council's strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

#### i) Funding for Emerging Priorities

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

This is considered a prudent approach to allow flexibility, revision and reassessment of understanding priorities. Provision of £1.492m is available in 2023/24 with a further £31.207m available over the rest of the Capital Programme period. In addition, the Capital Strategy also includes an additional unallocated resource to mitigate against the risk of scheme cost increases resulting from the legacy of the pandemic, the war in Ukraine and the current Cost of Living crisis. The construction industry has been impacted by supply chain issues and material shortages which is causing inflationary pressures and extensions of delivery timescales. Corporate provision has been made within the strategy to help the Council manage the impact of these pressures so it can continue to deliver planned schemes.

### **B) Schemes to be delivered over a further 10 years (2028/29 to 2037/38)**

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

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

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

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

It is challenging to make accurate long-term forecasts. Those forecasts that are made can only be classed as best estimates and will be subject to amendment over time.

However, long-term forecasting is valuable in informing strategic plans taking account of the sustainability and affordability of existing and planned investment, which will need to be repaid over future years. It is important that the funding arrangements and financial implications of major capital projects and investments that have been included within the updated strategies mentioned earlier, are understood and planned well in advance.

Most schemes included within the longer-term programme are developments of projects already included within the initial 0 to 5-year timeline. However, each scheme will move through different phases with different objectives and expected outcomes. The schemes below have an implementation period of between 6 to 15 years covering the period 2027/28 to 2036/37 and reflect the next stage of the Creating a Better Place programme.

a) Town Centre

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

b) Borough-Wide Regeneration

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

c) Partnership and Joint Working

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

d) Northern Roots

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

e) Housing

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



## Capital Investment Programme Board

### 1 Terms of Reference

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

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

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

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

## **2 Membership**

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

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

Officers in attendance at CIPB are:

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

## **3 Reporting and Performance Process**

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

e) Consider any reallocation of resources

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

#### **4 Decision Making**

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

#### **5 Decision Recording**

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

#### **6 Governance**

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

## **7 CIPB Sub-groups**

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

Current sub-groups are:

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

The core officer membership for each sub-group comprises:

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

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

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

## Annex C

Expenditure	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Community Health and Adult Social Care</b>	<b>3,023</b>	<b>2,643</b>	<b>846</b>	<b>400</b>	
Social Care	680	300	320	400	
Disabled Facilities Grant	2,343	2,343	526		
<b>Children's Services</b>	<b>10,258</b>	<b>4,850</b>	<b>1,691</b>	<b>1,500</b>	<b>1,500</b>
Schools - General	4,266	4,522	1,691	1,500	1,500
Schools - Primary	1,250	266			
Schools - Secondary	4,724	53			
Schools - Special	18	9			
<b>Communities</b>	<b>400</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
District Investment Fund/Local Investment Fund	400	100	-	-	-
<b>Place and Economic Growth</b>	<b>83,936</b>	<b>81,101</b>	<b>27,309</b>	<b>36,507</b>	<b>3,054</b>
Asset Management - Backlog Maintenance	4,119	1,000	1,000	1,000	-
Asset Management - Other	3,300	1,000			
Asset Management - Education Premises	1,749	2,883	-	-	-
Boroughwide Developments	24,455	28,220	12,052	21,008	-
Environment – Cemeteries/Crematorium	37	-	-	970	-
Environment - Countryside / Parks	135	100	100	100	-
Private Housing - HMRF	150	150	-	-	-
Public Realm	50	-	-	-	-
Strategic Acquisitions	2,000	7,929	-	-	-
Town Centre Developments	33,888	32,116	7,097	5,875	-
Transport - Accident Reduction	198	-	-	-	-
Transport - Bridges & Structures	4,589	1,000	2,770	-	-
Transport - Fleet Management	298	370	790	2,000	-
Transport - Major Works/Drainage schemes	7,659	7,333	3,500	5,554	3,054
Transport - Minor Works	781	-	-	-	-
Transport - Miscellaneous	528	-	-	-	-
<b>Housing Revenue Account</b>	<b>1,000</b>	<b>500</b>	<b>95</b>	<b>-</b>	<b>-</b>
Housing Revenue Account	1,000	500	95	-	-
<b>Corporate / Information Technology (IT)</b>	<b>5,958</b>	<b>3,960</b>	<b>2,650</b>	<b>2,150</b>	<b>-</b>
Information Technology	5,958	3,960	2,650	2,150	-
<b>Capital, Treasury &amp; Technical Accounting</b>	<b>4,238</b>	<b>2,738</b>	<b>234</b>	<b>10,120</b>	<b>-</b>
Strategic Investments	1,638	138	234	-	-
Flexible Use of Capital Receipts	2,600	2,600	-	-	-
Provision for Inflationary Pressures	-	-	-	10,120	-
<b>Capital General</b>	<b>1,492</b>	<b>12,486</b>	<b>13,836</b>	<b>4,885</b>	<b>-</b>
Funding for Emerging Priorities	1,492	12,486	13,836	4,885	-
<b>Budget Expenditure Total</b>	<b>110,305</b>	<b>108,378</b>	<b>46,661</b>	<b>55,562</b>	<b>4,554</b>

