
Report to Cabinet

Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2024/25 to 2028/29

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Sarah Johnston, Director of Finance

Report Author: Chris Kelsall, Assistant Director of Finance

12 February 2024

Reason for Decision

To provide Cabinet with the budget reduction requirement and the Administration's budget proposals for 2024/25 and a forecast of the 2025/26 position having regard to the Provisional Local Government Finance Settlement (PLGFS) published on 18 December 2023. The report also presents the financial forecasts for the remainder of the Medium Term Financial Strategy (MTFS) period 2025/26 to 2028/29.

Executive Summary

This report presents the Council's Revenue Budget for 2024/25 together with the budget reduction requirement and the Administration's budget proposals for 2024/25 including Council Tax intentions. It also provides a forecast of the 2025/26 position and the financial forecasts for the remainder of the MTF period, 2026/27 to 2028/29.

A version of the Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2024/25 to 2028/29 was presented to the Governance, Strategy and Resources Scrutiny Board on 25 January 2024. The Board scrutinised the report and the other reports on the agenda that form a core part of the Council's strategic financial planning framework.

Section 1 presents an introduction to the report and explains the report format.

Section 2 sets out key Council Policies and Strategies including the Co-operative Council Values, Corporate Plan, Constitution and Rules of Procedure, as the framework within which the Budget has been prepared.

Section 3 presents Local Government Finance developments which have an impact on 2024/25 and future years budgets. It also highlights the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code.

Section 4 presents the Local Government Finance Policy Statement 2024 to 2025 which set out the Government's intentions to assist financial planning for Councils. It also details the impact of the 2024/25 PLGFS which was the sixth consecutive one-year Settlement. This included key information in relation to overall funding levels, Council Tax referendum limits and grants for 2024/25.

Section 5 presents the 2023/24 revised budget and year end forecasts. The 2023/24 revenue budget forecast outturn position at Table 5 highlights a current unfavourable projected variance of £16.2m; which will need to be financed from reserves. This is in addition to the general contribution from reserves of £9.5m approved by Council in March 2023, plus contributions from other earmarked reserves for specific projects/initiatives of some £7m. This means the total contribution from reserves in 2023/24 will be some £34m: a situation that is not sustainable and which has significantly reduced the financial resilience of the council.

Section 6 presents a range of expenditure pressures that contribute to the budget gap. In total they contribute £28.7m, an increase of £13.9m compared to the forecast presented to Full Council on 1st March 23. The expenditure pressures for 2025/26 are projected at a further £23m. The main pressures arise from pay, expenditure on Council buildings, increased demand and prices for Children's Social Care service provision and an increased demand for temporary accommodation.

Section 7 sets out the forecast impact of the payment of levies and contributions to the Greater Manchester Combined Authority (GMCA) and a levy to the Environment Agency (EA). It shows a reduction in expenditure of £2.1m in the 2024/25 budget forecast compared to the March 23 forecast, of which £1.4m relates to bus reform expenditure deferred until 2025/26. The final levies position will be confirmed during February 2024.

Section 8 presents the impact of the PLGFS announced on 18 December 2023 in respect of central Government Grants. It provides a commentary on the grants announced by or derived from the PLGFS. There is no significant change from the assumptions reported to Council in March 2023.

Section 9 sets out how the Locally Generated Income from both Business Rates and Council Tax will support the Council budget. The PLGFS confirmed referendum limits for general purpose Council Tax will remain at 3% each year from April 2024 without the need to hold a referendum. In addition, the threshold for Adult Social Care Precept (ASCP) will remain at a maximum of 2% each year from April 2024. There remains a requirement to evidence that the funds generated from this precept are used for Adult Social Care expenditure. The section sets out:

- the income to support the budget from Retained Business Rates and how this helps to reduce the level of budget reductions required. In total, Retained Business Rates income has increased from a forecast £50.2m to £56.3m as the Council continues to benefit from the GMCA Business Rates Retention Pilot Scheme. Most of the increase relates to increased transitional payments and a reduction in the provision in respect of appeals. The GMCA is entitled to part of this increase in Business Rates Income, currently estimated at £1.2m. The Business Rates income figure reflects the information contained within the NNDR1 Government submitted on 31 January 2023.
- the Council Tax position for 2024/25, advising that:
 - The Council Tax Base is 59,380, up from 58,500 in 2023/24 and broadly in line with the position assumed in March 2023.
 - A 2.99% increase in general purposes Council Tax increase is proposed together with a 2% increase for the Adult Social Care Precept.
 - An increase of 4.99% would not require a Council Tax referendum as it would be within the referendum criteria issued by the Government in the PLGFS.
 - The Council proposes to continue to provide no Council Tax Empty Property Discount and increase the Empty Property Premium from 1st April 2025.
 - Total Council Tax to be generated for use by the Council based on the Tax Base and the 4.99% increase (including the adult care social precept) is £116.2m in 2024/25.
 - The Greater Manchester Police and Crime Commissioner precept was confirmed on 30 January 2024 with an increase of £13 for a Band D Council Tax.
 - The Greater Manchester Mayoral General Precept (including Fire Services) will be confirmed on 9 February 2024.
 - Saddleworth Parish Council agreed its precept on 18 December 2023 and Shaw and Crompton Parish Council agreed its precept on 30 January 2024. Confirmed figures are presented in the report.

Section 10 outlines the impact of Collection Fund (the ringfenced account within which Council Tax and Business Rates are managed). The 2023/24 Collection Fund forecast outturn projection as outlined in the month 8 financial monitoring report produces a net surplus of £0.75m of which the vast majority is Oldham Council's share and will be available to support the 2024/25 revenue budget.

Section 11 outlines the review of previously approved 2024/25 and 2025/26 Budget Reductions agreed in the 2021/22 and 2023/24 Revenue Budget Reports and advises that there has been some reprofiling of anticipated benefits.

