

POLICY OVERVIEW AND SCRUTINY COMMITTEE
26/01/2023 at 6.00 pm



Present: Councillor McLaren (Chair)
Councillors Alyas, Dean, Harrison, C. Phythian, Wilkinson and
Williamson

Also in Attendance:

Mohon Ali	Cabinet Member for Education and Skills
Barbara Brownridge	Cabinet Member for Health and Social Care
Amanda Chadderton	Leader and Cabinet Member for Regeneration and Housing
Abdul Jabbar	Deputy Leader and Cabinet Member for Finance and Low Carbon
Shaid Mushtaq	Cabinet Member for Corporate Services
Hannah Roberts	Cabinet Member for Neighbourhoods
Elaine Taylor	Deputy Leader and Cabinet Member for Culture and Leisure
Paul Rogers	Constitutional Services
Anne Ryans	Director of Finance
Mark Stenson	Assistant Director of Finance
Bryn Cook	Head of Strategic Housing
Gerard Jones	Managing Director of Children and Young People

1 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Barnes.

2 **DECLARATIONS OF INTEREST**

Councillor Harrison declared a personal interest in Minute no.10 (BRI 612 Young Peoples Substance Misuse and Sexual Health Service) insofar as she was involved with the work of a particular company.

3 **URGENT BUSINESS**

There were no items of urgent business received.

4 **PUBLIC QUESTION TIME**

5 **REVENUE MONITOR AND CAPITAL INVESTMENT
PROGRAMME 2022/23: MONTH 8 – NOVEMBER 2022**

Consideration was given to a report of the Director of Finance an update on the Council's 2022/23 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 30 November 2022 (Month 8) together with the revised capital programme 2022/23 to 2027/28, as outlined in section two of the report at Annex 2.

The Cabinet Member for Finance and Low Carbon and the Director of Finance presented the report and addressed enquiries of the Committee.

With regard to the Revenue position, the forecast outturn position for 2022/23 is a projected deficit variance of £2.233m after allowing for approved and pending transfers to and from reserves. An operational deficit of £3.233m reduces by £1.000m with the anticipated effect of management actions and strengthened restrictions in relation to expenditure and recruitment. Whilst improving, it is recognised that this remains a challenging position and every effort will be made to reduce the overall variance before the year end.

The position includes additional costs and pressures that have been identified by the Authority in this financial year as a result of the lasting impact of the COVID-19 pandemic. There are currently two areas which continue to experience significant pressures attributed to the on-going impact of the pandemic; Community Health and Adult Social Care is reporting an adverse variance of £5.717m and Children's Social Care is recording £3.477m. These pressures are being offset against a corporate provision of £12.000m COVID-19 Legacy funding which was set aside during the 2022/23 budget setting process specifically to mitigate the on-going costs of the pandemic. The residual balance of £2.806m is being used to reduce the operational pressure. This will be monitored for the remainder of the financial year with action taken to address variances and take mitigating action as detailed in the report.

An update on the major issues driving the projections is detailed within Annex 1, Section 2.

The forecast pressure of £2.233m at Month 8 is a £2.219m reduction in the adverse position of £4.452m reported at quarter 2 and forecasts the impact of, as previously reported, the management actions that have been strengthened across all service areas to review and challenge planned expenditure, control recruitment and to maximise income. It is therefore anticipated that by the year end, the outturn deficit position should reduce further and that this will be demonstrated in the update report which will be presented to Cabinet at month 9.

Information on the Month 8 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund is also outlined in the report.

Against a generally improving position, the DSG is now forecasting an in-year surplus of £3.287m (£3.215m at quarter 2), which has reversed the deficit brought forward leaving a forecast year end surplus of £0.514m (£0.442m at quarter 2). Action will continue to be taken with the aim of mitigating cost pressures and delivering and maintaining a surplus position. To assist, Oldham has been invited by the Government to take part in the Delivering Better Value in SEND (Special Educational

Needs and Disabilities) Programme which will provide dedicated support for the SEND Review reforms to 55 Local Authorities with historical DSG deficit issues with the aim of putting the DSG of participating Authorities on a more financially sustainable footing.

