

REVENUE BUDGET MONITORING REPORT 2022/23

Quarter 3 December 2022

1 Background

- 1.1 The Authority's 2022/23 revenue budget was approved by Council on 2 March 2022 at a sum of £260.686m incorporating:
- £5.467m of Budget Reductions initially approved for 2022/23 at the Budget Council of 4 March 2021.
 - £6.268m of recurrent Budget Reductions approved within the 2022/23 Budget.
 - £24.971m use of corporate and specific reserves, subsequently adjusted to £20.686m when the 2021/22 final accounts were prepared, as outlined in section 2.3(b). In addition, there is an offsetting transfer to reserves of £1.710m relating to the 100% Retained Business Rates piloting arrangements.
 - £2.500m of capital receipts in line with the flexibilities agreed by Secretary of State for Levelling Up, Housing and Communities.
- 1.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year. As part of this process, a forecast of the year-end position has been prepared by all services. The forecast is based on a comparison of profiled budgets to the actual position as at the end of Quarter 3 together with known commitments, issues and planned management actions. The forecasts include the latest estimates in relation to expenditure arising as a result of the lasting impact of COVID-19.
- 1.3 The Government is not providing any additional funding to address the impact of COVID-19 in 2022/23. As a result, Authorities are no longer required to report the impact of COVID-19 to the Department for Levelling Up, Housing and Communities (DLUHC). Although there is no additional Government funding available, the Council, mindful of the legacy of the pandemic and its continued impact on Council services, approved a sum of £12.000m within its budget for 2022/23 to compensate for the cessation of Government funding and the continued financial impact of COVID-19.
- 1.4 As in the previous two financial years, services are analysing costs and variances between 'business as usual' and COVID-19 and the £12.000m funding will be retained centrally and applied as a corporate adjustment.
- 1.5 It is also important to note that the budget incorporates the impact of the direct provision by the Council of those services that were provided during 2021/22 by the Unity Partnership Limited (UPL), following the transfer of staff from UPL to the Council with effect from 1 April 2022. This, together with the structural re-alignment means that to varying degrees comparisons with the prior year at a Portfolio level are not particularly meaningful.

2 Current Position

2.1 The current net revenue budget of £275.831m represents a net increase of £15.145m against the originally approved budget of £260.686m and an increase of £3.944m compared to the funding position of £271.887m reported at month 8. This is due an increase in the utilisation of capital grants of £2.718m reflecting the reporting arrangements when preparing the Statement of Accounts and also the receipt of £1.226m of un-ringfenced grants as outlined below:

- Family Hub and Start for Life grant of £0.707m
- Homes for Ukraine grant of £0.294m.
- £0.225m of Adult Social Care specific un-ringfenced grants, sub-divided as follows;
 - Local Reform and Community Voices grant £0.161m,
 - War Pension Disregard grant £0.045m and
 - Client-Level Data Flows grant £0.019m.

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

2.2 The current position for 2022/23 at Quarter 3 is a projected adverse variance of £1.280m, a forecast of the year-end position has been prepared by all services. The table below shows the year-end forecast position against budget for each Directorate, including the additional costs anticipated as a result of the lasting consequences of the pandemic and also the anticipated impact of management actions and strengthened spending and recruitment restrictions.

Table 1 - Summary Forecast Revenue Outturn.

	Budget	Forecast	In Year Transfer To/ (From) Reserves	Variance Quarter 3	Variance Month 8
	£000	£000	£000	£000	£000
Community Health and Adult Social Care	69,841	76,589	(2,890)	3,858	4,599
Children's Services	55,406	70,427	(2,312)	12,709	12,044
Public Health	24,380	26,933	(3,048)	(495)	(434)
Communities	6,942	7,129	(551)	(365)	(262)
Place and Economic Growth	56,709	62,229	(2,036)	3,484	3,036
Corporate Services	27,439	27,664	(1,244)	(1,019)	(714)
Capital Treasury and Technical Accounting	23,114	19,593	(596)	(4,117)	(3,036)
COVID-19 Legacy Funding	12,000	-	-	(12,000)	(12,000)
NET OPERATIONAL EXPENDITURE	275,831	290,564	(12,676)	2,055	3,233
Management Action / Spending Restrictions	-	-	-	(775)	(1,000)
NET EXPENDITURE	275,831	290,564	(12,676)	1,280	2,233
FINANCED BY:					
Collection Fund Deficit	8,807	8,807	-	-	-
Use of Reserves to offset Collection Fund Deficit	(8,807)	(8,807)	-	-	-
General Use of Reserves	(11,879)	(11,879)	-	-	-
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,710	1,710	-	-	-
Other Financing	(265,662)	(265,662)	-	-	-
TOTAL FINANCING	(275,831)	(275,831)	-	-	-
NET FORECAST VARIANCE	-	14,733	(12,676)	1,280	2,233

2.3 The forecast outturn to the end of the year, after a predicted and proposed (net) in-year transfer from reserves totalling £12.676m is an adverse operational variance of £2.055m, this reduces to a forecast pressure of £1.280m with the anticipated outcome of increased management actions and strengthened spending and recruitment restrictions. The current position is reliant upon the drawdown of £12.676m of reserves, section 8 provides more detail about the approved and planned use of reserves at quarter 3. However, key financing issues to note are:

- a) As advised during the 2022/23 budget setting process, there is a movement from reserves of the Section 31 Grant Funding for Business Rate Relief compensation which was received in 2021/22 and is being used to support the 2022/23 budget. The 2022/23 budget report assumed that the technical adjustment relating to Section 31 Grant Funding would be £13.092m, made up of £8.888m representing a Business Rate Relief adjustment and a technical adjustment for the COVID-19 Additional Relief Fund (CARF) of £4.204m.
- b) When preparing the 2021/22 accounts, in May 2022, the Business Rate Relief adjustment was finalised at £8.807m and guidance received from the Chartered Institute of Public Finance and Accountancy (CIPFA) advised that the CARF adjustment was not required. Therefore, the final technical adjustment after the revisions was £8.807m.

2.4 There are significant variances contained within the projected net overspend. As previously mentioned, the position includes a forecast of all the additional pressures being incurred by the Authority as part of the lasting impact of the COVID-19 pandemic. During the 2022/23 budget setting process, £12.000m was set aside and retained as a corporate provision to be utilised to mitigate the legacy costs of the pandemic. There are currently two areas which are encountering significant pressures attributed to the after-effects of the pandemic; Community Health and Adult Social Care is reporting an adverse variance of £5.717m and Children's Services is reporting an adverse variance £3.555m. These pressures, totalling £9.272m, when offset against the £12.000m leave a balance of £2.728m in the corporate provision, which is being applied to support the business as usual pressure.

Table 2 below analyses the variance between 'business as usual' and COVID-19.

Table 2 - Analysis of Variances

	COVID 19 Costs included in forecasts £000	Business as Usual £000	Variance Quarter 3 £000
Community Health and Adult Social Care	5,717	(1,859)	3,858
Children's Services	3,555	9,154	12,709
Public Health	-	(495)	(495)
Communities	-	(365)	(365)
Place and Economic Growth	-	3,484	3,484
Corporate Services	-	(1,019)	(1,019)
Capital Treasury and Technical Accounting	-	(4,117)	(4,117)
COVID-19 Legacy Funding	(9,272)	(2,728)	(12,000)
Management Actions/ Spending Restrictions	-	(775)	(775)
Total	-	1,280	1,280

2.5 Community Health and Adult Social Care (CHASC) is reporting a net adverse variance of £3.858m, after a £2.890m use of reserves. The adverse variance comprises £5.717m of COVID-19 related expenditure, in the main due to the demand for care packages linked to hospital discharges. The residual favourable variance of £1.859m relates to 'business as usual' activities.

2.6 Children's Services is forecasting a net adverse variance of £12.709m, after a £2.312m use of reserves. The main pressure is within Children's Social Care (CSC) which is showing an overspend of £13.171m. The adverse variance within CSC attributes £3.555m to COVID-19, due to an increased demand for social care placements both throughout and following the pandemic plus additional costs relating to the use of supernumerary agency workers to reflect the lasting increase in demand for services and the impact on case numbers. The residual CSC adverse variance of £9.616m relates to operational pressures across the Division, again driven by placement and staffing pressures. Education, Skills and Early Years is reporting an underspend of £0.439m and Preventative Services is showing an underspend of £0.023m; a combined, offsetting, business as usual underspend of £0.462m.