Section 12 outlines the proposal to use capital receipts flexibly to finance expenditure leading to transformation in the sum of £2.6m for 2024/25 and a further £2.6m in 2025/26.

Section 13 details the revision to estimates for the financial years 2024/25 to 2025/26 compared to the position previously reported to Council on the 01 March 2023. This presents a revised budget reduction requirement (before the use of reserves) of £20.6m for 2024/25 and £7.0m for 2025/26.

Having regard to the proposed increase in Council Tax, Section 14 presents the Administration's approach to balancing the budget for 2024/25 via the budget reduction process. There are a total of 34 proposals presented in accordance with Political Portfolios. These are expected to deliver savings totalling £11.0m and impact approximately 90 FTEs in 2024/25. The proposals also have an impact on 2025/26 of £4.8m. All the proposals are presented in summary at **Appendix 5** and in detail at **Appendix 6**.

Assuming approval of the 2024/25 budget reduction proposals and taking into account the impact of one-off budget reduction proposals, the budget reduction requirement for 2024/25 reduces to £9.5m and 2025/26 to £2.3m as set out at Table 17..

Section 15 advises how the budget for 2024/25 is balanced and the final position for 2025/26 as follows:

- The first step in balancing 2024/25 is however, to increase the budget gap by introducing a contribution to reserves in 2024/25 of £1.2m, payable to the GMCA in relation to 100% Business Rates Pilot Gain.
- This increases the budget gap to £10.8m which is then balanced by the use of:
 - £2.5m general reserves (approved as part of the 2023/23 budget);
 - Additional general reserves of £8.3m to balance the 2024/25 budget.
- After all the budget adjustments and impact of the use of reserves to balance 2024/25, there remains a budget gap still to be addressed of £11.5m for 2025/26.

Section 16 presents the expected level of earmarked reserves at the end of 2023/24 at £36.8m that can support the 2024/25 budget including the Balancing Budget and Fiscal Mitigation reserves for 2024/25.

Section 17 presents the Statement of Robustness, a requirement under Section 25 of the Local Government Finance Act 2003 which is the assurance by the Director of Finance on the robustness of the estimates used for the purposes of the revenue budget calculations and the adequacy of proposed reserves and balances. General reserves are recommended to be increased from £19m to £30m reflecting the increasingly volatile expenditure pressures the Council faces and the low tax base from which the Council is able to raise additional income. A strategy will need to be developed in 2024/25 to raise the level of general reserves over the MTFS period and increase the financial resilience of the Council. The Director of Finance is able to provide Members with the necessary assurances in respect of the 2024.25 but the Council's financial position in later years is far less certain. A more detailed commentary is provided in Section 17 and at **Appendix 9**.

Section 18 sets out the proposed fees and charges for the financial year 2024/25.

Sections 19 and 20 set out the Medium Term Financial Strategy covering the financial years 2025/26 to 2028/29 including the plans for the transformation programme that will begin to help deliver the savings required to balance the budgets in future years.

Section 21 sets out the Council's Pay Policy Statement in accordance with the requirements of Section 38 to 43 of the Localism Act 2011, which requires full Council approval.

Sections 22 to the end of the report include options to consider, consultation comments and Legal and Procurement comments in accordance with standard practice.

Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2024/25, a Delivery Board chaired by the Leader of the Council will regularly review of the progress of existing change programmes against the delivery milestones and financial targets. It will also ensure that there is continuous emphasis on the delivery of change and the achievement of the budget reductions required in line with the three-year strategy.

As advised above, the Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2024/25 to 2028/29 was presented to the Governance, Strategy and Resources Scrutiny Board on 25 January 2024 based on the information available at that time. The Board scrutinised the report and the other reports on the agenda that form a core part of the Council's strategic financial planning framework.

The Board considered in detail the Administration's 34 budget reduction proposals and was content to commend to Cabinet at a value of £11.0m in 2024/25 and a further £4.8m in 2025/26. The Board was also content with all other aspects of the report, including the proposed changes to fees and charges and therefore commended it to Cabinet.

At the time of preparing this report, the one major announcement awaited is the Final Local Government Finance Settlement. Once this is received, its impact will be incorporated into the version of the Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2024/25 to 2028/29 report to be presented to Council on 28 February 2024.

Recommendations

That Cabinet approves and commends to Council:

- 1 The policy landscape and context in which the Council is setting its revenue budget for 2024/25;
- 2 The financial forecasts for 2024/25 and 2025/26 having regard to the Provisional Local Government Finance Settlement and associated funding announcements;
- 3 The Flexible Use of Capital Receipts at a value of £2.6m for 2024/25 and 2025/26;
- 4 A proposed overall 2024/25 Council Tax increase of 4.99% for Oldham Council services (2.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges set out at Table 12 of the report;
- 5 To approve the introduction of a 100% Council Tax Premium to be levied on empty properties and second homes from 1st April 2025 as set out in paragraph 9.34
- 6 The 2024/25 Budget Reduction proposals at a value of £11.0m with a further £4.8m for 2025/26;
- 7 The proposed use of £10.8m of reserves to balance the 2024/25 budget as set out in Table 18 of this report;
- 8 The proposal to draw on the Collection Fund for major preceptors of £138.1m for Borough Wide services and £116.2m for Council services (subject to confirmation);
- 9 The proposed net revenue expenditure budget for 2024/25 for the Council set at £298.5m as set out at in paragraph 15.6 and at **Appendix 8**;
- 10 The proposed fees and charges as set out in the schedule included at **Appendix 10**;
- 11 The level of balances supporting the 2024/25 budget to be retained at £19.8m underpinned by the agreed policy on Earmarked Reserves;
- 12 The draft pay policy statement included at **Appendix 12**; and
- 13 The delegation to the Cabinet Member for Finance and Corporate Resources 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 6.2-n).

Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2025/26 to 2028/29

1 Background

Introduction

- 1.1 Each year, the Council identifies what it needs to spend on Council services for the following year as part of the budget setting process. This process also involves the identification of provisional spending plans for future financial years. This ensures the Council's future spending plans are balanced against the funding forecasts for Government Grants, Council Tax and Business Rates revenues. These plans form part of the Council's Medium Term Financial Strategy (MTFS) which sets out a financial forecast for the period 2024/25 to 2028/29. The first part of this report focuses on the first two years of the MTFS period and at section 19 sets out a forecast for the final three years, 2026/27 to 2028/29.
- 1.2 Members will recall that when the 2023/24 budget was agreed it included an estimate of the likely budget reduction requirement for 2024/25 at a net £10.2m and at a net £15.1m for 2025/26. However, as would be expected, these estimates have been subject to a constant review throughout 2023/24. This report sets out the current budget reduction requirement and how it will be addressed for 2024/25 using the 01 March 2023 position as a starting point.
- 1.3 The PLGFS and associated funding announcements were received on 18 December 2023 and the forecasts for 2024/25 have been updated using actual funding information (where available) and the 2025/26 estimates have been revised using information in the PLGFS and the Policy Statement. These revised estimates are presented in this report.
- 1.4 However, in addition to the cost pressures that were anticipated when the initial estimates for 2024/25 and future years were prepared, this financial year has seen an additional number of unforeseen financial challenges. The challenges include:
- a) Continued increase in costs and the number of placements within Children's Services
 - b) Temporary accommodation for the homeless
 - c) Increased costs of maintaining the Council's property portfolio
- 1.5 When the initial 2024/25 MTFS was prepared, the impact of the issues presented at paragraph 1.4 were not foreseen and all have an on-going impact on the financial position which can only be estimated. As outlined in Section 16, the budget for 2024/25 will be supported by the availability of risk reserves that can be introduced if required during the year.
- 1.6 The information in the PLGFS together with the other Government announcements has enabled the preparation of detailed budget estimates for 2024/25 together with the Administration's proposals for balancing the 2024/25 budget, including Council Tax intentions. An indicative budget for 2025/26 is also presented, highlighting that, should nothing change between now and 2025/26 budget setting, budget further reductions of £11.5m will be required.

-
- 1.7 A version of the Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2024/25 to 2028/29 was presented to the Governance, Strategy and Resources Scrutiny Board on 25 January 2024 which had regard to the PLGFS and other relevant key policy announcements and developments available at that date. The Board scrutinised the report and was content to commend it to Cabinet without amendment.
- 1.8 At the same time as considering the financial challenges facing the Council, it is important to consider the Council's commitment to the co-operative way of working. Based on a set of values and the principle of enabling and motivating everyone to "do their bit", this influences the policy direction of the Council and its response to the financial challenges.
- 1.9 As an organisation, a co-operative approach provides the opportunity to find positive and sustainable solutions to the on-going financial challenges being faced. Oldham has a values driven approach which underpins the way it does business. The Council believes in the importance of fairness and responsibility. In practice, that means maximising the positive social, economic and environmental impact that can be achieved through everything we do as set out in the Council's values.

Format of the Report

- 1.10 The report is presented in sections in order to highlight the key issues impacting on the budget, the size of the financial challenge facing the Council for 2024/25 and 2025/26, the way in which the challenge has been determined and then the approach to balancing the 2024/25 budget. It also highlights the balance still to be addressed for 2025/26. The final element of the report sets out the financial forecasts for the three year period 2025/26 to 2028/29, the final three years of a five year financial strategy. The sections are presented as follows.

Sections 2 to 5 provide context for budget setting:

- Section 2 sets out key Council Policies and Strategies including the Constitution and Rules of Procedure, as the framework within which the Budget has been prepared.
- Section 3 presents Local Government Finance developments specifically within the Local Government finance arena which impact on the budget setting arrangements for 2024/25 and future financial years. It also highlights the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code and provides a commentary on financial resilience, which is of importance when considering the Council's financial standing in the context of budget setting.
- Section 4 presents the key points of the Policy Statement issued in November 2023 and the PLGFS issued on 18 December 2023.
- Section 5 outlines the month 8 financial monitoring position for both the revenue budget (a forecast £16.2m adverse variance) and the capital programme. This highlights the on-going financial pressures which influence or require addressing in 2024/25.

Sections 6 to 13 set out how the budget gap has been determined:

- Section 6 presents a range of expenditure pressures that contribute to the budget gap.
- Section 7 sets out the forecast impact of the payment of levies and contributions to GMCA.
- Section 8 presents the impact of the PLGFS announced on 18 December 2023.
- Section 9 sets out how the Locally Generated Income from both Business Rates and Council Tax will support the Council budget.
- Section 10 outlines the impact of the Collection Fund.

-
- Section 11 details the review of previously approved budget reductions.
 - Section 12 outlines the Government's confirmation of the ability to use capital receipts to support transformation.
 - Section 13 then summarises the impact of all the above and the revised Budget Reduction Requirement to be addressed.

Sections 14 to 16 present how the budget is balanced and the level of reserves available to the Council:

- Section 14 presents the Administration's 2024/25 and 2025/26 budget proposals to address the budget reduction requirement.
- Section 15 shows how reserves will be used to balance the 2024/25 budget.
- Section 16 presents the expected level of reserves at the end of 2024/25 and how they support the 2024/25 budget and financial strategy.

Section 17 presents a summary of the Statement of Robustness a requirement under Section 25 of the Local Government Finance Act 2003. This is the assurance by the Director of Finance on the robustness of the estimates used for the purposes of the revenue budget calculations and the adequacy of proposed reserves. The detailed Statement is attached at **Appendix 9**.