There are currently no significant issues of concern in relation to the HRA.

The Collection Fund is forecasting an in-year surplus of £0.060m which in turn contributes to an estimated surplus of £4.179m being carried forward into 2023/24. The Collection Fund has been particularly volatile largely as a result of COVID-19. Whilst it is currently in a surplus position, it will continue to be closely monitored throughout the year as any surplus or deficit at the end of the financial year will have a direct budgetary impact in 2023/24.

In relation to the Capital position, the report outlines the most up to date capital spending position for 2022/23 to 2027/28 for approved schemes. The revised capital programme budget for 2022/23 is £59.113m at the close of month 8, a net decrease of £41.135 from the original budget of £100.248m. Actual expenditure to 30 September 2022 was £29.531m (49.96% of the forecast outturn).

It is likely that the forecast position will continue to change as the year draws to a close with additional re-profiling into future years.

In response to a query regarding the investment of Reserves, the Director of Finance informed Members that the Council's Reserves position of £85m puts the Council in a financially resilient position and that the Council's budget for 2022/23 and 2023/24 was robust.

RESOLVED: that the following be accepted and commended to Cabinet, the

1. Forecast revenue outturn for 2022/23 at Month 8 being a £2.233m adverse variance having regard to the action being taken to manage expenditure;
2. Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund; and
3. Revised capital programme for 2022/23 and the forecast for the financial years to 2027/28 as at Month 8.

6

HOUSING REVENUE ACCOUNT ESTIMATES FOR 2023/24 TO 2027/28 AND PROPOSED OUTTURN FOR 2022/23

Consideration was given to a report of the Director of Finance which sets out for the Housing Revenue Account (HRA), the detailed budget estimates for 2023/24, the strategic estimates for the four years 2024/25 through to 2027/28 and outturn

estimate for 2022/23. The report also sets out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2023.



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The report sets out the HRA 2023/24 proposed original budget and the forecast outturn for 2022/23. The opportunity is also taken to present the provisional strategic budgets for 2024/25 through to 2027/28. HRA activities are a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aims to provide a diverse Oldham housing offer that is attractive and meets the needs of different sections of the population at different stages of their lives.

After taking all relevant issues into account, the projected financial position for 2022/23 is estimated to be a £1.796m positive variance when compared to the original budget forecast for 2022/23 approved at the Budget Council meeting, 2 March 2022. Of this variance, £0.570m is attributable to a lower than anticipated brought forward balance from 2021/22 with this being offset by £2.366m owing to the cessation of previously planned HRA funded capital schemes. The estimated balance at the end of 2022/23 is projected to be £22.279m.

The closing financial position for 2023/24 shows an estimated HRA closing balance of £20.852m which is sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2023/24 position has been presented after allowing for an increase in dwelling rents of 5%, an increase in non-dwelling rents in line with individual contracts, a nominal increase of 2% on service charges and the setting of Extra Care Housing concierge charges to fully recover costs.

In response to a question relating to the use of some of the Reserves to create more social housing. The Director of Finance and Head of Strategic Housing informed Members that there is a contribution to the capital scheme which is included which is reduced from that initially planned due to the impact of the proposed rent increase being below the level it would have applied if it had followed previous practice. However, the report does outline some initiatives which would include more social housing. One of these initiatives is to roll out the empty homes scheme where a pilot model scheme working with Homes England has been successful and the Council would be looking to expand that model with Homes England where matched funding would be required from the HRA reserves.

As part of the Autumn Statement, the Government announced plans to cap social housing rents at 7% for 2022/23. Previous policy guidance for the period 2020-2025 was that all rents were to be calculated based on a maximum of the Consumer Prices Index (CPI) rate at September of the preceding year plus 1%. The Department for Levelling Up, Communities and Housing (DLUHC) has since confirmed that due to the majority of Oldham's HRA estate being contained within two Private

Finance Initiative (PFI) schemes the Council is exempt from the social housing rent cap. Despite this Oldham Council recognise the impact on tenants that an 11.1% rent increase would bring. Therefore, Oldham's projections for the 2023/24 budget have been set assuming rental increases of just 5% which is 6.1% lower than if it were to follow the maximum uplift (September 2022 CPI rate being 10.1% plus 1%). The Council has opted to propose this reduced rate given the current healthy levels of HRA balances and the ongoing pressures, including inflation, on household incomes.