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

Resources Available	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Ringfenced Grants</b>	<b>(29,696)</b>	<b>(33,024)</b>	<b>(2,903)</b>	-	-
Challenge Funding	(2,211)	-	-	-	-
Devolved Formula Capital (DFC)	(759)	(328)	-	-	-
DfT Active Travel Fund	-	-	-	-	-
Future High Street Fund	(3,104)	(5,915)	-	-	-
Grant in Aid	-	-	-	-	-
Growth Deal 3	(510)	-	-	-	-
Special Provision Fund - Pupils with Special Educational Needs (SEN) And Disabilities	(355)	-	-	-	-
High Needs Provision Capital Allocation (HNPCA)	(2,919)	(3,112)	-	-	-
Mayor's Cycling and Walking Challenge Fund	(5,696)	(4,536)	-	-	-
Towns Fund	(3,000)	(8,133)	(133)	-	-
Levelling Up Fund Green Technology	(10,000)	(10,000)	-	-	-
City Region Sustainable Transport Settlements	(1,142)	(1,000)	(2,770)	-	-
<b>Un-ringfenced Grants</b>	<b>(10,853)</b>	<b>(9,434)</b>	<b>(3,580)</b>	<b>(5,554)</b>	<b>(3,054)</b>
Basic Need Capital Grant	(3,252)	(1,410)	-	-	-
Better Care Fund (Disabled Facilities Grant) 2021/22	(526)	-	-	-	-
Better Care Fund (Disabled Facilities Grant) 2022/23 & Future Years	(1,817)	(2,343)	(526)	-	-
School Condition Allocation	(1,749)	(2,884)	-	-	-
Local Transport Programme - Highway Maintenance Grant	(3,509)	(2,797)	(3,054)	(5,554)	(3,054)
<b>Other resources – Capital Receipts</b>	<b>(7,569)</b>	<b>(2,865)</b>	<b>(1,056)</b>	<b>(970)</b>	-
Agreed Council Resources	(4,969)	(265)	(1,056)	(970)	-
Flexible Use of Capital Receipts	(2,600)	(2,600)	-	-	-
<b>Other resources - Other</b>	-	-	-	-	-
Contribution from 3rd Parties	-	-	-	-	-
<b>Other resources - Prudential Borrowing</b>	<b>(61,186)</b>	<b>(62,556)</b>	<b>(39,028)</b>	<b>(49,038)</b>	<b>(1,500)</b>
Prudential Borrowing	(61,186)	(62,556)	(39,028)	(49,038)	(1,500)
<b>Revenue Contribution - Housing Revenue Account (HRA)</b>	<b>(1,000)</b>	<b>(500)</b>	<b>(95)</b>	-	-
Revenue Contribution to Capital Outlay - HRA	(1,000)	(500)	(95)	-	-
<b>Resources Total</b>	<b>(110,305)</b>	<b>(108,378)</b>	<b>(46,661)</b>	<b>(55,562)</b>	<b>(4,554)</b>

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

## Flexible Use of Capital Receipts Strategy

### Introduction

In March 2016, the former Secretary of State for Housing, Communities and Local Government, now the Department for Levelling Up, Housing & Communities (DLUHC) issued Statutory Guidance that permitted Local Authorities to use capital receipts to fund the revenue costs of transformation for the period 1 April 2016 to 31 March 2019. This flexibility was then extended to 31 March 2022 as part of the 2018/19 Local Government Finance Settlement (LGFS). In February 2021, the Secretary of State announced, alongside the Local Government Finance Settlement, that the capital receipts flexibility programme would continue for a further three years. In April 2022, confirmation was received that the opportunity to apply the Flexible Use of Capital Receipts would be available for the financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024.