Section 18 sets out the proposed fees and charges for the financial year 2024/25. The detailed fees and charges schedule is presented at **Appendix 10**.

Sections 19 and 20 present the Medium Term Financial Strategy covering the financial years 2025/26 to 2028/29 including the plans for the transformation programme that will deliver the savings required to balance the budgets in future years.

Section 21 provides a brief summary of the Pay Policy Statement attached at **Appendix 12**.

Sections 22 to the end of the report include options to consider, consultation comments and Legal and Procurement comments in accordance with standard practice.

2 Oldham Council Policies and Strategies

- 2.1 Framing budget setting for 2024/25 and future years are the Co-operative Council ethos, and the 2022/23 to 2028/29 Corporate Plan and Oldham Plan which were updated and approved during 2022. The following paragraphs explain the underlying drivers of the Council through the Co-operative ethos and Corporate Plan. However, the delivery of the objectives the Council has set need to be considered in the context of a requirement to reduce operating costs using a programme of transformation and change whilst working within the financial framework of the Constitution and the Rules of Procedure.

Co-operative Council in a Co-operative Borough

- 2.2 Oldham Council became a Co-operative Council in 2011 and therefore the Council is committed to developing a Co-operative future; one where citizens, partners and staff work together to improve the borough. The Council encourages all members of the community to play an active part in building a co-operative borough. This means everyone doing their bit.
- 2.3 Oldham's values driven approach underpins the way the Council does business. In practice, this means maximising the positive social, economic and environmental impact that can be achieved. From maximising social value achieved through procurement practices, to paying all its staff the Living Wage Foundation National Living Wage and providing funding for the providers of Adult Social Care to do the same, the Council is using its influence as a commissioner, service provider, facilitator and employer to embed co-operative values across Oldham. However, the Council is not doing this alone. Oldham has a strong Strategic Partnership structure and plan that has driven the reform, integration and shared economic agenda both in Oldham and within Greater Manchester.
- 2.4 Following the ethos of a Co-operative Council, the Council continues to make fundamental changes in how it works with residents, businesses and partners.

The Council's Corporate Plan

- 2.5 Oldham Council's previous Corporate Plan ran from 2017 to 2020, confirming the Council's values of Fairness, Openness, Responsibility, Working Together, Accountability, Respect and Democracy (FORWARD) together with expected behaviours, and the co-operative approach to working with residents. This plan expired at the start of the COVID-19 pandemic so as an interim measure a COVID-19 Recovery Strategy was produced as a roadmap to supporting residents in response to the pandemic. This COVID-19 Recovery Strategy has now been replaced with a new Corporate Plan which was approved at the Council meeting of 7 September 2022.
- 2.6 Alongside the development of the Corporate Plan, the Council worked with partners to develop the new Oldham Partnership's vision document, Our Future Oldham. This was endorsed by the Council alongside the Corporate Plan at the Council meeting of 7 September 2022 and has subsequently been approved by members of the Oldham Partnership.
- 2.7 The Council's Corporate Plan and Our Future Oldham were developed in parallel to ensure that the Council's priorities over the five year period 2022/23 to 2026/27 to align as far as possible with our residents' broader vision for the future. This ensures the most effective and efficient use of resources to support the improvement of our residents' lives.
- 2.8 Oldham Council's Corporate Plan describes how the Council will maximise the impact of efforts and resources to improve the lives of residents in the borough. The Plan focuses specifically on the impact of the Council's work to support children and young people as this has been identified as the Council's number one priority. As will be seen later in the
-

report, the continued investment in Children’s Social Care is an example of the Council’s commitment to children and young people. The Plan acknowledges the present and future challenges created by the cost of living crisis and describes how services across the Council will be improved for residents. It sets out five policy priorities:

- Healthy, safe and well supported residents;
- A great start and skills for life;
- Better jobs and dynamic businesses;
- Quality homes for everyone; and
- A clean and green future.

2.9 It also highlights the Council’s four operational priorities as:

- Residents first;
- Place based working;
- Digital; and
- Working with communities to reduce need.

2.10 Our Future Oldham outlines the vision for the future of the borough shared by the Oldham Partnership also informed by the views and priorities of residents. The document establishes a set of aims – the core elements of a good life in Oldham, that every resident should expect. These range from basics like a good education and a home that meets needs to contributing to creating a richer life and place, such as opportunities to meet/work with neighbours/community members.

2.11 Our Future Oldham also establishes the central governance model for the Oldham Partnership, including the functioning of the Partnership itself and its key delivery boards: the Economic Development Board, the Health and Wellbeing Board and the Communities Board.

2.12 The 2024/25 budget process has been framed around the aims of the Corporate Plan and Oldham Plan with the preparation of the 2024/25 revenue budget (including budget reduction proposals), the MTFs and the capital strategy having regard to the five policy and four operational priority areas and how these can be delivered.

Transformation Programme

2.13 Council services continue to evolve through innovation, collaboration with strategic partners and re-design. To accelerate this process, the Council and key partners have embarked on an ambitious Transformation Programme which has been refreshed in 2023. This updated programme:

- identified, scoped and agreed the change initiatives required to ensure the Council and its partners can deliver the strategic ambitions they have for the borough and its residents;
- has begun to drive the implementation of those changes; and
- laid the foundations for the delivery of a substantial contribution to savings targets for 2025/26 and the period of the MTFs which is extended to 2028/29.

2.14 This Programme is helping to ensure that all such services, whether delivered in-house or with partners, strive for excellence and provide value for public money, getting the maximum impact for residents of Oldham. In responding to the financial challenge, the Transformation Programme is assisting the Council and its partners in adapting to local demands, national, regional and local political priorities as well as technological developments. Many of the budget reductions for 2024/25 and future years have been focused through the lens of

transformation and their delivery will be project managed and reported under the guidance of the Transformation Team.