The financial projections for the HRA over the period 2022/23 to 2027/28 show an overall reduction in the level of balances from £21.721m at the start of 2022/23 to £16.253m at the end of 2027/28. HRA resources will be used to support several capital projects including the development of several sheltered housing sites and further works on green projects.

RESOLVED that the following be accepted and commended to Cabinet, the

1. Forecast HRA outturn for 2022/23 (as per Appendix A);
2. Proposed HRA budget for 2023/24 (as per Appendix B);
3. Strategic estimates for 2023/24 to 2027/28 (as per Appendix D)
4. Proposed increase to dwelling rents for all properties of 5%;
5. Proposed increase to non-dwelling rents as per individual contracts;
6. Proposal that service charges are increased by 2%; and
7. Proposal to set Extra Care Housing concierge charges to fully recover actual costs.

7

REVENUE BUDGET 2023/24 AND 2024/25 AND MEDIUM TERM FINANCIAL STRATEGY 2023/24 TO 2027/28

Consideration was given to a report of the Director of Finance which provide the Policy Overview and Scrutiny Committee with the budget reduction requirement and the Administration's budget proposals for 2023/24 and a forecast of the 2024/25 position having regard to the Provisional Local Government Finance Settlement (PLGFS) published on 19 December 2022. The report also presents the financial forecasts for the remainder of the Medium Term Financial Strategy (MTFS) period 2025/26, 2026/27 and 2027/28.

This report presents the Council's Revenue Budget for 2023/24 together with the budget reduction requirement and the Administration's budget proposals for 2023/24 including Council Tax intentions. It also provides a forecast of the 2024/25 position and the financial forecasts for the remainder of the MTFS period, 2025/26, 2026/27 and 2027/28. This report updates the financial position presented to Cabinet on 12 December 2022 using information from the Provisional Local Government Finance Settlement published on 19 December 2022 and the month 8 financial monitoring forecasts.

Having regard to the proposed increase in Council Tax of 3.99% in total (1.99% for general purposes and 2% for the Adult Social Care Precept), Section 17 presents the Administration's approach to balancing the budget for 2023/24 via the budget reduction process. There are a total of 45 proposals presented in accordance with Political Portfolios. These are expected to deliver savings totalling £16.313m and have an FTE impact of 7 in 2023/24. The proposals also have an impact on 2024/25 of £7.575m (and a further £1.135m in 2025/26). All the proposals are presented in summary at Appendix 5 and in detail at Appendix 6 to the report.

Assuming approval of the 2023/24 budget reduction proposals and taking into account the impact of one-off budget reduction proposals, the budget reduction requirement for 2023/24 reduces to £12.963m and 2024/25 to £10.670m. After contributions to and from reserves of £12.963m, the 2023/24 budget is balanced. After transfers to and from reserves, the remaining budget reduction requirement for 2024/25 increases to £10.801m. This sum of £10.801m will be reassessed during 2023/24 and addressed during the 2024/25 budget process.

The Committee examined the budget reduction proposals.

The Leader of the Council and Cabinet Member for Regeneration and Housing, the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:

COR-BR1-610 Resource review of Research and Engagement
COR-BR1-611 Realignment of Executive Assistants
PEG-BR1-606 Capitalisation of Transport officers
PEG-BR1-607 Increase capitalisation of staff time on regeneration projects

The Deputy Leader and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:

COR-BR1-629 Reprofiting of the Minimum Revenue Position
COR-BR1-630 Service Inflation
COR-BR1-631 Finance Service Restructure
COR-BR1-632 Implementation auto processing/artificial intelligence
COR-BR1-633 PFI Insurance rebate/reduction in professional fees
COR-BR1-644 Improvement in the approach to Council Tax Administration and Council Tax Collection
COR-BR1-634 Procurement – Reduction in non-pay budgets

With regard to a question for clarification on Council Tax outstanding as at end of 2023, Members were informed that there was an expectancy to collect 94 per cent with approximately £7m in year arrears with every effort being made

to collect the maximum income. There is some use of external enforcement in this regard. Members noted that although collection agencies were much more professional in their work they are closely monitored where collection methods are concerned with any complaints being dealt with immediately.