This Capital Strategy and the Medium Term Financial Strategy (MTFS) of the Council have been prepared on the basis on the continued use of the Flexible Use of Capital Receipts for 2023/24 and 2024/25.

### Statutory Guidance

The Statutory Guidance and supporting ‘informal commentary’ published in March 2016 and updated in August 2022, states that “Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual Local Authorities to decide whether or not a project qualifies for the flexibility”.

### Examples of Qualifying Expenditure

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

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

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

### **The Council's Strategy**

The Council intends to make use of the flexibility in the use of capital receipts for the financial year 2023/24.

The Council can only use capital receipts to finance Qualifying Expenditure as defined in this strategy (see Table 1) from the disposal of property, plant and equipment assets received in the year in which this flexibility is offered. The Council will not utilise capital receipts generated on or before 31 March 2023 to finance Qualifying Expenditure.

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

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

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

### **Summary of planned receipts**

The Council's Capital Strategy and Capital Programme 2023/24 to 2027/28 includes £5.200m in capital receipts specifically for this purpose. The first call on new capital receipts received in 2023/24 (£2.600m) and 2024/25 (£2.600m) will fund qualifying revenue expenditure as detailed within the Flexible Use of Capital Receipts Strategy.

### **Summary of planned use and savings**

It is intended that in 2023/24 capital receipts of £2.600m will fund the following transformational projects/expenditure as set out in Table 1 (note there is an element of contingency to allow for variation).



**Table 1 – Planned Qualifying Expenditure**

<b>Scheme Description</b>	<b>Qualifying Expenditure</b>	<b>£000 2023/24</b>
Creating a Better Place - Asset Rationalisation	Expenditure in relation to developing and progressing the disposal strategy/asset rationalisation strategy to streamline the Council's (and partners' estates) in line with the principles of One Public Estate.	750
Creating a Better Place - Major Projects/Regeneration	Expenditure in relation to developing major Town Centre Regeneration schemes proposals to Full Business Case level in relation to the Future High Street Fund, Towns Fund and Town Square/Spindles shopping centres projects. The Council will use its resources to enable the projects to be progressed to transform the Town Centre and continue the development of new Council office provision in the re-modelled shopping centre.	750
Transformation Programme and Project resources to support the delivery of the transformation agenda	A specialist team to wholly support and facilitate the delivery of the Council's Transformational Programme. This team will ensure that the efficiencies and savings that are anticipated within the Medium-Term Financial Strategy (MTFS) are achieved and support the development of the on-going programme of Council wide change.	1,047
ICT	The use of transformational funds to support Research and Development within ICT that drives a more digital approach to deliver efficiencies and support budget reductions in services. The ICT Service will explore new technology and undertake Proof of Concepts before rolling out new developments within the organisation.	100
<b>Total</b>		<b>2,647</b>
Contingency for variation within schemes		(47)
<b>Total Flexible Use of Capital Receipts Relied upon to support the revenue budget in 2023/24</b>		<b>2,600</b>

The Council has set out a Medium-Term Financial Strategy (MTFS) with a five-year time horizon (2023/24 to 2027/28). This is aligned with the five-year timeframe for the Capital Strategy and Programme.

Having prepared a balanced budget for 2023/24 and identified a still to be addressed budget reduction requirement for 2024/25 of £10.327m, the MTFS estimates for 2025/26 to 2027/28

have also been updated. Based on a series of assumptions about a range of expenditure pressures and income streams, including Government funding, and using knowledge of local issues, the budget reduction requirements have been assessed as:

2025/26 - £15.069m  
2026/27 - £12.459m  
2027/18 - £10.112m

Including the budget reduction requirement for 2024/25, the Council will have to identify budget reductions of £47.967m up to 2027/28. Having regard to this significant financial challenge, the Council re-engineered its Transformation Programme during 2022/23 based on the development of an updated Corporate Plan and the Council's approach to delivery of its new corporate objectives.