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- 2.7 Public Health is forecasting an operational underspend of £0.495m after a net £3.048m use of reserves primarily related to the use of the Contain Outbreak Management Fund grant which was brought forward from 2021/22.
- 2.8 Communities is showing an underspend of £0.365m after utilising £0.551m of reserves.
- 2.9 Place and Economic Growth Portfolio is forecasting an adverse variance of £3.484m net of a £2.036m use of reserves, in the main due to uncertainty in realising Budget Reductions. None of the adverse variances have been attributed to the lasting impact of COVID-19 and the position is therefore being wholly classed as an operational pressure.
- 2.10 The Corporate Services Directorate is forecast to underspend by £1.019m, all of which relates to 'Business as Usual' and is after a £1.244m use of reserves. There is a pressure within Commissioning and Procurement (£0.042m). The pressure is offset by favourable variances totalling £1.061m relating to; Chief Executive, Management and Executive Office (£0.025m), Finance (£0.597m), Communications and Research (£0.020m), Customer, Digital and Transformation (£0.261m), Strategy and Performance (£0.047m) and HR and Organisational Development (£0.111m). Legal Services is forecasting a balanced outturn.
- 2.11 Capital, Treasury and Technical Accounting is showing a favourable variance of £4.117m, all of which relates to 'business as usual'
- 2.12 A more detailed analysis of the financial performance, the major variances and contributing factors can be found by Directorate in Section 3.
- 2.13 The approved budget for 2022/23 included centrally held resources to fund the final pay award (£1.500m), general inflationary pressures (£0.942m) and the escalating cost of energy (£1.500m). Reserves have also been set aside to fund any additional pressures above these sums. The approved budgetary funding is being utilised as follows:
- Funding for the **pay award** of £1.500m was initially retained centrally and is fully committed following confirmation of the final pay award. There is a dedicated reserve that, together with the balance of the inflationary pressures budget (referred to below), has been used to fund the full impact of the pay award. Centrally held resources have been reallocated to service budgets to reflect the costs arising from the pay award.
 - The funding for **inflationary pressures** has been allocated directly to services where appropriate leaving a balance which, as advised above, is being used to fund the full impact of pay awards in service budgets. The £0.942m budget is forecast as being fully spent.
 - The funding for **energy pressures** has been fully utilised and allocated to the Place and Economic Growth Portfolio. Once again there is a dedicated reserve that is currently sufficient to deal with any shortfall.
- 2.14 It is important to note that three of the 2022/23 approved Budget Reductions, one within Children's Services (see section 3.2.14) and two within Corporate Services (see section 3.6.10) with a combined value of £0.883m are currently forecast not to be achieved and are therefore rated 'Red - off track and will not deliver'.
- 2.15 In addition, there are a further three Budget Reductions, two within Place and Economic Growth (see sections 3.5.5 & 3.5.6) and one within Corporate Services (see section 3.6.10), with a combined value of £2.970m rated 'Amber/Red - off track and will only
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deliver part of the saving' and which are reporting to have achieved £0.935m to quarter 3 of the financial year. These will continue to be monitored for the remainder of the year with the aim of maximising deliverability. Resources have been allocated within the 2023/24 budget in the sum of £2.835m to compensate for the non-delivery of options rated both 'Red' and 'Amber/ Red'. A schedule and assessment of all the 2022/23 Budget Reductions is attached as Appendix 3.

2.16 In view of the projected adverse variance, previous reports have advised of measures that have been initiated to address the overspending, namely:

- management actions across all service areas to review and challenge planned expenditure and to maximise income,
- processes to monitor the recruitment of staff to vacant posts and significant items of expenditure, and
- ensuring non-essential expenditure is minimised.

2.17 Given the initial high level of overspend reported earlier in the year and if unaddressed its potential impact on the 2023/24 budget setting process and the financial resilience of the Council, corporate processes in relation to the above have been reviewed, strengthened and widened in scope in that Management Board members are reviewing Council wide activity not just their own Service areas. It was initially anticipated that the combined effect of these measures together with any additional funding that might be used to offset Adult Social Care pressures would reduce the year-end adverse outturn by £1.700m. At quarter 3, services have delivered £0.925m of the required target thus leaving a balance of £0.775m which it is now assumed will be achieved by the year end to produce a forecast deficit of £1.280m. Section 8.4 provides detail of a release of provisions to increase reserves specifically to cover this anticipated deficit. Obviously, action will continue with the aim of reducing the overall forecast deficit still further and hence reduce the required level of reserves to support the financial position at the end of 2022/23.

2.18 The effectiveness of the ongoing management action and the strengthened corporate procedures will continue to be closely monitored by Management Teams right up to the end of the financial year.

3 Directorate Summaries

3.1 Community Health and Adult Social Care

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

Table 3 – Community Health and Adult Social Care- Forecast Outturn

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Adult Social Care - COVID 19	-	5,717	-	5,717
Commissioning	16,100	15,921	(90)	(269)
Community Business Services	2,127	1,792	-	(335)
Community Health & Social Care	25,208	24,855	-	(353)
Director Adult Social Care	2,760	4,051	(1,300)	(9)
Learning Disability	13,754	14,515	(1,500)	(739)
Mental Health	8,890	8,737	-	(153)
Safeguarding	1,002	1,001	-	0
Total Forecast Net Expenditure	69,841	76,589	(2,890)	3,858

Summary

- 3.1.2 The lasting effect of the pandemic is continuing to have a significant impact on the Portfolio, with a projected budget pressure of £3.858m, after a net £2.890m use of reserves. The predominant factor contributing to the overspend is the COVID-19 related expenditure. Adult Social Care is one of the Council's services most affected by the pandemic and the legacy impact continues to cause significant financial pressure.
- 3.1.3 The £5.717m overspend forecast for costs related to COVID-19 remains unchanged from month 8. These are legacy costs which are incurred as a result of individuals being funded via the Hospital Discharge Programme (reclaimed from the NHS) in the previous two financial years. As this funding ceased on 31 March 2022, the Council now has to finance the whole cost. Budget to offset this expenditure is held and monitored corporately. The COVID related costs have reduced as clients are re-assessed and transition back into 'business as usual' and also due to being able to apply a portion of the newly allocated grant to support discharge from hospital as referred to in the following section.
- 3.1.4 Previous reports have outlined funding allocations that have been made available to support the costs relating to hospital discharge. The Adult Social Care Discharge Fund allocates funding direct to Local Government and the Council has received £0.935m. Further funding has been allocated to the NHS via the Better Care Fund, with £19.558m being received by the Greater Manchester Integrated Care Board, of which the Oldham locality share is £1.638m. There are detailed grant conditions attached to the funding and the Council and the Oldham Integrated Care Partnership together, submitted and have had approved the Discharge Fund funding template, outlining the spending plans for the full £2.573m in 2022/23.
- 3.1.5 The majority of the expenditure funded by the Hospital Discharge Fund will be incurred by Oldham Council. It is a mixture of new initiatives (including supporting care providers) and providing support for services that the Council had already agreed to put in place to facilitate hospital discharges. 'Business as usual' variances represent an offsetting underspend across the Division of £1.859m. All services are now showing an underspend or breakeven largely as a result of being able to utilise a portion of the Adult Social Care Discharge Fund in 2022/23.

Commissioning

- 3.1.6 Commissioning is projecting an underspend of £0.269m which includes the use of £0.090m of earmarked reserves. A pressure of £0.300m on the demand led Community Equipment contract is netted down due to additional income recovery from the NHS of £0.150m as part of their contribution to the risk share agreement set out in the Section 75 Agreement. In addition, there is a further forecast overspend of £0.136m arising from contractual inflation. This is offset by the Fair Cost of Care (FCoC) grant funding allocation, of which 25% can be utilised to support administration of conducting the FCoC exercise (£0.183m), additional income of £0.344m which has been received from the Hospital Discharge Grant Funding and an underspend of £0.028m on equipment.

Community Business Services

- 3.1.7 The service is forecasting an underspend of £0.335m, of which £0.373m is due to vacant posts, offset by agency spend and additional hours of £0.277m. There is a further underspend of £0.090m as a result of a reduction in the number of Carers assessments due to the redeployment of staff for the first part of the financial year. The balance of £0.149m is in relation to the application of the Changing Futures grant.

Community Health and Social Care

- 3.1.8 Community Health and Social Care is reporting an underspend of £0.353m. Care costs for people with physical, sensory and memory and cognitive disabilities are collectively reporting an overspend of £2.091m. This is offset by a favourable variance of £1.976m in relation to income recovery. The resulting net pressure is offset by a predicted underspend of £0.202m, the majority of which is in relation to staffing due to posts remaining vacant for longer than expected. In addition, the five Cluster service areas are together reporting an underspend of £0.266m, of which £0.317m relates to salary underspends as a result of the service continuing to have difficulty recruiting to vacant Social Worker posts, offset in part by £0.051m expenditure relating to legal expenses.

Director of Adult Social Care

- 3.1.9 The service is reporting an underspend of £0.009m, an adverse movement of £0.132m compared to that reported at month 8. Additional agency costs supporting the Business Intelligence service being funded from the Mosaic systems budget are offset by the receipt of £0.225m of Adult Social Care un-ringfenced grants as referenced at section 2.1 which have been allocated to the service.