The Deputy Leader of the Council and Cabinet Member for Culture and Leisure, the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:

COM-BR1-618 School Swimming Service
COM-BR1-619 OCL Sports Development School Coaching Service

The Leader of the Council, the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon and the Director of Finance was in attendance to introduce the following proposals:

PEG-BR1-608 Employment and Enterprise – Economic Growth (Get Oldham Working)
PEG-BR1-609 Employment and Enterprise – Economic Growth (Investment)

The Cabinet Member for Education and Skills, the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon, the Managing Director of Children and Young People and the Director of Finance were in attendance to introduce the following proposals:

CHS-BR1-603 Learning Services – School Improvement, School Support, Virtual School
CHS-BR1-604 Re-alignment of SEND Central Services & Support
CHS-BR1-605 School Support Services - Academisation

In response to questions, Members were informed that the SEND support team services would not be reduced and the funding for Looked After Children was sufficient.

The Cabinet Member for Health and Social Care the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:

ASC-BR1-601 Adult Social Care - Direct Payments
ASC-BR1-602 Adult Social Care - Target Operating Model

Members were informed that the officers will endeavour reduce demand by intervening a lot earlier in the system to assess people and stop them getting into crisis and thus preventing extensive wrap around care.

ASC-BR1-612 Sexual Health
ASC-BR1-613 NHS Health Checks
ASC-BR1-614 Public Health Budget
ASC-BR1-615 Young People's Substance Misuse &
Sexual Health Service



Members were advised that although the service for BR1-612 and BR1-615 was being split up, the level of service for both areas will not change.

The Cabinet Member for Corporate Services, the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:

COR-BR1-620 Human Resources and Organisational
Development Service Restructure
COR-BR1-621 MS Licences migration to cheaper licences
for some staff
COR-BR1-622 MS Licences Improved Starter / Leaver
Process
COR-BR1-623 Reduced Call Handling in Contact Centre
COR-BR1-624 Reduction in Customer and Digital
Experience
COR-BR1-625 Applications Portfolio Management
COR-BR1-626 Review of CDTT Operating Model including
ICT
COR-BR1-627 CDTT operating model review and
implementation of Transformation changes
COR-BR1-617 Cease the Provision of a Meal prior to
Council Meetings
COR-BR1-628 Democratic Services Review:

The Cabinet Member for Neighbourhoods, the Deputy Leader of the Council and Cabinet Member for Finance and Low Carbon and the Director of Finance were in attendance to introduce the following proposals:

COM-BR1-616 Reduction in Councillor Ward budgets
PEG-BR1-635 Reshape Bonfire Event
PEG-BR1-636 Don't Trash Oldham Betterment Programme
PEG-BR1-637 Refocus fly-tipping enforcement activity –
Don't Trash Oldham
PEG-BR1-638 Increase Fees in Cemeteries and
Crematoria Service
PEG-BR1-639 Increase Fees for Community Pitch Hire
PEG-BR1-640 Develop Building Control shared response
with other Local Authorities
PEG-BR1-641 Income Generation – Trade Waste
PEG-BR1-642 Variable Lighting Strategy
PEG-BR1-643 Review Options for Future of Remaining
Glasshouse Provision

Referring to a question regarding the reduction in Ward budgets, Members were informed that the Council was in a difficult financial position and that this reduction was preferable over

some of the other possible budget reduction choices.

With reference to Fees and Charges Members were advised that some Fees and Charges have been increased while some have been absorbed. School Meals and Pest Control were exceptions and had not been increased.