Constitution and Rules of Procedure

- 2.15 Oldham Council has an agreed Constitution which sets out how the Council operates, how decisions are made and the procedures that ensure these decisions are efficient, transparent and accountable to local people. Most of the procedures are required by statute. Detailed procedures and Codes of Practice are provided in separate rules and protocols which accompany the Constitution and Articles contained therein. The following rules of procedure are particularly relevant in the context of determining the Council's 2024/25 Revenue Budget.

Budget and Policy Framework Procedure Rules

- 2.16 This sets out the process for the adoption and implementation of the Council's Budget and Policy Framework. It specifies the budget estimates that must be prepared as part of that framework, the process for developing the framework and the associated decision-making process. The Revenue Budget report, if approved by Council, forms a key element of the Council's Budget and Policy Framework.

3 Local Government Finance Developments

- 3.1 This section of the report highlights important developments specifically within the Local Government finance arena which impact on the budget setting arrangements for 2024/25 and future financial years. Also included is a commentary on the issue of financial resilience which remains topical as Local Authorities continue to deal with the consequences of rising service demand and the on-going impacts of the global pandemic.

Review of Relative Needs and Resources (formally the Fair Funding Review)

- 3.2 The Review of Relative Needs and Resources of the Local Government finance system has been under consideration for several years. The purpose of the review is to examine and update the system for allocating resources among Local Authorities; taking account of relative need and the ability to generate resources locally through taxation. When implemented, this could have a major impact on the distribution of resources between Councils.

Business Rates Reform and Revaluation

- 3.3 The suitability of Business Rates as a method of raising income for Local Government has been questioned for a number of years. This is primarily focused on the in-built inequality whereby retail businesses which conduct most or all of their trade on the high street are paying significantly more tax than businesses which are largely based on-line. Indeed, the Government has been considering changes to the Business Rates system for some time so it is likely to change significantly in the medium term. However, the Government has once again deferred fundamental reform for the immediate future.
- 3.4 Business Rates income is retained for local use at 50% with the other 50% paid to Central Government, with the exception of a small number of Councils, such as in Greater Manchester. Oldham and the other GM Councils are piloting 100% Business Rates retention. It was confirmed this year that this scheme will continue for a further ten years.
- 3.5 Business Rates revaluation was implemented from 1 April 2023. It impacts on the amount of Business Rates paid by the occupiers of commercial premises and therefore the amount collectable by the Council. From 1 April 2023, Business Rates bills in England have been updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next 5 years will support businesses as they transition to their new bills. Local Authorities are fully compensated for the loss of income as a result of these Business Rates measures and receives new burdens funding for administration and IT costs. It continues to be assumed that this will have a net neutral impact on the Council.

Adult Social Care – Deferring the Introduction of Social Care Reforms

- 3.6 The Government set out its longer term vision for Adult Social Care in three White Papers published in 2021/22. This included a number of reforms, one of which was a cap on how much individuals will pay for their care and another was the move to introducing a Fair Cost of Care. The PLGFS confirmed the deferring of the introduction of the social care cap for at least two years to October 2025. Councils are, however, still expected to move towards the introduction of the principles of the Fair Cost of Care but without a specific timeline. The Council has prepared its budget estimates having regard to the principles of moving towards the Fair Cost of Care.
- 3.7 Reform to Adult Social Care clearly impacts on the processes and procedures operated by the Council although the real impact will be when the changes are introduced from 2025/26.

Adult Social Care – New Funding

- 3.8 The additional funds announced within the 2023/24 PLGFS have been confirmed, albeit that this was funded in part from a reduction in the Services Grant.

The Chartered Institute of Public Finance and Accountancy Financial Management Code

- 3.9 As a result of the financial challenges facing the Local Government sector, CIPFA introduced the Financial Management Code with the objective “to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability”.
- 3.10 The Code is based upon a series of principles which are supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to:
- Financially manage the short, medium and long-term finances of a Local Authority
 - Manage financial resilience to meet foreseen demands on services
 - Financially manage unexpected shocks in their financial circumstances
- 3.11 The Financial Management Code builds on the success of the CIPFA Prudential Code which requires Local Authorities to demonstrate the long-term financial sustainability of their capital expenditure. The Code is also consistent in that it is based upon principles rather than prescriptions and each Local Authority must demonstrate that they meet the requirements of this Code.
- 3.12 A report was considered by the Audit Committee in January 2023, which set out that the Council has generally good compliance with the Code. A compliance update report was presented to the Audit Committee on 05 September 2023. This confirmed continued compliance and that action is being progressed to address the few areas for improvement that were previously identified. This can give Members further assurance about the financial management arrangements within the Council.