Learning Disability

- 3.1.10 Learning Disability is showing an underspend £0.739m. Community Care is reporting a pressure of £5.613m of which £3.125m relates to care for one specific complex service user, supported by the use of £1.500m of reserves. This is offset by income contributions from residents and the NHS which exceed the budget by £6.352m, which includes an element of Hospital Discharge Grant Funding.

Mental Health

- 3.1.11 Mental Health is forecasting an underspend of £0.153m. Several vacancies mean salary budgets will underspend by £0.281m and projected income is £1.507m higher than

budgeted levels, however there are considerable pressures reported in Community Care of £1.635m.

Achievement of Budget Reductions

3.1.12 The Directorate has approved Budget Reductions of £3.974m in 2022/23 all of which are now rated 'Green – on track and will be delivered'. One budget reduction with a value of £1.000m had been rated 'Amber - off track but measures in place to recover the position., The service is now confident that the reduction will be delivered by the end of the financial year and is therefore now classified as green.

3.2 Children's Services

3.2.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at quarter 3.

Table 4 – Children's Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Children's Social Care	38,980	53,002	(851)	13,171
Education, Skills & Early Years	12,736	13,610	(1,313)	(439)
Preventative Services	3,729	3,854	(148)	(23)
Schools	(39)	(39)	-	0
Total Forecast Net Expenditure	55,406	70,427	(2,312)	12,709

Summary

3.2.2 The Directorate has a projected overspend of £12.709m (£12.044m at month 8). The overspend includes costs of £3.555m (all within Children's Social Care) due to the lasting impact of COVID-19 and incorporates the use of reserves totalling £2.312m. The principal underlying reasons are detailed below.

Children's Social Care

3.2.3 This Directorate is projecting a £13.171m overspend at quarter 3 (£12.347m at month 8) and incorporates the use of reserves totalling £0.851m.

3.2.4 Throughout 2020/21 and 2021/22 it was necessary to employ additional temporary social work staff to cover the increase in demand and increased caseloads as a result of the pandemic. The current cohort of additional workers is expected to cost £0.663m up to the end of the financial year. A further £2.644m is relating to COVID-19 legacy placement costs for specific children who came into care during the pandemic. An overspend in disbursement/legal costs is anticipated at £0.248m due to the upturn in demand for specialist legal services as a by-product of the pandemic. This brings the total anticipated spend due to the lasting impact of COVID-19 to £3.555m. Budget for COVID-19 related expenditure is held corporately and will be notionally allocated to services at the year end.

3.2.5 There is a further operational, business as usual forecast deficit of £9.616m, again in the main relating to social care placements including high-cost external residential packages (£5.461m), with further variances in relation to Adoption (£0.341m), Children with Disabilities Short Breaks (£0.296m), No Recourse to Public Funds/ Assistance to Families/Setting up Home Grants (£0.309m); £6.407m in total. There is a net overspend

of £1.353m on social care establishment staffing costs and a further pressure of £1.838m due to a number of agency workers being employed to deal with demand pressures. A number of small miscellaneous variances account for the remaining (net) pressure of £0.018m.

- 3.2.6 Social workers in Children's Social Care play a critical role in supporting and protecting children, young people and families within the community. However, the challenge of recruiting and retaining social workers within Children's Services is something that is being experienced not only in Oldham but also regionally and nationally, creating a reliance on employing temporary social work staff to deal with demand. This is then compounded by rapidly increasing hourly rates for the agency staff being engaged. Management action is being taken to help with combatting the problem by extending the dedicated social work academy to invest not only in supporting extra newly qualified social workers in an Assessed and Supported Year in Employment (ASYE) but also to invest in a number of new trainee social workers. The trainee social workers are being offered university placements alongside on-the-job experience with dedicated support from practice co-ordinators. A 'grow your own' approach has proven successful in many Local Authorities across the country with successful recruitment and retention as a result. In addition, initiatives to counter the increasing cost and use of Agency staff are being formulated at a GM and North West level.
- 3.2.7 During the COVID-19 pandemic and ultimately following, Children's Social Care in Oldham has experienced an increased volume in demand which has led to a high number of young people becoming Children in Need or Children Looked After. This combined with the high cost of external residential and foster care placements has put even greater pressure on the Directorates budget in 2022/23. Whilst demand cannot be wholly controlled, Senior Management is dedicated to addressing these issues and a number of management actions are being implemented to address such problems. Whilst continuing to monitor the approval of placements through the Additional Resource Panel, an invest to save proposal has been introduced which uses an external research agency to work with managers and social care staff to address demand management to tackle both operational and financial pressures.
- 3.2.8 Recognising the on-going budgetary and operational pressures and the need to invest to deliver the Councils priority of supporting children and young people, Cabinet at its meeting on 12 December 2022, approved the report 'Children's Services Investment Proposals'. This outlined an investment of £14.700m, comprising; one off funding of £2.900m funded from reserves to pump prime a number of invest to save initiatives that the Council wished to make and recurrent funding of £11.800m to stabilise the financial position. This element of the funding was based on a previously reported position with an assumption that any increase in the pressure carried forward into 2023/24 will be managed within the resources that have been made available, particularly as some of the planned transformational activities will have begun to take effect from the start of 2023/24.
- 3.2.9 The Investment Programme is focusing on the key areas where effective and efficient demand management results in both efficiencies and future savings across the following four core areas:
- 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.

Each of the four core areas contain multiple strands of activity and will need to be carefully monitored from both an implementation and benefits realisation perspective.

Education, Skills and Early Years

- 3.2.10 The area is reporting a £0.439m underspend at quarter 3 and incorporates the use of reserves totalling £1.313m.
- 3.2.11 The SEND Service is forecasting a £0.845m pressure at quarter 3. This is due to the impact of the Home to School contracts awarded in September 2022. Offsetting these overspends are favourable variances across the division totalling £1.284m comprising £0.860m due to slippage on vacant posts and £0.424m mainly due to additional traded income and savings against the schools PFI contracts.
- 3.2.12 0-19 Children’s Services are for 2022/23 being delivered under a Section 75 Partnership Agreement with the Northern Care Alliance NHS Foundation Trust; a funding gap of circa £0.700m was identified based on the transfer information. This is expected to be mitigated by staff and vacancy management in the current financial year and a balanced outturn is currently forecast. Work to reconfigure the services within the financial envelope is ongoing.

Preventative Services

- 3.2.13 The area is reporting a small £0.023m underspend at quarter 3 and incorporates the use of reserves totalling £0.148m. The underspend relates wholly to vacant posts.

Achievement of Budget Reductions

- 3.2.14 Budget Reductions for the Directorate in 2022/23 total £1.432m of which £0.932m are rated ‘Green – on track and will be delivered’. The Budget Reduction ‘External Placement Cost Avoidance’ is rated as ‘Red – off track and will not deliver.’ The full value of the option (£0.500m) is contributing to the adverse variance within Children’s Social Care.

3.3 Public Health

- 3.3.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at quarter 3.

Table 5 – Public Health

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Public Health (Client and Delivery)	19,198	21,918	(3,098)	(378)
Heritage, Libraries and Arts	5,182	5,015	50	(117)
Total Forecast Net Expenditure	24,380	26,933	(3,048)	(495)

Summary

- 3.3.2 The Directorate has a projected underspend, all designated as Business as Usual of £0.495m and incorporates the use of reserves of £3.048m. The principal underlying reasons are detailed below.

3.3.3 Public Health (Client and Delivery) is showing an underspend of £0.378m which is due to slippage on staffing costs and the removal of Public Health funding to services within the Council following a staffing restructure. Use of reserves is in the main the continued use of the Continued Outbreak Management Fund received in 2021/22 (£3.081m). Earlier reports have advised that the Government may seek reimbursement of the grant. However, as explained in section 4.2, due to information received from the UK Health Security Agency (UKHSA) in December 2022, clawback of the funding is no longer anticipated.

3.3.4 The Heritage, Libraries and Arts Service is reporting an underspend of £0.117m at quarter 3. There are vacancies in the Libraries Service, increased income for Oldham Theatre Workshop and underspends within non-pay budgets.

Achievement of Budget Reductions

3.3.5 Budget Reductions for the Directorate in 2022/23 total £0.522m and are all rated 'Green – on track and will be delivered'.

3.4 Communities

3.4.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at quarter 3.

Table 6 - Communities

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Youth, Leisure & Communities	6,942	7,129	(551)	(365)
Total Forecast Net Expenditure	6,942	7,129	(551)	(365)

Summary

3.4.2 The Directorate, comprising solely of Youth, Leisure and Communities has a projected, business as usual underspend of £0.365m and incorporates a net use of reserves totalling £0.551m.

3.4.3 There are pressures of £0.131m within Outdoor Education and £0.023m in the Schools Swimming Service, both due to a reduction in income. The pressures are being offset by vacancies, particularly in the District Partnerships team and the charging of staffing costs to the Homes for Ukraine grant to support the work being undertaken to support the Ukrainian refugees.