RESOLVED that the Policy Overview and Scrutiny Committee accepted and commended the following to Cabinet:

1. The policy landscape and context in which the Council is setting its revenue budget for 2023/24;
2. The financial forecasts for 2023/24 and 2024/25 having regard to the Provisional Local Government Finance Settlement and associated funding announcements;
3. Revisions to Budget Reductions approved in 2021/22 and 2022/23 resulting in a value of £3.655m for 2023/24 and £5.700m for 2024/25.
4. The Flexible Use of Capital Receipts at a value of £2.600m for 2023/24 and 2024/25;
5. A proposed overall 2023/24 Council Tax increase of 3.99% for Oldham Council (1.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges set out at Table 15 of the report;
6. The 2023/24 Budget Reduction proposals at a value of £16.313m with a further £7.575m for 2024/25 and £1.135m for 2025/26;
7. The proposed use of £14.008m of reserves to balance the 2023/24 budget and a transfer to reserves of £1.045m for Retained Business Rates;
8. The proposal to draw on the Collection Fund for major preceptors of £128.374m for Borough Wide services and £108.995m for Council services (subject to confirmation);
9. The proposed net revenue budget for 2023/24 for the Council set at £287.027m;
10. The proposed fees and charges as set out in the schedule included at Appendix 10;
11. The proposed revisions to the Council Tax Empty Property Discount (paragraph 12.37) and Council Tax Empty Property Premium (paragraph 12.39);
12. The level of balances supporting the 2023/24 budget of £20.012m underpinned by the agreed policy on Earmarked Reserves;
13. The draft pay policy statement included at Appendix 13; and
14. The delegation to the Cabinet Member for Finance and Low Carbon and the Director of Finance to make a final decision on the feasibility of a pensions pre-payment if it represents value for money to the Council (Section 8.2-o).

COUNCIL TAX REDUCTION SCHEME 2023/24

Consideration was given to a report of the Director of Finance which presented the proposed Council Tax Reduction Scheme for 2023/24 for scrutiny prior to its consideration by Cabinet and recommendation to full Council on 1 March 2023.



Members will recall that there is a requirement to have a local Council Tax Reduction (CTR) scheme to support residents of working age on a low income who qualify for assistance in paying Council Tax. The Local Government Finance Act 2012 places a requirement that each year a Billing Authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2023/24 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2023. For Oldham, this requires the Council to agree a revised 2023/24 scheme at the 1 March 2023 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors (for Oldham this is the Greater Manchester Combined Authority), and with the public. The scheme for those of pensionable age is set by the Government and cannot be changed. The Committee will need to consider whether it is appropriate to change the CTR scheme and as a consequence undertake a major consultation, which would be very time constrained. The Council has provided further relief to CTR claimants via the Household Support Fund, its response to the Cost of Living Crisis, together with other initiatives funded from Council resources. In addition, announced within the Provisional Local Government Finance Settlement on 19 December 2022 was a new Council Tax Support Fund of £100m nationally for 2023/24. The Government expects Local Authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with Council Tax bills and a local scheme will be prepared to ensure the maximum benefit to Oldham residents. On 23 December 2022 it was announced that Oldham's allocation for this ringfenced grant is £0.573m.

A major consultation exercise undertaken at this point would risk deflecting attention from the successful delivery of other initiatives. Furthermore, the full roll out of Universal Credit (UC) is not yet completed and this adds further uncertainty when assessing the likely impact of changes to CTR relief. The Government has recently delayed the full UC roll out to 2028, but as Oldham was a pilot Authority for the scheme, the movement to the new regime within the borough is more advanced than many other areas.

Options considered in this report are leaving the scheme unchanged, increasing the maximum relief by 2.5% and reducing maximum relief by 2.5%. A 2.5% change in the relief impacts the overall Council tax collected by some £0.356m but has a marginal impact upon CTR claimants (increasing/reducing the benefit per resident by £0.68 per week).

In view of the continued uncertainty concerning Universal Credit and the marginal impact of any practical change to the CTR scheme at this stage, it is recommended that the Council maintains the current CTR scheme during 2023/24. This will provide continuity about entitlement to those residents on the lowest incomes and allow time for the impact of the roll out of UC to become clearer.

Members noted that the numbers of CTR claimants and consequently figures included in the report will change as the financial year progresses and will be updated accordingly in advance of the Council meeting on 1 March 2023.

RESOLVED that the Council Tax Reduction Scheme be unchanged for 2023/24 and therefore be commended to Cabinet.