4 Local Government Finance Policy Statement and Provisional Settlement

- 4.1 On 22 November 2023, the Chancellor of the Exchequer, The Rt Hon Jeremy Hunt MP delivered his Autumn Statement 2023 (AS23).
- 4.2 The Autumn Statement was labelled a statement for growth by reducing debt, cutting taxes and rewarding work. The Statement provided very little new information on Local Government funding.
- 4.3 The Autumn Statement was followed on 5 December 2023 by a Local Government Finance Policy Statement which set out the Government's intentions for the Local Government Finance Settlement for 2024 to 2025. The Policy Statement included details of Council Tax referendum limits for April 2024 which has informed the approach to Council Tax as presented at Section 9. It also set out indications of the Government's intentions around Social Care Grants including funding announced at the 2022 Autumn Statement and other settlement grants. The information in the Policy Statement has therefore assisted in the preparation of financial estimates for both 2024/25 and 2025/26.
- 4.4 Whilst the Policy Statement provided some clarity on what would be included in the Settlement, the specific allocations and impact for Oldham for 2024/25 were not available until the PLGFS was released.
- 4.5 The 2024/25 PLGFS was released on 18 December 2023. It was announced by the Secretary of State for Levelling Up, Housing and Communities the Rt. Hon Michael Gove MP, and set out the Government's formal proposals for the funding of English Local Authorities in 2024/25.
- 4.6 This is the sixth consecutive one-year Local Government Finance Settlement. As confirmed within the 2022 Autumn Statement, the Government committed to providing stability for the remaining two years (2023/24 and 2024/25) of the Spending Review 2021 (SR21) period, alongside providing additional resources for priority areas such as social care.
- 4.7 Included in the PLGFS is key funding information for Local Authorities in relation to:
- Baseline funding levels for 2024/25.
 - Council Tax referendum limits.
 - Grants for 2024/25.
- 4.8 Councils have the opportunity to submit consultation comments on the Provisional Settlement. The Government has issued specific consultation questions in relation to the Settlement to which a response was requested by 15 January 2024. The Council submitted a response by the deadline.
- 4.9 The PLGFS provided further information on the following:

Settlement Funding Assessment

- 4.10 The Settlement Funding Assessment (SFA) is a Government calculated figure which includes the Revenue Support Grant (RSG) and the Baseline Funding Level (BFL). The BFL comprises Business Rates Top Up Grant plus the Government's assessment of Business Rates that can be collected locally (known as Business Rates Baseline). GM Districts do not currently receive any RSG in lieu of piloting 100% Business Rates retention.
- 4.11 The figures presented in the PLGFS and the following table show a national increase in SFA from £17.145bn in 2023/24 to £18.039bn in 2024/25. This represents a 5.22% increase in national funding.

National position

Table 1 – SFA for England

SFA for England	2023/24 £m	2024/25 £m	Change £m
Settlement Funding Assessment	17,145	18,039	894
of which:			
Revenue Support Grant	1,905	2,118	213
Baseline Funding Level	15,240	15,921	681

Oldham Council

- 4.12 The Oldham SFA presented in the table below shows an increase of £4.194m from £105.241m in 2023/24 to £109.435m in 2024/25. This represents a 3.98% increase, slightly lower than the increase in overall national funding.

Table 2 – SFA for Oldham

SFA for Oldham	2023/24 £000	2024/25 £000	Change £000
Settlement Funding Assessment	105,241	109,435	4,194
of which:			
Revenue Support Grant	-	-	-
Baseline Funding Level	105,241	109,435	4,194

- 4.13 The table below shows the contingent parts included in the Government's Settlement Funding Analysis figures. The Baseline Funding Level has been uplifted by each authority's weighted average index (share of rateable value from the small and standard multipliers) and the Revenue Support Grant has been uplifted by September's Consumer Price Index (6.62%).

Table 3 – SFA funding streams

Funding Stream	2023/24 £000	2024/25 £000	Change £000
Baseline Funding Level	67,217	69,862	2,645
Revenue Support Grant	19,748	21,056	1,308
Public Health Grant	18,276	18,517	241
Total Settlement Funding Assessment	105,241	109,435	4,194

Core Spending Power

- 4.14 Published alongside the PLGFS is the Government's estimates of Core Spending Power (CSP). This is the Government's assessment of the expected revenue resources available to Local Authorities in 2024/25 using Office of Budget Responsibility estimates.
- 4.15 The Provisional Settlement includes detail by individual Authority and the amounts for Oldham are shown in the table below.

Table 4– Core Spending Power

Core Spending Power for Oldham	2023/24	2024/25	Change
	£000	£000	£000
Core Spending Power	248,826	264,638	15,812

- 4.16 Whilst the settlement Core Spending Power implies the Council has £15.812m more resources than in 2023/24, the Government's CSP figures include assumptions as to the growth of the tax base and annual tax increases that are not all in line with the Council's own budget assumptions and estimates.

Council Tax & Referendum Limits

- 4.17 Also included within the PLGFS was information regarding Referendum Limits for Council Tax increases.

Council Tax Increases

- 4.18 With regard to General Council Tax increases, the referendum limit for 2024/25 is set at 5%, 3% for general purposes and 2% for the Adult Social Care Precept. As in previous years, Parish Councils remain excluded from the referendum limits.
- 4.19 Current budget estimates for 2024/25 assume a continuation of the approved Council Tax policy of a general Council Tax increase of 2.99% and an additional 2.00% for the Adult Social Care Precept. This is of course subject to confirmation.

Adult Social Care Precept

- 4.20 The threshold for Adult Social Care (ASC) Precept increases is at a maximum of 2% for 2024/25. There remains a requirement to evidence that the funds generated from this precept are used for Adult Social Care expenditure.

Mayoral Combined Authorities

- 4.21 The Government has not set Council Tax referendum principles for Mayoral Combined Authorities in 2024/25. It is expected that the Greater Manchester Combined Authority will consider any increases separately and will advise the 10 District Councils in due course.

Police and Crime Commissioners

- 4.22 The Government intends to set a referendum principle of £13 for Police and Crime Commissioners (PCCs).

Fire and Rescue Authorities

- 4.23 All Fire and Rescue Authorities are restricted to a 3% increase in 2024/25 (there is no additional £5 threshold).

Detailed Grant Funding Implications of the PLGFS for Oldham

- 4.24 The detailed grant funding notifications arising from the PLGFS are presented at Section 8 of the report and advise that compared to the report presented to Cabinet on 01 March 2023, the Council has received a reduction of £0.8m of ringfenced grant compared to that which was included in the March 2023 forecasts. The position in respect of ringfenced grants is yet to be determined and announcement with respect to many significant grants remain outstanding.
- 4.25 However, on 24 January 2024 the Government announced that an additional £500m would be added to the Social Care Grant. Individual allocations to local authorities will be announced at the final settlement.