Achievement of Budget Reductions

3.4.4 Budget Reductions for the Directorate in 2022/23 total £0.063m and are all rated 'Green – on track and will be delivered'

3.5 Place and Economic Growth

3.5.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at quarter 3.

Table 7 – Place and Economic Growth

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Economic Development, Enterprise and Skills	2,820	7,868	(1,772)	3,276
Environmental Services	53,889	54,361	(264)	208
Total Forecast Net Expenditure	56,709	62,229	(2,036)	3,484

Summary

3.5.2 The Directorate has a projected overspend of £3.484m all of which is attributed to business as usual and incorporates a net use of reserves totalling £2.036m. The principal underlying reasons are detailed below.

Economic Development, Enterprise and Skills

3.5.3 The area is forecasting an overspend of £3.276m (£2.946m at month 8) after a £1.772m use of reserves. The main reasons for the adverse variance are detailed below:

- There is an estimated pressure against the Corporate Landlord / Investment Estate totalling £2.476m which includes an allocation of £1.700m to offset increases in utility costs and reflects the Amber/Red status of the two Creating a Better Place budget options assuming only £0.708m of the total £2.720m will be achieved.
- Facilities Management is projecting an underspend of £0.043m which is a favourable movement of £0.401m to the £0.358m overspend reported at month 8. The favourable variance is due to the financing of pay award costs from corporate rather than service resources.
- The plan to relocate the market into the new Spindles development has resulted in a loss of rental income of £0.370m within the Market Service, as reported to members at the 21 September Cabinet meeting.
- The Planning Service is projecting an adverse variance of £0.200m due to the underachievement of income.
- Strategic Housing is expected to overspend by £0.273m following a review of the expected costs for temporary accommodation.

Environmental Services

3.5.4 The area is forecasting an overspend of £0.208m after a £0.264m transfer from reserves. The main reasons are detailed below:

- Strategic Highways is showing an overspend of £0.567m as a result of a review into the expected achievable level of capitalisation of staff costs.
- The Waste Levy is expected to overspend by £0.035m which relates to a 2021/22 Levy adjustment.
- Building Control is expecting to overspend by £0.042m in the main due to an underachievement of income from Building Regulation fees.

- Public Protection services are expected to underspend by £0.217m principally due to increased income within the Response Service.
- Environmental Management is forecast to underspend by £0.219m due to vacant posts and additional income received by the Cemeteries and Crematoria service.

Achievement of Budget Reductions

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

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

3.5.6 The Budget Reductions above are still rated as Amber/Red and would therefore not ordinarily be forecast as an adverse variance. However, due to the level of uncertainty in relation to deliverability, particularly in the current economic climate, a pressure of £2.012m is being recorded, as it is assumed the full saving will not be delivered. The 2023/24 budget estimates have been adjusted by an equivalent sum to reflect the non-delivery in 2022/23.

3.6 Corporate Services

3.6.1 The following table shows the forecast position after the approved and planned use of reserves for the Directorate at quarter 3.

Table 8 – Corporate Services

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Chief Executive, Management and Executive Office	4,894	5,243	(374)	(25)
Commissioning and Procurement	574	616	-	42
Finance	7,002	6,251	154	(597)
Legal Services	3,687	4,118	(431)	0
Communications and Research	1,029	1,252	(243)	(20)
Customer, Digital and Transformation	6,540	6,479	(200)	(261)
Strategy and Performance	897	850	-	(47)
HR & Organisational Development	2,816	2,855	(150)	(111)
Total Forecast Net Expenditure	27,439	27,664	(1,244)	(1,019)

Summary

3.6.2 The Directorate has a projected underspend of £1.019m and incorporates the use of reserves totalling £1.244m. The principal underlying reasons are detailed below.

Chief Executive, Management and Executive Office

3.6.3 The area is reporting an underspend of £0.025m which in the main relates to anticipated underspends within the Coroners Service being offset by staffing overspends.
Commissioning and Procurement

3.6.4 The Division is reporting an overspend of £0.042m at quarter 3. The service is continuing to experience difficulties in recruiting to permanent posts, this is resulting in a pressure of £0.270m due to the necessity of having to retain interims. This is being offset by vacant posts of £0.257m. The service is also reporting a pressure of £0.029m against the Early Payment scheme.

Finance

3.6.5 The Division is reporting an underspend of £0.597m at quarter 3. There are vacancies across the Finance Division and underspends on non-pay budgets which are offsetting a pressure in Revenues and Benefits relating to agency staff engaged to support increased service demand.

Legal Services

3.6.6 The service is forecasting a balanced outturn incorporating a £0.431m use of reserves.

Communications and Research

3.6.7 The service is recording an underspend of £0.020m, primarily as a result of vacant posts and underspends on the printing and design budget.

Customer, Digital and Transformation

3.6.8 The Portfolio is reporting an underspend of £0.261m at quarter 3. There is a favourable variance of £0.440m within the Transformation service, predominantly because of vacant posts, offset in part by cost pressures on transformation projects. A further underspend of £0.364m in Customer Services is due to eligible staff costs being offset against a COVID-19 grant in 2022/23, funding from Housing Options and the Homes for Ukraine grant. There is a reported pressure of £0.543m in the ICT service which in the main relates to expenditure which cannot be capitalized.

Strategy and Performance

3.6.9 The Division is reporting an underspend of £0.047m, in the main due to vacant posts.

Human Resources and Organisational Development

3.6.10 The Division is reporting an underspend of £0.111m. There are pressures totaling £0.160m which are being offset by vacant posts across the division totaling £0.271m.

Achievement of Budget Reductions

3.6.11 Budget Reductions for the Directorate in 2022/23 total £1.382m of which six totalling £0.749m are rated 'Green – on track and will be delivered' and have been fully achieved at quarter 3. One budget reduction is currently rated 'Amber/Red – off track and will only deliver part of the saving', the total value of the option is £0.250m and the predicted shortfall is £0.023m. A further two budget reductions are rated 'Red – off track and will not deliver' which are detailed below:

- Internal Efficiency Initiatives (Unity Partnership); £0.363m not currently being achieved
- Information and Communications Technology (ICT) of £0.020m, not currently being achieved.

3.6.12 Therefore, a total of £0.406m of budget reductions across the Division are currently not expected to be achieved in the financial year and £0.383m of this has been built into the 2023/24 budget estimates.

3.7 Capital, Treasury and Technical Accounting

3.7.1 The following table shows the forecast position for the Directorate at quarter 3.

Table 9 – Capital, Treasury and Technical Accounting

	Revised Budget £000	Forecast £000	Use of Reserves £000	Variance £000
Capital Treasury and Technical Accounting	21,949	18,428	(596)	(4,117)
COVID-19 Legacy Funding	12,000	-	-	(12,000)
Corporate and Democratic Core	833	833	-	-
Parish Precepts	333	333	-	-
Total Forecast Net Expenditure	35,115	19,594	(596)	(16,117)

Summary

Capital, Treasury and Technical Accounting

3.7.2 The Directorate holds the budgets associated with the Council's Treasury Management activities including interest payable on borrowing and interest receivable on investments and is reporting a wholly business as usual underspend of £16.117m at quarter 3.

3.7.3 As mentioned above in paragraph 2.4 of the report, COVID-19 Legacy funding is being held centrally within this division. This contributes £12.000m towards the £16.117m Portfolio underspend. The corresponding expenditure that this provision is funding is currently being reported within CHASC (£5.717m) and Children's Services (£3.555m) leaving an overall favourable corporate balance of £2.728m in relation to the COVID-19 funding, currently being used to support business as usual pressures.

3.7.4 The favourable residual Portfolio variance of £4.117m is due to projected positive non-pay variances including past pension costs and banking charges. This is offset by an adverse variance with regard to the Annual Leave Purchase Scheme and loss of income through reduced buy back of the Schools and Academies Cash Collection service. There is also a £0.100m adverse variance on corporate insurances due to an increase in the volume of insurance claims being processed, however this will continue to be reviewed. The Procurement Framework has been reviewed in full and it is now anticipated that with income received to date, the income target of £0.506m will be met. A 'one-off' refund of £0.543m in relation to Business Rates Levy surplus has been received (as notified with the Final Local Government Finance Settlement) and is contributing to the favourable variance at month 9. As previously reported additional income of £1.044m has been received from the Greater Manchester Combined Authority (GMCA), this is the Council's share of a £10.000m GM wide waste reserve refund. This has been transferred to

Earmarked Reserves to support the increase in GMCA levy costs in the 2023/24 revenue budget.

- 3.7.5 The Housing Benefit service is expected to have a break-even outturn in 2022/23. Whilst there are pressures in relation to temporary accommodation, the movement of working age benefits claimants on to Universal Credit is offsetting the pressure.