A reconfigured Change and Transformation Board has been established chaired by the Deputy Chief Executive, who is tasked with leading and taking ownership of the programme of change.

The themes of the updated Transformation Programme reflect changes to improve efficiency and at the same time deliver both better services and future savings. It is expected that there will be further savings from the transformation programmes above those set out in the 2023/24 budget; these will be developed with Services and will feed into future iterations of the MTFs.

The programme of change is based around three main priorities and six core themes. The priorities are:

- Demand management - an essential element of controlling and reducing costs
- Income Maximisation – taking forward the objectives of the income strategy, not only to increase the Council's income base, but to ensure improved income collection
- Service Review – all services reviewing their budgets to identify potential savings and efficiencies including policy changes.

However, there is also an enabling programme in place to provide support in delivering the priorities and the six themes. The key elements of the enabling programme are set out below.

### **Enabling Programme**

The Enabling Programme is in place to provide support when a programme of work requires specific focus from specialist functions that enable the delivery of business change. Through effective planning of these enabling activities, the requirements of the totality of the Transformation Programme will be managed to identify matters of timing, sequencing and capacity. It is evident that many of the planned workstreams and the themes within them are interlinked. However, the overall programme management of the workstreams will create a more coherent approach to the extensive change activities, provide focus on the most important projects and enable more effective management of the inter-dependencies.

The key enabling services and their contribution to the Transformation Programme are set out below:

- Programme Management Team
- Business Intelligence, Performance and Strategy
- ICT and Digital
- Human Resources (HR) and Organisational Design (OD) Support
- Finance
- Legal Services

In further developing the detailed Transformation Programme, it is not expected that those services in the enabling programme will deliver specific savings from their own service, but they are expected to support the delivery of greater efficiencies in process. The support provided by the enabling programme will assist the bigger spending areas within the Council such as Children's Services and Adult Social Care to better manage future demand, reform the present operating models and realign service design to generate both non cashable efficiencies and cashable transformation savings.

## **Core Themes**

The revised core themes are focused around the areas set out below:

- Children's Change Programme including Social Care Demand Management
- Adult Social Care Change and Improvement Programme and Integration with the NHS
- The Creating a Better Place Programme
- Place Based Integration to Create Stronger Communities
- Commissioning, Procurement and Contract Management
- Income Maximisation

As with the earlier iterations of the Transformation Programme, this refreshed programme is supported by several cross cutting initiatives relating to general efficiency and management control, vacancy management, procurement and commissioning practices so all aspects of the programme of change are interlinked.

A description of each of the main programmes and associated activities expected to contribute to addressing future budget reduction requirements is set out below.

Mindful that in some instances there is a requirement to support change with some pump-priming resources, the reserves strategy includes:

- a Transformation Reserve which will be used from 2023/24 onwards to support the implementation of the initiatives including any investment required to facilitate the efficiencies.
- an Earmarked Reserve for integrated working which can support investment in joint working initiatives with the NHS to deliver future efficiencies and a regeneration reserve which can support the Creating a Better Place programme of work.
- Children's Services resources to facilitate investment of which £2.900m has been allocated to support initiatives approved by Cabinet on 12 December 2022 to promote improvements in service and efficiencies.

## **Theme 1 – Children's Change Programme including Social Care Demand Management**

On 12 December 2022, the Council's Cabinet approved a report 'Children's Services Investment Proposals.' This outlined the £14.700m of investment in Children's Services that the Council will make in 2023/24. This investment is comprised of:

- recurrent funding of £11.800m to provide resources to stabilise the challenging financial position that has been experienced in 2022/23 and ensure statutory responsibilities can be adequately addressed
- one off funding in 2023/24 of a net £2.900m funded from reserves (a total investment of £3.524m offset by a £0.624m in year return on investment) to pump prime a number of invest to save initiatives. In effect, this investment forms the spine of the Change/Transformation Programme for Children's Services.