Final Local Government Finance Settlement

- 4.26 It is expected that the Final Local Government Finance Settlement will be received in early February 2024. Only when this is received will the final funding notifications be confirmed. There may therefore be further changes to some of the grant notifications received via the PLGFS. Any changes to grant notifications will be included in reports to Cabinet and Council.

5 2022/23 Revised Budget and Year End Forecasts

5.1 The Authority's 2023/24 revenue budget was approved by Council on 1 March 2023 at a sum of £287.1m incorporating the following measures to support the 2023/24 revenue budget:

- The use of £4.1m of surplus Collection Fund resources;
- Approved Budget Reductions resulting in a budgetary impact of £20.0m;
- £12.8m use of corporate and specific reserves with an offsetting transfer to reserves of £1.2m reflecting the requirement, under the Business Rates Retention Pilot scheme, to pay the Greater Manchester Combined Authority a share of Retained Business Rates income; and
- £2.6m of capital receipts in line with the flexibilities agreed by Secretary of State for Levelling Up, Housing and Communities.

5.2 However, it is important to note that there have been a number of further one off funding allocations and amendments since March 2022. The current net revenue expenditure budget is £296.9m as reported in the Month 8 Financial Monitoring Report, elsewhere on the agenda. This represents an increase of £9.5m.

5.3 The current position for 2023/24 at Month 8 is a projected adverse variance of £16.2m. This represents an adverse movement of £1.6m compared to the position reported at Month 6 (£14.589m). The year-end position has been prepared by all services and section 8 provides more detail about the approved and planned use of reserves at month 8. The table below shows the year-end forecast position against budget for each Portfolio.

Table 5 - Summary Forecast Revenue Outturn 2022/23

	Budget	Forecast	In Year Transfer To/ (From) Reserves	Variance Month 8	Variance Month 6
	£000	£000	£000	£000	£000
Community Health and Adult Social Care	78,262	81,631	(2,554)	815	558
Children's Services	70,023	86,652	(3,243)	13,386	12,594
Public Health	24,342	25,971	(1,934)	(305)	(238)
Communities	8,988	9,365	(571)	(194)	(92)
Place and Economic Growth	59,963	67,450	(2,175)	5,312	4,797
Corporate Services	30,318	29,271	(263)	(1,310)	(1,157)
Capital, Treasury and Technical Accounting	24,956	24,882	(1,436)	(1,509)	(1,873)
NET EXPENDITURE	296,852	325,222	(12,176)	16,194	14,589
FINANCED BY:					
Collection Fund Surplus	(4,130)	(4,130)	-	-	-
General Use of Reserves	(12,786)	(12,786)	-	-	-
Transfer to Earmarked Reserves - Business Rates Retention Pilot Gain	1,209	1,209	-	-	-
Other Financing	(281,145)	(281,145)	-	-	-
TOTAL FINANCING	(296,852)	(296,852)	-	-	-
NET FORECAST VARIANCE	-	28,371	(12,176)	16,194	14,589

-
- 5.4 There are significant variances contained within the projected net overspend. There are currently three areas which are forecasting pressures at month 8:
- Children's Services is forecasting a pressure of £13.386m, the most significant contributing factor to the adverse variance;
 - Place and Economic Growth is forecasting a pressure of £5.312m; and
 - Community Health and Adult Social Care is forecasting a pressure of £0.815m.
- The forecast overspends are offset by a series of favourable variances totalling £3.318m being reported within; Capital, Treasury and Corporate Accounting £0.305m within Public Health £0.194m within Communities and £1.310m within Corporate Services
- More information on these variances is provided in summary in the following paragraphs.
- 5.5 Community Health and Adult Social Care (CHASC) is reporting a net adverse variance of £0.815m, after a £2.554m use of reserves compare to an adverse variance of £0.558m at quarter 2. The adverse variance is due to increased cost pressures within residential care placements and increased activity for home care packages.
- 5.6 Children's Services is forecasting a net adverse variance of £13.386m (£12.594m at quarter 2), after a £3.243m use of reserves. The main pressure is within Children's Social Care (CSC) which is showing an overspend of £12.594m. The adverse variance within CSC is in the main due to an increased demand for social care placements with many complex cases plus additional costs relating to the use of agency workers to reflect the increase in demand for services and hence case numbers. Education, Skills and Early Years is reporting an overspend of £0.890m. The main pressure within this service area remains in relation to home to school transport and Preventative Services is showing a balanced position.
- 5.7 Public Health is forecasting an underspend of £0.305m after a net £1.934m use of reserves primarily related to the use of the Contain Outbreak Management Fund grant which was brought forward from 2022/23.
- 5.8 Communities is showing an underspend of £0.194m after utilising £0.571m of reserves.
- 5.9 The Place and Economic Growth Portfolio is forecasting an adverse variance of £5.312m net of a £2.175m use of reserves, in the main due to pressures within the Waste Management, Estates and Property Management and Strategic Housing services. This overspend includes:
- The Strategic Housing Service is currently projected to overspend by £2.5m due to continuing demand pressures for Temporary Accommodation
 - The Estates and Property Management Services are currently expected to overspend by £1.7m due to pressures against repairs and maintenance, rates security budgets and Property Management pressures.
- 5.10 The Corporate Services Portfolio is forecast to underspend by £1.310m after the utilisation of £0.263m use of reserves. The surplus position within Corporate Services is in the main due to general staffing cost underspends throughout the portfolio with the main directorates being Finance (£0.711m) and Customer, Digital and Transformation (£0.434m) these are offsetting a pressure of £0.180m within Legal Services.
- 5.11 Capital, Treasury and Technical Accounting is showing a favourable variance of £1.509m.
- 5.12 A more detailed analysis of the financial performance, the major variances and contributing factors can be found by Portfolio in Section 3.
-