Achievement of Budget Reductions

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

4 Other Grants and Contributions Received by the Council

- 4.1 Members will recall that in 2021/22 the Government provided a range of both ringfenced and un-ringfenced grants to support the response to COVID-19. There have been no new notifications in 2022/23, however there are residual sums in relation to the funding received in 2020/21 and 2021/22 with the Council bringing forward into 2022/23 unspent balances totalling £3.138m in relation to seven ring-fenced COVID-19 grants. The application of these grants has therefore been treated as a drawdown from reserves.

- 4.2 The single largest sum (£3.081m) is in relation to the Contain Outbreak Management Fund (COMF). As mentioned in section 3.3.3 above, Central Government has previously indicated it might withdraw the balance of the COMF grant in 2022/23. Councils have previously been advised that they will have to evidence how any actual expenditure and future commitments funded by the COMF grant comply with the prevailing guidance. In accordance, the Council has submitted regular returns to the UK Health Security Agency (UKHSA) throughout the year on the use of the COMF grant and no queries have arisen regarding its intended use. In December 2022, UKHSA issued a letter to advise Council's the COMF grant can be further carried forward into 2023/24. The terms of the grant remain unchanged, and the carry forward is for COVID control and COVID recovery, including mitigating any health inequalities as a result of COVID. In view of the latest guidance, the clawback of the funding is no longer anticipated.

- 4.3 In addition to the above, the Council has received a number of specific Grants from the Government or other sources which have been ringfenced to Directorates to be utilised on certain defined activities. At Quarter 3, excluding the DSG as outlined in section 5.1, Directorates are forecasting a total of £119.621m of ringfenced grants to be used for specific purposes which have been either new notifications for 2022/23 or grants received in prior years where terms and conditions allow for usage in the current and potentially future years. The table below shows the total grants forecast by Directorates up to quarter 3.

Table 10 – Grants Ringfenced to Directorates

Directorate	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
Community Health and Adult Social Care	0	(21,906)	(21,906)
Children's Services	(137)	(24,543)	(24,680)
Public Health	(365)	(1,998)	(2,363)
Communities	(286)	(735)	(1,021)
Place and Economic Growth	(60)	(4,678)	(4,738)
Corporate Services	0	(5,215)	(5,215)
Capital and Treasury	0	(40,898)	(40,898)
Total Ringfenced Grants include within the Net Revenue Budget	(848)	(99,974)	(100,822)
Housing Revenue Account	0	(18,799)	(18,799)
Total	(848)	(118,773)	(119,621)

- 4.4 As highlighted in the table above, grants (not related to COVID-19 and excluding the DSG) received in previous years and carried forward into 2022/23, all within the Net Revenue Budget total £0.848m with new allocations for 2022/23 totalling £118.773m; £119.621m in total (£100.822m within the Net Revenue Budget and £18.799m within the Housing Revenue Account). Dependant on the terms and conditions of the individual grant, some of the above income could be carried forward into 2023/24 to be utilised in future financial years.
- 4.5 Of the £99.974m of new General Fund allocations, the largest single category carries a value of £40.898m and relates to Housing Benefit Subsidy within Capital and Treasury; £35.467m for Rent Allowances and £5.431m for Rent Subsidy. In addition, £16.797m relates to the Better Care Fund Grant which is awarded by NHS England and distributed by Integrated Care Boards which is included within the Community Health and Adult Social Care net revenue budget. A further £13.165m relates to PFI Credits received to support unitary charge payments across the Council's four Revenue Fund PFI schemes. A further two PFI schemes, with grant totalling £18.799m are in the Housing Revenue Account. Within Children's Services £8.701m relates to Pupil Premium Grant, the majority of which is passported directly to schools
- 4.6 Within CHASC, there are two Adult Social Care Discharge Fund allocations totalling £2.573m, as outlined in section 3.1.4. The Council has received £0.935m directly. A further £19.558m has been received by the Greater Manchester Integrated Care Board from the sponsoring Government Department, of which the Oldham locality share is £1.638m.
- 4.7 A total of 63 additional Government Grants are included in the forecasts for 2022/23 totalling £101.755m; £82.956m is within the Revenue Budget and £18.799m relates to the Housing Revenue Account PFI Credits. A further 6 grants have been awarded from other sources and classed as 'other grants' totalling £17.866m.
- 4.8 Thirty three of the grants have an individual value which is greater than £0.150m and total £117.510m. The remaining £2.111m relates to 36 grants with individual values less than £0.150m. A full list of these grants can be found at Appendix 2.

5 Schools

5.1 The Council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) which is provided by the Department for Education. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School and Early Years Finance (England) Regulations 2022. The Schools' Budget includes elements for a range of educational services provided on an Authority wide basis and for the Individual Schools Budget which is divided into a budget share for each maintained school. The total Oldham funding allocation for 2022/23 is £300.575m; £168.789m after excluding the recoupment for academies and Post 16 Further Education (FE) provision and is split across the four funding blocks that comprise the DSG as follows:

- Schools- £227.079m (£108.201m after excluding the recoupment for academies)
- High Needs- £52.251m (£39.343m after excluding the recoupment for academies and Post 16)
- Early Years- £18.828m
- Central Schools Services- £2.417m

5.2 For a number of years there has been considerable financial pressure on the DSG, particularly in the High Needs Block. At the start of 2022/23, the cumulative DSG deficit was £2.773m having been in deficit since 2016/17. This is historically due to expenditure exceeding the High Needs budget available each year. As can be seen from the table below, the cumulative High Needs Block Deficit, if taken as a stand-alone element was £15.269m at the start of 2022/23. The key contributors to this pressure being the:

- Increasing high needs population, such as special school places, resourced provision and post 16 Further Education provision.
- Increasing number of Education Health Care , £168.789m after excluding the recoupment for academies and Post 16 FE provision Plans requiring high needs top up funding within mainstream schools
- Cost of providing local Pupil Referral Unit capacity to ensure that the Local Authority fulfils its statutory role.
- High cost of external placements

The Schools Forum, which must agree the allocation of the DSG, has historically approved transfers between the Schools and High Needs Blocks (£8.296m between 2016/17 and 2021/22). Due to the increased funding received in 2022/23 there was no requirement for a transfer in this financial year.

5.3 The High Needs Block is currently forecasting an in year surplus of £3.473m. Excluding the cumulative support from the Schools Block this reduces the forecast cumulative deficit forecast to £11.796m as of 31 March 2023. The deficit is offset by cumulative virements (£8.296m) and savings from the Schools and Early Years Blocks (£4.014m) to leave a net forecast, cumulative High Needs Block surplus of £0.514m (as illustrated in the table below).

Table 11 – DSG High Needs Block

DSG High Needs Block Key Issues	£000
Original High Needs Budget Allocation including adjustment for imports/exports, special free school funding and hospital education	(52,251)
Estimated Expenditure	48,778
Projected in Year (Surplus)	(3,473)
Deficit Brought Forward 01/04/2022	15,269
Cumulative Net Deficit	11,796
Offset by;	
- Virement from Schools Block- 2016/17 to 2021/22	(8,296)
- Savings in Schools and Early Years Block and Central Schools Services Block- 2015/16 to 2022/23	(4,014)
Projected High Needs Block (Surplus) 31/03/2023	(514)

Overall DSG Position and Recovery Plan

- 5.4 As the DSG has been in deficit for a number of years, the Council has been required to agree a DSG Financial Recovery Plan to demonstrate how, at least a balanced position could be achieved. This was first submitted to the Department for Education in 2019. The financial elements of the Recovery Plan have been continuously updated to take account of estimated additional cost pressures, formal notifications of additional funding and the agreed funding methodology including the transfer of DSG funding between the Schools and the High Needs Funding Blocks that has been undertaken in prior years.
- 5.5 Oldham has been supported by the Education and Skills Funding Agency (ESFA) in its monitoring and management of the DSG with the Recovery Plan having been subject to review. In more recent developments, Oldham has been invited by the Government to take part in the Delivering Better Value (DBV) in SEND Programme which provides dedicated support for the reform to high needs systems to Local Authorities with historical deficit issues, the aim being to put more Local Authorities on a more sustainable footing so that they are better placed to respond to the forthcoming SEND Review reforms.
- 5.6 Oldham was selected as one of the Local Authorities to be invited to take part in the programme, as it had a significant percentage DSG deficit in 2020/21. The first 20 of the 55 Authorities started the programme in June 2022, the second round (which includes Oldham) has now launched. The Government is initially providing external consultancy advice to the Council to enable it to plan and agree improvements and a change programme. There is also funding available for the Council to fund new activities identified through the DBV initiative, an initial sum of £0.045m has been received in the current financial year, with core funding of £1.000m being available to the Authority on successful submission of a grant application, outlining the use and expected outcomes from the funding to the Department for Education. A series of workshops have now commenced with the wave 2 authorities culminating in the grant application submission in late June/ early July of 2023.
- 5.7 The Schools Forum is regularly updated on the status of the Recovery Plan and it remains appropriate to present information in this format. The Council will therefore continue to use the Recovery Plan arrangements as an effective means of monitoring the DSG position. The last meeting of the Schools Forum on 18 January 2023 received an update in relation to the DSG including the Recovery Plan, which had again been updated to take

account of the most recent funding announcements, the latest expenditure predictions and their impact on the projections from the current financial year through to 2024/25.