9

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2023/24 TO 2027/28

Consideration was given to a report of the Director of Finance which sets out the Capital Strategy for 2023/24 to 2027/28 and thereby the proposed 2023/24 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2024/25 to 2027/28, having regard to the resources available over the life of the programme.

The Council's Capital Strategy and capital programme are set over a five year timeframe. The proposed Capital Strategy and programme for 2023/24 to 2027/28 takes the essential elements of the 2022/23 to 2026/27 and previous years' strategies and programmes and moves them forward in the context of the financial and political environment for 2023/24. 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. The format of the Capital Strategy reflects the requirements of the latest Prudential and Treasury Management Codes 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; and
- The implications for future financial sustainability.

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

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 (CaBP) Programme, Medium Term Property Strategy (MTPS), Housing Strategy (HS) and Budget and Policy Framework
2. The Principles of the Capital Strategy
3. Priority Areas for Investment
4. Supporting Greater Manchester Devolution and Accessing Levelling Up, UK Shared Prosperity Fund (UKSPF) and Decarbonisation Resources
5. Affordability, Delivery and Risk Associated with the Capital Strategy
6. Knowledge and Skills
7. Treasury Management
8. Long Term Loans
9. Other Non-Treasury Investments
10. Capital Resources to Support Capital Expenditure
11. Capital Investment and Disposal Appraisal
12. The Prioritisation of Capital Requirements
13. The Procurement of Capital Projects
14. The Measurement of the Performance of the Capital Programme
15. The Capital Investment Programme Board (CIPB)

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

Section 1 of the Capital Strategy highlights the aims of the Capital Strategy and its links to the Council's Corporate Plan and the Oldham Plan (Our Future Oldham). This section of the report also describes more fully the Creating a Better Place programme (encompassing the Medium-Term Property Strategy and Housing Strategy) which is a significant element of the Council's planned Capital Expenditure over the five-year period 2023/24 to 2027/28.

Annex C of Appendix 1 sets out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2023/24 to 2027/28

The Strategy also advises that the Council is proposing to continue the use the flexibility provided by the Government to use capital receipts to fund the revenue cost of transformation. The 2023/24 revenue budget will rely on up to £2.600m of such funding from capital receipts.

Capital Programme 2022/23 to 2026/27



The 2022/23 month 8 capital monitoring position presented alongside this report includes expenditure projections that are a key determinant of the 2023/24 programme. As many schemes span more than one year, the anticipated level of reprofiling between years sets the underlying position.

The projected outturn spending position for 2022/23 is £59.113m. The People and Place Directorate which manages all of the major regeneration projects, constitutes the main area of expenditure. Grants and Other Contributions (£37.327m) followed by Prudential Borrowing provide the main source of financing (£15.533m).

Actual expenditure to 30 November 2022 was £29.531m (49.96% of the forecast outturn). This spending profile is in line with that in previous years, however the position will be kept under review and budgets will continue to be managed in accordance with forecasts.

Capital Programme 2023/24 to 2027/28

The Council has set out its capital programme for the period 2023/24 to 2027/28 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy have been influenced by the level of resources considered available. The level of prudential borrowing included reflects the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

As at the month 8 capital monitoring position, the anticipated expenditure over the five year life of the 2022/23 to 2026/27 strategy was £354.898m, taking 2022/23 aside (£59.113m) leaves £295.785m for the remainder of the approved 2023/24 to 2026/27 capital programme. Following the refresh of existing strategies and the Creating a Better Place programme, and moving forward the planning period by one year, the Capital Strategy for 2023/24 to 2027/28 totals £300.335m.

The capital programme includes proposed expenditure for 2023/24 of £96.509m of which £71.148m, is the largest area of expenditure being on regeneration, schools, transport and infrastructure projects within Place and Economic Growth Directorate. Total expenditure increases/decrease to £98.838m, £44.872m, £55.562m and £4.554m in 2024/25, 2025/26, 2026/27 and 2027/28 respectively.

Resources Available to Support the Capital Programme

The Government is continuing to provide significant levels of grant funding. The main sources of grant income are the Towns

Fund at £11.266m, along with Education-related Basic Need Capital grant provision of £4.662m over the life of the programme. There are also considerable resources allocated to the Council via the Greater Manchester Combined Authority (GMCA) including the Mayors Cycling and Walking Challenge Fund (£10.232m) and estimated Local Transport Programme - Highway Maintenance Grant totals £17.968m over the strategy period.