The Children’s Change Programme is focusing on the key areas where effective and efficient demand management results in both efficiencies and future savings. It is being overseen by the Children’s Transformation Board which has a membership covering key areas of Council business including those identified within the Enabling Programme.

The Children’s investment programme and hence the transformational change programme has four core areas as detailed below:

- Better support for families at an earlier stage
- Providing the very best of care for our most vulnerable children
- Supporting children and young people by making Oldham the best place to be a social worker
- Rewarding and supporting the work of Oldham’s Foster Carers

In addition, a programme of Early Help and Prevention will concentrate resources to provide appropriate support to vulnerable children and families through a range of preventative measures. This will include universal services, community advice/support and the increased provision where appropriate of online support.

Improved commissioning will look at the current services delivered externally to redesign and where appropriate re-commission such services.

**Summary Savings – Children’s Change Programme**

Using the programme of activity outlined above and building upon the investment to generate future savings agreed at Cabinet on 12 December 2022, the MTFs includes the return on the investment/savings to be achieved from the Children’s Change Programme as summarised in the table below. This extends one year beyond the timeframe of the MTFs and illustrates that investment can take time for its full benefits to become evident.

**Table 2 – Children’s Social Care Return on Investment**

Description	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Providing The Best Care	583	(548)	(181)	(102)	14	(71)
A Better Place to be a Social Worker	2,941	(1,610)	(1,097)	(730)	(650)	(791)
Supporting Foster Carers	(624)	(742)	(908)	(461)	(362)	(432)
Investment Initiatives - Reserves	(2,900)	2,900	0	0	0	0
<b>Return on Investment</b>	<b>0</b>	<b>0</b>	<b>(2,186)</b>	<b>(1,293)</b>	<b>(998)</b>	<b>(1,294)</b>

It is important to note that the programme of change is expected to produce further efficiencies and the table shows the minimum level expected. As the various stages of the programme are delivered, there will be a further review and a refresh to enhance efficiency and effectiveness.

**Theme 2 – Adult Social Care Change and Improvement Programme including Integration with the NHS**

The Adult Social Care Change and Improvement Programme (ASCCIP) has been reviewed and reprioritised to take forward an ambitious programme of change linked to the revisions to the legislative framework within which the service is operating but also to focus on delivering more efficient and effective services for the users of Adult Social Care. A key element of the change and transformation programme will be the embedding new ways of working in order to take forward the budget reductions set out to support the delivery of a balanced budget for 2023/24 and underpin the budget for 2024/25 and future years.

A range of core project streams will be taken forward based around initiatives including:

- Taking forward the Target Operating Model (TOM) which ensures that statutory duties are met but at the same time delivers an appropriate prevention offer which removes, reduces or delays the need for care. Budget reductions totalling £3.000m have already been included in MTFS forecasts over the period 2023/24 to 2025/26
- A transformational change to service provision included as a budget reduction with financial benefits over the years 2023/24 to 2025/6 totalling £4.500m is the approach to Direct Payments (giving service users money to pay for their own care). New working practices will ensure the right level of support is provided to meet residents eligible needs in a way that reflects their strengths and connections in their local community
- Modernizing the local digital offer, which is vital to the delivery of ASC reform. The ICT and Digital enabling programme is a key support strand in taking forward these initiatives. This includes:
  - Modernising systems and the approach to digital self-assessment whilst creating independence and reducing reliance on services
  - Developing Artificial Intelligence solutions
  - Embedding assistive technology to improve service users' independence and reduce reliance on services, whilst also providing an evidence base for decisions relating to provision of care and support
  - Maintaining the existing on-line offer and ensuring that it is remain easily accessible for residents
- Increasing reablement capacity and throughput
- Improved Procurement/Commissioning through the improved use of the present information system (Mosaic)
- Working with NHS partners to maximise the opportunities arising from the shift to Integrated Care Systems.
- Transforming the service for those transitioning to adult social care services from children's services building on work across adults and children's social care, health, and education over the past two years.
- By working on a holistic approach in partnership with Children's Social Care in line with the current policy framework, future efficiencies can be generated in the future support/placements as transition is made into the child coming of age. Overall, it is planned this programme will generate savings of up to £1.000m.
- In conjunction with key partners such as MioCare CIC (the Council's 100% owned Community Interest Company) the Council will take a review of the processes involving care planning to the delivery of the package of care

Aligning to the income maximisation strategy there will be continuous review of recipients of Council services (individuals and partners) pay an affordable and fair cost for services.