- 5.8 The Autumn Statement of 17 November 2022 announced additional funding of £2.3bn for schools in 2023/24 with a further £2.3bn for 2024/25. The additional funding is for schools and High Needs, of which £400m is for Local Authorities on top of their high needs National Funding Formula (NFF) allocations. The additional funding for schools will be allocated as a separate grant in 2023/24 and then rolled into the NFF from 2024/25. The 2023/24 grant will be allocated to schools as per the NFF formula distribution as if it was part of NFF from April 2023 for Academies and Maintained schools and to Local Authorities for the High Needs block to allocate to Special Schools and other providers funded from the High Needs Block.
- 5.9 Following confirmation of the Authority's funding allocation on 16 December 2022, the DSG Recovery Plan has been remodelled. The table below shows the latest Recovery Plan as at January 2023 and illustrates that with the increased funding and the planned actions to address new operating arrangements to generate efficiencies, the DSG should be brought into a position where there is an in-year surplus in 2022/23 of £3.287m, which is sufficient to offset the deficit brought forward of £2.773m leaving a cumulative surplus of £0.514m to be carried forward into 2023/24. The updated position was reported to the Schools Forum on 18 January 2023. Increases to High Needs funding are offset by the prudent inclusion in the Recovery Plan of a Service Improvement Development Fund to support a range of initiatives, the full detail of which is still to be agreed but will complement the DBV in SEND programme as outlined above.

Table 12 – Overall DSG Position

	2022/23 £000	2023/24 £000	2024/25 £000
Opening Balance brought forward – Deficit/ (Surplus)	2,773	(514)	(2,438)
Estimated Additional Pressures	2,896	5,117	6,573
2022/23 High Needs Block Increase	(4,852)	(4,852)	(4,852)
Additional High Needs Funding (announced December 2021)	(1,756)	(1,756)	(1,756)
Additional High Needs Funding (announced December 2022)	0	(2,178)	(2,178)
Reverse Indicative Transfer (initially planned but not required for 2022/23)	1,124	-	-
Estimated change additional funding including Special Free School	(1,092)	-	-
Estimated adjustment for Special Free School funding	-	252	252
Additional High Needs Funding 2023/24 - 6.7%	-	(4,294)	(4,294)
Estimated Additional High Needs Funding 2024/25 - 3%	-	-	(1,601)
Estimated cost increases Special Schools re inflation etc.	393	409	415
Contribution to Central Education Support Services including HI/VI Services	-	200	200
Additional spend re High Needs funding announcement December 2022 still to be allocated	-	2,178	2,178
Service Improvements Development Fund (SIDF)	-	2,150	4,800
Drawdown of the SIDF Proposed one-off funding to support the Special Sector	-	850	-
In Year (Surplus)	(3,287)	(1,924)	(263)
Current Net Forecast (Surplus)	(514)	(2,438)	(2,701)
Previously Reported Net Forecast (Surplus) as at Quarter 2	(442)	(3,273)	(3,830)

5.10 The DSG financial position has improved; the current estimates show that there will be surpluses in each of the three years of the current recovery plan, which is a change to the trends of the last few years and is largely due to the additional funding expected from Central Government. Work will continue for the remainder of 2022/23 and beyond to ensure that the forecast surplus position for 2023/24 and 2024/25 is actually achieved and maintained and that the Service Improvement Development Fund is effectively deployed. An update will be provided to the Schools Forum at its next meeting on 22 March 2023.

6 Housing Revenue Account (HRA)

6.1 The current HRA position is presented in Table 13 and compares the initially approved HRA position to the current estimated outturn. The actual closing balance for 2021/22 at £21.721m was £0.570m lower than the final estimate of £22.291m. The original HRA forecast for 2022/23 was for a planned in-year decrease in balances of £1.808m, mainly to support housing related expenditure in the Capital Programme.

6.2 The current forecast is for an in-year surplus of £0.934m, a net favourable movement of £2.742m. The variance is attributable to the cessation of planned HRA expenditure within the Capital Programme offset by increased utility costs. The projected year end HRA balance is £22.655m, a £2.172m favourable movement.

Table 13 - Housing Revenue Account Forecast Position

HRA Income & Expenditure Account	Original Budget £000	Actual 2021/22 & Latest 2022/23 Forecast £000	Variance to Budget £000
HRA Balances Brought forward from 2021/22	(22,291)	(21,721)	570
(Surplus)/ Deficit on HRA Services for 2022/23	1,808	(934)	(2,742)
HRA Surplus Balances Carried Forward	(20,483)	(22,655)	(2,172)

7 Collection Fund

7.1 The tables below show the forecast outturn position for the Collection Fund (the technical account within which Council Tax and Business Rates (National Non Domestic Rates (NDR) are managed) and the forecast position in relation to the share of balances between the Council and the Greater Manchester Combined Authority precepting Authorities.

Table 14 - Collection Fund Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	2,958	6,175	9,133
Contribution to deficit carried forward from 2021/22	(2,873)	(10,379)	(13,252)
Prior Year Balance Brought Forward	85	(4,204)	(4,119)
(Surplus) /Deficit for the Year	(133)	73	(60)
Net (Surplus)/Deficit Carried Forward	(48)	(4,131)	(4,179)

Table 15 - Collection Fund – 2022/23 Share of Balances; Forecast Position

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	(40)	(4,090)	(4,130)
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	(5)	-	(5)
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	(3)	(41)	(44)
Total (Surplus)	(48)	(4,131)	(4,179)

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

Business Rates to be collected would be reduced. This was expected to be compensated for by un-ringfenced Section 31 grant of £4.204m included within the 2022/23 Revenue Budget. The £4.204m grant has, however, been applied to Collection Fund expenditure in 2022/23.

- 7.3 The Greater Manchester 100% Business Rates Retention Pilot has continued into 2022/23. Any financial benefits arising from membership within the pilot scheme will continue to be monitored and upon realisation, any beneficial financial resource will be used to support the Council's budget.
- 7.4 As highlighted in Table 14 and 15 above, current year end Collection Fund projections are showing an overall surplus of £4.179m, with the Council's proportion of this surplus being £4.130m. This is a particularly volatile area to forecast with many unknowns, therefore, this area will be closely monitored over the remaining months. However, the sum of £4.130m has been incorporated into the 2023/24 budget.

8 Use of Reserves

- 8.1 Members will recall that at the Council budget meeting of 2 March 2022, it was agreed that a proposed use of Earmarked Reserves of £24.971m be used to support the 2022/23 budget including £0.405m to support the delivery of Budget Reductions for 2023/24 with an offsetting transfer to reserves of £1.710m for Retained Business Rates. Of the Earmarked Reserves to be used, £11.879m were to be met from the specific balancing budget reserve. A further £13.092m of reserves were to be used in 2022/23 as a result of Business Rates compensation funding received in 2021/22 and held in reserve to support the Collection Fund Deficit in 2022/23. Since the Budget Council meeting and as part of the closure of accounts, the completion of the Business Rates Year End Return (NNDR3) and using guidance issued by CIPFA, it was determined that the Business Rate compensation related Collection Fund Deficit for 2022/23 would be revised downwards by £4.285m to £8.807m; a revision of £0.081m for Grant in Lieu of Business Rates and £4.204m in relation to the COVID-19 Additional Relief Fund (CARF) scheme. This resulted in the initial, total net call on reserves to support the revenue budget in 2022/23 of £20.686m, reducing to £18.976m with the transfer of £1.710m to reserves in relation to Business Rates Retention Pilot gains referred to above.
- 8.2 In addition to the above transfer to reserves the quarter 3 position incorporates additional Directorate requests to use reserves with a total (net) value of £12.676m, therefore the budget as a whole currently relies upon the application of a net £31.652m of reserves, the resultant impact is for an estimated combined closing value of £84.894m, comprising £80.809m of Earmarked Reserves and £4.085m of Revenue Grant Reserves, as illustrated in the table below. It is however anticipated that this position will change as the year draws to a close and the final outturn is determined. Should the adverse variance of £1.280m need to be addressed by the use of earmarked reserves at the year end the £80.809m will reduce to £79.529m.