The grant funding provided by Government can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 10 of the Capital Strategy. The majority of capital Government Grant funding is un-ringfenced. Resources classified as ringfenced have to be utilised to finance particular categories of expenditure and therefore are restricted in their use. The 2023/24 capital programme relies on £18.668m of ringfenced and £10.853m of un-ringfenced grants.

As in previous years, a major source of financing remains prudential borrowing. The amount required in 2023/24 (£59.041m) includes borrowing attributed to schemes that have slipped from prior years as well as new borrowing associated with the regeneration programme. The timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

On-going Review of the Capital Programme

There will be a continued review of capital spending requirements as the Council has further regeneration ambitions, but affordability and deliverability will be a key consideration in this regard. It is, however, possible that the capital position may change prior to the start of 2023/24 and during the year as:

- The outcome of specific grant bids may be announced during the last quarter of 2022/23.
- The outcome of specific grant bids will be announced during 2023/24.
- It is also likely that there will be new initiatives announced in 2023/24.
- There may also be the opportunity to bid for additional funding.
- The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

Therefore, the overall capital programme position will be kept under review and any new information regarding funding allocations will be presented to Members in future reports.

Members were informed that the Strategy itself sets out how the Council's Capital Expenditure and Capital financing and Treasury Management will contribute to the provision of services and also incorporates an overview of how risk is managed because in the context of the planned expenditure there is always an element of risk.

Referring to a question, Members were informed that the Council was still awaiting feedback on any further opportunities to progress schemes in relation to the Towns Fund bid that was not successful.

RESOLVED that the following be accepted and commended to Cabinet

- i) The Capital Strategy for 2023/24 to 2027/28 at Appendix 1 of this report and summarised at section 2.1;
- ii) The capital programme for 2023/24 and indicative programmes for 2024/25 to 2027/28 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of this report; and
- iii) The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1.

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TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24

Consideration was given to a report of the Director of Finance which present to Policy Overview and Scrutiny Committee, the strategy for 2023/24 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The report outlines the Treasury Management Strategy for 2023/24 including the Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Council is required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. It is also required to produce an annual Treasury Strategy for borrowing and to prepare an Annual Investment Strategy setting out the Council's policies for managing its investments and for giving priority to security and liquidity of those investments.

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

The Strategy for 2023/24 covers two main areas.

1) Capital Issues:

- The Capital expenditure plans and the associated Prudential Indicators
- The Minimum Revenue Provision (MRP) Policy Statement 2)

2) Treasury Management Issues:

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

The report therefore outlines the implications and key factors in relation to each of the above Capital and Treasury Management issues and makes recommendations with regard to the Treasury Management Strategy for 2023/24.

The report includes the most recently available economic background commentary which reflects the position at 22 December 2022.

The Treasury Management Strategy was considered by the Audit Committee on 16 January 2023 as it is the body charged with reviewing Treasury Management reports and making recommendations to the responsible body (i.e., Council). The Audit Committee was content to recommend the report to Cabinet and Council for approval.

The proposed Treasury Management Strategy was presented to the Policy Overview and Scrutiny Committee to enable scrutiny of the report so that any comments may be incorporated into the report before it is considered by Cabinet on 13 February 2023 and Council on 1 March 2023.

RESOLVED that the following be accepted and commended to Cabinet

1. Capital Expenditure Estimates as per paragraph 2.1.2;
2. MRP policy and method of calculation as per Appendix 1;
3. Capital Financing Requirement (CFR) Projections as per paragraph 2.2.3;
4. Projected treasury position as at 31 March 2023 as per paragraph 2.4.3;
5. Treasury Limits as per section 2.5;
6. Borrowing Strategy for 2023/24 as per section 2.7;
7. Annual Investment Strategy as per section 2.11 including risk Management and the creditworthiness policy at section 2.12; and
8. Level of investment in specified and non-specified investments detailed at Appendix 5

The meeting started at 6.00 am and ended at 7.50 pm