### **Theme 3 – Creating a Better Place (CaBP) Programme**

The CaBP programme (originally approved January 2020) sets out a vision for the borough which is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The strategy aims to deliver these ambitions in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.

The CaBP strategy was reviewed and updated in August 2020, in light of the COVID-19 pandemic, to place more emphasis on economic recovery and accelerating the potential for generating revenue budget savings. The programme envisages delivering an already approved £8.058m of revenue budget reductions between 2022/23 and 2026/27. The financial benefits have already been factored into MTFS estimates.

The CaBP Programme is now embedded into the operating arrangements of the Council, however, this is still a transformational programme but one that has been well established.

Services which maintain and enhance the public realm alongside corporate land and property assets are essential to the delivery of the Council’s priorities. At a strategic level it is acknowledged that the Council’s property portfolio can be a catalyst for building new homes, creating job opportunities, re-skilling residents through new apprenticeship opportunities, and re-engaging communities and partners through property / estate co-location and collaboration.

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

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

The regeneration of Oldham town centre remains a Council priority. Following the acquisition of the Spindles and Town Square Shopping Centres its current redevelopment is a key part of the Creating a Better Place Strategy unlocking land and development opportunities. The relocation of the Council offices into new modern accommodation is a key strand of this programme.

The table below shows the specific revenue budget impact of the Creating a Better Place programme linked purely to the asset rationalisation element of the work. So far, £8.058m of budget reductions have either been delivered or built into budget estimates.

**Table 3 – Creating a Better Place Savings**

	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
	£000	£000	£000	£000	£000	£000
<b>Creating a Better Place</b>	(708)	(800)	(5,400)	(1,050)	(100)	<b>(8,058)</b>

There are also ambitious plans for the regeneration of the borough as a whole with investment in Royton and projects in train at Hollinwood and Foxdenton. The Council will also seek to integrate and rationalise the highly visible and valued services which support and maintain the public realm of the Borough.

Significant capital investment is needed to deliver the town centre vision, new homes and the vision for the rest of the borough. These resources are reflected in the Capital Strategy and Capital Programme for 2023/24 to 2027/28.

This investment will bring future benefits to Oldham through additional economic and housing growth, which is expected to increase revenue from, for example, Council Tax and/or Business Rates. This has a strong link to the Income Maximisation theme presented below. The budget estimates have already been adjusted to reflect the anticipated extra income from this activity with the Tax Bases for Council Tax increased by 500 Band D equivalent properties from 2025/26. An increase in Business Rates Income has also been included where a standstill position would otherwise have been adopted.

Clearly as this wide ranging programme develops into its next phase, the contribution to the budget reduction target will increase and this will be included in future iterations of the MTFs.

## **Theme 4 - Place Based Integration to Create Stronger Communities**

The Place Based Integration programme has been developed from feedback from residents who as much as possible, want services close to home and tailored to the specific needs of their community. The aim of the programme has been to reconfigure and integrate services in each of the five districts footprints of Oldham. There are significant inter-dependencies with the other Transformation Programmes and services; specifically with Adults and Children's services. As well as bringing more Council services to local areas, the aim is to more deeply integrate with other public bodies like the NHS, schools, housing associations and the police. The aim is to provide a more holistic support to residents.

The Programme aims to take a community-centred, preventative approach to public services which benefits residents. The Council expects residents to be happier and healthier with an appropriate support network including the dedicated local team within the District.

The Council's relationship with the voluntary, community, faith and social enterprise sector (VCFSE) will also continue to be strengthened as set out in the Greater Manchester VCFSE Accord.

The Oldham Plan, Our Future Oldham sets out the intention to embed Place Based Working with Oldham as somewhere that uplifts and supports every resident. This will be done by tailoring services to deliver the needs of individual districts by putting emphasis on what is important in each neighbourhood.