Table 16 – Reserves Summary

	Earmarked Reserves £000	Revenue Grant Reserves £000	Total Reserves £000
Opening Balance as at 1 April 2022	(99,227)	(10,731)	(109,958)
Reserves applied to balance the Budget	11,879	-	11,879
Use of Reserves to offset Collection Fund Deficit	13,092	-	13,092
Reduction in Reserve to offset Collection Fund Deficit	(4,285)	-	(4,285)
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	(1,710)	-	(1,710)
In Year Balance	(80,251)	(10,731)	(90,982)
Directorate Transfers from Reserve			
Community Health and Adult Social Care	3,090	-	3,090
Children's Services	422	1,890	2,312
Public Health	-	3,369	3,369
Communities	551	-	551
Place and Economic Growth	1,899	187	2,086
Corporate Services	1,397	46	1,443
Capital Treasury and Technical Accounting	1,640	-	1,640
Total Directorate Transfers from Reserve	8,999	5,491	14,490
Directorate Transfers to Reserves			
Community Health and Adult Social Care	-	(200)	(200)
Children's Services	-	-	-
Public Health	(321)	-	(321)
Communities	-	-	-
Place and Economic Growth	(49)	-	(49)
Corporate Services	(200)	-	(200)
Capital Treasury and Technical Accounting	(1,044)	-	(1,044)
Total Directorate Transfers to Reserve	(1,614)	(200)	(1,814)
Total Directorate Use of Reserves	7,385	5,291	12,676
2022/23 Reserves review	(1,355)	1,355	-
2022/23 Resources and Provisions review	(6,588)		(6,588)
Closing Balance as at Quarter 3	(80,809)	(4,085)	(84,894)

8.3 In line with the Council's reserves policy, the recommended use of reserves to fund spend during the year have been initially approved by the appropriate officers prior to consideration by Cabinet. However, as there is a need to minimise the use of reserves in order to support the financial resilience of the Council, only those reserves supporting essential business will be utilised this year.

8.4 A full review of all Reserves, Provisions and Council Resources has been undertaken, identifying a total of £6.588m of resources that can be re-purposed and transferred into earmarked reserves to support any year-end overspend within the 2022/23 revenue budget; currently forecast as £1.280m and to support the overall financial resilience of the Council.

8.5 The availability of reserves is a demonstration of the financial resilience of the Council and as such the reserves must be carefully managed. However, the use of reserves is also a means by which the Council can support the 2023/24 and future years budget setting processes and Medium-Term Financial Strategy. In addition to use in the current financial year, as part of the 2023/24 Budget setting process agreed by Council on 1 March 2023, Members have approved a further use of £12.786m of reserves to balance the budget in 2023/24, offset slightly by a contribution to reserves of £1.209m which nets the total use of reserves to £11.577m for the forthcoming year. There is also a further £3.932m approved commitment of reserves for 2024/25.

9 Flexible Use of Capital Receipts

9.1 Members will recall that at the Council meeting of 2 March 2022, it was approved that up to £2.500m of capital receipts would be used to underpin the revenue budget in line with the flexibilities agreed by Secretary of State for Housing, Communities and Local Government in March 2016. In April 2022, guidance on the flexible use of capital receipts was updated by the Department for Levelling Up, Housing and Communities which extends the flexibility that has been in place since 2016. This allows the freedom to continue up to 2024/25 to help Authorities plan for the long-term.

9.2 A number of schemes in support of the transformation programme which meet the qualifying expenditure requirements as detailed within the statutory guidance issued by the DLUHC have been identified and are itemised within the approved 2022/23 Capital Programme. The contribution to the Flexible Use of Capital Receipts is the first call on any receipts generated by the Council and processes are in place to monitor progress throughout the year. Annex 2 to this report which sets out the Capital Programme position confirms that receipts totalling £2.802m have been received to date, sufficient to underpin the revenue budget requirement of £2.500m.

10 Conclusion

10.1 During 2022/23 there has been uncertainty about the financial position created by the lasting impact of COVID-19 and also due to emerging cost pressures in relation to utilities and fuel, the impact of cost of living pressures on future pay awards and also interest rates. The forecasting of the likely impact of all these factors on the Council's budget has been based on both the actual expenditure and the income loss recorded but also relies on a series of assumptions which during the year have been both unpredictable and constantly changing.

10.2 The current projected position, after adjustment for reserves and the application of the full £12.000m of the Council funded provision for COVID-19 legacy pressures is showing an operational overspend of £2.055m, reducing to £1.280m with the anticipated effect of management actions and spending restrictions. The legacy funding is supporting £9.272m of expenditure, the balance of £2.728m is reducing a business as usual, operational overspend from £4.783m to £2.055m.

10.3 The business as usual pressure, whilst reduced, is obviously of concern, driven in part by the uncertainty in relation to achieving Budget Reductions, provision for which has prudently been incorporated in the 2023/24 budget setting process, as outlined in sections 2.14 and 2.15. For this reason, corporate measures aimed at scrutinising and limiting expenditure and monitoring the recruitment of staff to vacant posts have been reviewed, strengthened and expanded. These together with the full year effect of management actions were initially estimated to reduce the overspend by £1.720m as reported at month

6. The measures have had an impact with £0.925m of the required reduction now delivered, leaving a balance of £0.775m expected to produce a £1.280m deficit outturn.

- 10.4 The reserves position is important in the context of financial resilience. Whilst the year started with healthy balances of earmarked reserves (£99.227m) and Revenue Grants Reserves (£10.731m), as advised in this report, net earmarked reserves of £26.631m and net Revenue Grant reserves of £5.291m are forecast to be called into support the 2022/23 budget. As highlighted in table 16 above, and previously reported, further adjustments including a Reserves and Provisions review has increased in year reserves by £6.588m, after which there is an anticipated combined reserves balance of £84.894m. It is also important to note that there is an already approved £16.718m use of reserves to balance the 2023/24 and 2024/25 budgets. At this level of utilisation, it is vitally important to minimise the use of reserves in year to maintain financial resilience of the Council.

FINANCING OF THE 2022/23 BUDGET	Original Budget	Additions to Month 8	Additions to Quarter 3	Revised Budget
	£'000	£'000	£'000	£'000
Net Expenditure Budget	(260,686)			(260,686)
Financed by:				
Business Rates Top-up Grant	(42,923)			(42,923)
Grant in Lieu of Business Rates	(19,471)			(19,471)
Social Care Support Grant	(12,132)			(12,132)
Improved Better Care Fund Grant	(11,188)			(11,188)
2022/23 Services Grant	(4,467)			(4,467)
Independent Living Fund (ILF) Grant	(2,580)			(2,580)
Housing Benefit Administration Grant	(824)			(824)
Council Tax Administration Grant	(371)			(371)
Market Sustainability and Fair Cost of Care Fund	(758)	758		0
Local Authority Domestic Abuse Duty Grant	(580)	580		0
Lower Tier Services Support Grant	(437)			(437)
New Homes Bonus Grant	(562)			(562)
Revenue and Benefits Service New Burdens Grant	(13)	(78)		(91)
School Improvement Monitoring and Brokerage Grant		(110)		(110)
Verify Earnings and Pension Service Grant		(19)		(19)
Rough Sleeping Drug & Alcohol Treatment Grant		(432)		(432)
Capital Grants		(10,777)	(2,718)	(13,495)
Botox and Fillers Children's Act Grant		(8)		(8)
Substance Misuse Treatment and Recovery Funding Grant		(505)		(505)
Adult Social Care charging reform: implementation support funding		(99)		(99)
Extended Rights to Free Travel Grant		(49)		(49)
Homes for Ukraine Grant		(441)	(294)	(735)
Temporary Pavement Licensing New Burden Grant		(8)		(8)
Family Court Fees - New Burdens Grant		(9)		(9)
Family Annexe Council Tax Discount Grant		(4)		(4)
Local Reform and Community Voices Grant			(161)	(161)
War Pensions Disregard Grant			(45)	(45)
Client-Level Data Flows Support Grant			(19)	(19)
Family Hubs and Start for Life Grant			(707)	(707)
Total Government Grant Funding	(96,306)	(11,202)	(3,944)	(111,451)
Council Tax Income - General (Including parish precepts)	(90,697)			(90,697)
Council Tax Income - Adult Social Care Precept	(12,549)			(12,549)
Collection Fund - Council Tax Deficit 2020/21	2,192			2,192
Collection Fund - Council Tax Surplus 2021/22	(1,307)			(1,307)
Collection Fund Deficit	13,092	(4,285)		8,807
Retained Business Rates	(51,850)			(51,850)
Total Locally Generated Income	(141,119)	(4,285)	0	(145,404)
Total Grant and Income	(237,425)	(15,487)	(3,944)	(256,856)
Use of General Earmarked Reserves	(10,074)			(10,074)
Use of Specific Earmarked Reserves	(1,805)			(1,805)
Use of Earmarked Reserves - Collection Fund	(13,092)	4,285		(8,807)
Transfer to Earmarked Reserves - Business Rates	1,710			1,710
Retention Pilot Gain				
Total Use of Reserves	(23,261)	4,285	0	(18,976)
Total Financing	(260,686)	(11,202)	(3,944)	(275,831)

Appendix 2- Analysis of Grants

Grant Name	Grant Type	Carried Forward from 2021/22 £000	New Allocations 2022/23 £000	Forecast £000
Community Health and Adult Social Care				
Market Sustainability and Fair Cost of Care Fund	Govt.	0	(758)	(758)
Changing Futures in GM	Govt.	0	(322)	(322)
Community Discharge Grant	Govt.	0	(1,437)	(1,437)
Better Care Fund	Other	0	(16,797)	(16,797)
Adult Social Care Discharge Fund- OMBC	Govt.	0	(935)	(935)
Adult Social Care Discharge Fund- GM Integrated Care Board	Govt.		(1,638)	(1,638)
Balance: Grants less than £0.150m	Govt.	0	(19)	(19)
Sub Total		0	(21,906)	(21,906)
Children's Services				
PFI Credits (2 contracts)	Govt. (x2)	0	(8,891)	(8,891)
Pupil Premium	Govt.	0	(8,701)	(8,701)
Staying Put Grant	Govt.	0	(201)	(201)
Skills Funding Agency Adult Education Grant	Govt.	0	(2,852)	(2,852)
Holiday Activities and Food Grant	Govt.	0	(1,166)	(1,166)
Youth Justice Board Grant	Govt.	0	(496)	(496)
Support to Victims of Domestic Abuse within Safe Accommodation	Govt.	0	(580)	(580)
Virtual School Head Extension	Govt.	0	(150)	(150)
Unaccompanied Asylum Seeking Children and Care Leavers	Govt. (x2)	0	(808)	(808)
Kickstart Grant	Other	0	(186)	(186)
Balance: Government Grants less than £0.150m	Govt. (x11) Other (x1)	(137)	(511)	(648)
Sub-Total		(137)	(24,543)	(24,680)
Public Health				
PFI Credits	Govt.	0	(1,803)	(1,803)
Additional Drug Treatment Crime and Harm Reduction	Govt.	(297)	0	(297)
Balance: Grants less than £0.150m	Govt. (x3)	(68)	(194)	(262)
Sub -Total		(365)	(1,998)	(2,363)
Communities				
Serious Violence Grant	Govt.	0	(175)	(175)
Community Safety	Other	(171)	(372)	(543)
Balance: Grants less than £0.150m	Govt. (x7) Other (x1)	(115)	(188)	(303)
Sub-Total		(286)	(735)	(1,021)
Place and Economic Growth				
PFI Credits	Govt.	0	(2,471)	(2,471)
Homelessness Prevention Grant	Govt.	0	(553)	(553)
A Bed Every Night (ABEN)	Govt.	0	(277)	(277)
Community Accommodation Services - Tier 3 Grant	Govt.	0	(296)	(296)
Sustainable Transport Fund	Govt.	0	(455)	(455)
Balance: Other Government Grants less than £0.150m	Govt. (x9)	(60)	(626)	(686)
Sub-Total		(60)	(4,678)	(4,738)
Corporate Services				
European Regional Development Fund	Other	0	(184)	(184)
Household Support Fund	Govt.	0	(4,839)	(4,839)
Balance: Other Government Grants less than £0.150m	Govt. (x4)	0	(193)	(193)
Sub-Total		0	(5,215)	(5,215)
Capital and Treasury				
Housing Benefit Subsidy- Rent Allowances	Govt.		(35,467)	(35,467)
Housing Benefit Subsidy- Rent Rebates	Govt.		(5,431)	(5,431)
Sub-Total		0	(40,898)	(40,898)
Total Ringfenced Grants include within the Net Revenue Budget		(848)	(99,974)	(100,822)
				29
Housing Revenue Account				
PFI Credits (2 contracts)	Govt. (x2)	0	(18,799)	(18,799)
Total	69	(848)	(118,773)	(119,621)

Summary of 2022/23 Approved Budget Reductions and deliverability

Appendix 3

Community Health and Adult Social Care

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

Children's Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
CHS-BR1-441	Special Educational Needs & Disability (SEND) Education Provision	Green	(114)	(114)	0
CHS-BR1-443	External Placements Cost Avoidance	Red	(500)	0	500
CHS-BR1-445	Early Help Re-modelling	Green	(200)	(200)	0
PPL-BR1-504	Visit Oldham, Training Budget and Oldham Enterprise Trust	Green	(38)	(38)	0
CHS-BR1-532	Income Generation- Educational Psychologists/ QEST	Green	(150)	(150)	0
CHS-BR1-534	Virtual School Team Manager- Pupil Premium Plus	Green	(58)	(58)	0
CHS-BR1-535	Governor Services- Reduce Expenditure	Green	(15)	(15)	0
CHS-BR1-536	Oldham Learning reduced de-delegated funding	Green	(85)	(85)	0
CHS-BR1-537	General (non-staffing) Expenditure	Green	(10)	(10)	0
CHS-BR1-538	Early Years Staffing Reduction	Green	(21)	(21)	0
REF-BR1-527	Oldham Music Service - Fees & Charges	Green	(27)	(27)	0
CHS-BR1-539	Delete post-Designated Missing from Home	Green	(16)	(16)	0
CHS-BR1-540	Reduce FTE of Children with Disabilities (CWD) Team	Green	(26)	(26)	0
CHS-BR1-541	Delete Post- Corporate Parenting Manager	Green	(54)	(54)	0
CHS-BR1-542	Delete 2 Social Workers from the Adoption Service	Green	(83)	(83)	0
CHS-BR1-545	Do not renew MOMO	Green	(10)	(10)	0
CHS-BR1-547	Savings on Targeted Youth Lot 3	Green	(25)	(25)	0
			(1,432)	(932)	500

Public Health					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
REF-BR1-521	Smoking in Pregnancy Midwife	Green	(50)	(50)	0
REF-BR1-522	Medicines Management	Green	(10)	(10)	0
REF-BR1-523	NHS Health Checks EMIS Contract	Green	(32)	(32)	0
REF-BR1-524	Sexual Health - Various	Green	(245)	(245)	0
REF-BR1-525	Public Health Staffing	Green	(112)	(112)	0
REF-BR1-526	Get Oldham Growing	Green	(62)	(62)	0
REF-BR1-528	Oldham Theatre Workshop - Fees & Charges	Green	(11)	(11)	0
			(522)	(522)	0

Communities					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
REF-BR1-519	Electric Cars	Green	(18)	(18)	0
REF-BR1-520	Reduction of FTE in Community Safety Services	Green	(45)	(45)	0
			(63)	(63)	0

Place and Economic Growth					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-401	Creating a Better Place - Projects & Assets	Amber/Red	(2,620)	(658)	1,962
PPL-BR1-403	Digital Mail	Green	(100)	(100)	0
PPL-BR1-501	Creating a Better Place - Income Generation	Amber/Red	(100)	(50)	50
PPL-BR1-502	Additional Income Generation from new Flexi Parking Permit	Green	(75)	(75)	0
PPL-BR1-506	Cemetery and Cremations	Green	(118)	(118)	0
PPL-BR1-507	Highways and Highways Unity	Green	(245)	(245)	0
PPL-BR1-508	Increase External Customer Base - Trade Waste	Green	(32)	(32)	0
PPL-BR1-509	Increase Trade Fees and Charges - Trade Waste	Green	(74)	(74)	0
PPL-BR1-510	Public Protection Restructures - Environmental Health & First Response	Green	(37)	(37)	0
PPL-BR1-511	Public Protection Restructures - Building Control	Green	(23)	(23)	0
PPL-BR1-503	Planning Income Fees	Green	(50)	(50)	0
PPL-BR1-504	Visit Oldham, Training Budget and Oldham Enterprise Trust	Green	(18)	(18)	0
PPL-BR1-505	Corporate Landlord and Facilities Management	Green	(120)	(120)	0
			(3,612)	(1,600)	2,012

Corporate Services					
Reference	Budget Reduction	Rating	Approved Budget Reduction £000	Deliverable £000	Shortfall £000
PPL-BR1-439	Internal Efficiency Initiatives (Unity Partnership)	Red	(363)	0	363
CEX-BR1-513	Review of Executive Support Service	Green	(45)	(45)	0
CEX-BR1-514	Chief Executive Management	Green	(186)	(186)	0
CEX-BR1-515	Elections	Green	(15)	(15)	0
CEX-BR1-516	Finance Service	Green	(180)	(180)	0
CEX-BR1-516	Finance Service	Green	(199)	(199)	0
PPL-BR1-512	Information and Communications Technology (ICT)	Red	(20)	0	20
REF-BR1-529	Human Resources & Organisational Development	Amber/Red	(250)	(227)	23
REF-BR1-530	Transformation & Reform - Vacant Posts Deletion	Green	(124)	(124)	0
			(1,382)	(976)	406

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