The overall impact of place based integration is the expectation of reduced cost across the system and future cost avoidance by reducing demand hence supporting the MTFS. As the place based integration programmes are developed further, the benefits of the activity will be fully evaluated during 2023/24. It is anticipated that the benefits of this approach will lead to specific budget reductions to assist in closing the 2024/25 gap and support the financial position over the rest of the MTFS period.

## **Theme 5 - Commissioning, Procurement and Contract Management**

This programme will take forward a forensic review of all current contracts within the Council supported by a reconstituted Commissioning Board (currently under development) aiming to save on average a minimum of 5% on current contracted spend. This theme is to some degree cross cutting in nature as it also supports savings on the four core themes as set out above.

Using a team of subject matter experts, the work undertaken through this programme will provide challenge and independent review. It will utilise benchmarking and other key comparative information to ensure that economy, efficiency and effectiveness is delivered through the Council's commissioning, procurement and contract management arrangements.

## **Theme 6 – Income Maximisation**

The Council will refresh its Income Maximisation Strategy and a review of Traded Services will endeavour to pursue key objectives within this strategy. The Council will:

- Adopt a more commercial approach to all of its chargeable activities. This will be based around to the annual review of fees and charges but individual reviews will be undertaken as required. The fees and charges for 2023/24 have been prepared so that increases in many areas reflect prevailing levels of inflation as measured by the CPI;
- Revisit and update existing policies and ways of working; particularly with regard to income collection practices and the recovery of arrears;
- Improve collection rates for Council Tax and Business Rates as well as strengthen and grow tax bases underpinning these major revenue streams;

- Adopt efficient methods of working and look to reduce in line with Co-operative Values non-statutory chargeable activity that is unlikely to generate surplus revenue or at least fully recover all cost inputs;
- Take a more considered and sophisticated approach to assessing risk versus reward for local investments;
- Undertake a Traded Services review to ensure such services are being delivered efficiently and effectively, minimising any adverse impact on the Council's budget;
- Review and rationalise the existing property holding across the Council linked into the Creating a Better Place Programme;
- Maximise the opportunity to utilise revenue grant funding to support the operational activities of the Council;
- Maximise the opportunity to utilise external capital grants to reduce the levels of prudential borrowing required to finance capital expenditure and thereby alleviate pressure on the revenue budget;
- Maximise the income/funding it can access from its membership of the Manchester City Region; and
- Lobby for the fair future reform of Local Government Finance to ensure Oldham receives its appropriate share of national funding.

### **Service Reviews**

Underpinning all transformation workstreams will be:

- A programme of service reviews which should lead to the identification of service specific budget reductions and efficiencies including the use of benchmarking analysis and reviewing practices at other Local Authorities;
- An approach to service delivery where the Council (and its partners) will be making new strategic choices to ensure the service provision is based on the characteristics of Oldham, its people, and communities within the borough. New opportunities for collaboration and new ways of working between organisations (especially support functions) that share a common footprint will be prioritised;
- A review of the provision of discretionary services and also the level at which statutory services are delivered will be undertaken. Such initiatives may be discrete exercises but are more likely to be encompassed within a service review under the remit of demand management ; and
- Reviews of Council policies with regard to service provision, linked to the consideration of discretionary/statutory services but also to ensure best practice.

At this stage there is still further work to assign specific budget reduction targets to the areas of transformational activity detailed above, however as initiatives are progressed, detailed targets will be assigned.

### **On-going Budget Review**

Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2023/24, there will be a regular review of the progress of existing change programmes against delivery milestones with a view to determine financial targets. It will also ensure that there is continuous emphasis on the delivery of change and the achievement of all budget reductions required in line with the MTFS.



## **Impact on Prudential Indicators**

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

- Estimates of Capital Expenditure Indicator increased by £2.600m.
- Capital Financing Requirement increased by £2.600m as these capital receipts would have been used to support schemes within the existing programme that will now be financed through prudential borrowing.
- Financing costs as a percentage (%) of net revenue stream 11.14%

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

## **Monitoring**

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