-
- 5.13 It is important to note that six 2023/24 approved budget reductions totalling £1.224m are currently forecast not to be achieved and are therefore rated 'Red – Will not / is not expected to be delivered in full'. In addition, a further three reductions are rated 'Amber/ Red - being closely monitored in year with elements expected not to be delivered' with £0.149m of a possible £0.239m forecast not to be achieved. Further details are provided in section 3. Therefore, currently £1.373m of the projected adverse variance is due to the failure to deliver budget reductions.
- 5.14 In addition, there are a further three Budget Reductions, across a range of Divisions, with a combined value of £0.955m rated 'Amber – being closely monitored but expected to deliver'. All the Amber budget reductions are being closely monitored as set out in the Revenue Monitoring report presented to the Board at this meeting.
- 5.15 In view of the projected and increasing adverse variance, Management instruction have been put in place 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.
- In effect this is a continuation of actions that were initiated last year (and previous years), however, the variance at month 8 and throughout 2023/24 is much more significant than that at any point during 2022/23. It is therefore essential that this approach is rigorously applied and where possible, any transformation programme projects linked to savings are accelerated.
- 5.16 The effectiveness of management action and corporate procedures will continue to be closely monitored by Management Teams right up to the end of the financial year. Management action should ease the overall financial pressures, but the impact of such action has not been included in the forecast as it has yet to be demonstrated.
- 5.17 The projected outturn for 2023/24 has been used to inform budget setting for 2024/25 with particular emphasis on the forecasts for pay, property costs, contractual and general service inflation, together demand pressures within Adults Social Care, Children's Social Care and temporary accommodation.

6 Expenditure Adjustments

6.1 A range of budget adjustments and pressures and have been identified during the preparation of the 2024/25 budget and 2025/26 forecasts. For 2024/25, these now total £28.7m, an increase of £13.9m compared to the 01 March Council report. For 2025/26, the total is £23.1m. The table below presents the detailed changes for 2024/25 and 2025/26, explained in the following narrative.

Table 6 - 2024/25 and 2025/26 Expenditure Adjustments

	2024/25 Council (01 Mar 2023) £000	2024/25 Revisions £000	2024/25 Final Position £000	2025/26 £000
Expenditure Adjustments				
Pay Inflation	5,000	5,093	10,093	4,772
Contractual Inflation	1,000	(500)	500	0
Service Inflation	1,000	(1,000)	0	1,000
Energy Inflation	0	(1,600)	(1,600)	0
Public Health	0	577	577	0
Fees and Charges		(1,000)	(1,000)	(500)
ASC Demand Pressures - Demographics	1,000	1,350	2,350	3,500
Adult Social Care - Adult Social Care Discharge Fund (BCF)	(1,046)	-	(1,046)	-
Adult Social Care - Market Sustainability and Improvement Fund	(1,324)	(958)	(2,282)	-
Impact of National Living Wage Foundation Living Wage commitment	3,108	3,128	6,236	4,000
Charging Reform				1,000
Children's Services Demand		10,000	10,000	2,000
Housing / Homelessness	0	2,162	2,162	0
Development Fund / Political Priorities	3,000	(2,500)	500	1,000
Home to School Transport - Additional Costs	250	500	750	250
Capital Charges	3,478	(2,028)	1,450	3,500
Treasury Management Income		(1,250)	(1,250)	500
Other	(639)	1,872	1,233	2,089
Total Expenditure Adjustments	14,827	13,846	28,673	23,111

6.2 A summary of each of these adjustments is set out in the following paragraphs:

a) **Pay Inflation**

The 2023/24 pay award has been agreed for most Local Government employees and its impact on the Council is estimated at 6.8% to the pay bill. This is considerably higher than the original estimate of 4.5%. Reflecting these significant percentage increases, the budget for 2024/25 requires uplifting by £10.1m, which includes the additional impact for the 2023/24 pay award plus an estimated increase of 4.5% for 2024/24. This is £5.1m higher than previously presented to Cabinet following a recalculation of the pressure after the receipt of December's payroll information. The impact of a further 3% pay increase for 2025/26 results in a further pressure of £4.8m in that year.

b) **Contractual Inflation**

The Council has a number of contracts that are linked to RPI and CPI national rates which remain high, resulting in a 2024/25 pressure of £0.5m.

c) **Service Inflation**

As part of the budget reduction measures to be implemented, a cash freeze is to be applied to all non-pay budgets in 2024/25. The 2025/26 budget assumes a limited increase of £1.000m.

d) **Energy Price Inflation**

This reflects the widespread fall in energy prices during 2023. The Council fixes costs in advance using its block purchasing arrangement with Crown Commercial and the budgeted cost reflect known reductions that will take effect in 2024/25.

e) **Fees and Charges**

As noted in Section 18 and detailed at **Appendix 10**, most fees and charges are proposed to increase by 8.8% in 2024/25. This is reflective of ongoing cost pressures and the fact that prior to 2022/23 (where most fees and charges were increased) many services' charges had remained unchanged for a number of years.

f) **Adult Social Care – Demand Pressures/ Demographics**

Members were advised in March 2023 that Adult Social Care pressures including the impact of demographics would require significant investment. Following the additional resources of £16.5m made available in 2022/23 no further investment for demand pressures is proposed for 2024/25. A further £3.5m is earmarked for 2024/25.

g) **Adult Social Care Grants**

As advised in March 2023, new ringfenced grants for Adult Social Care were expected to provide additional resources of £3.4m in 2024/25. The PLGFS has confirmed these allocations for 2024/25 but no announcement was made in respect of 2025/26.

h) **Adult Social Care – Foundation National Living Wage**

Along with other GM authorities, the Council committed to paying a fair cost of care and this involves reimbursing Care Providers that pay their staff the Foundation Living Wage, as opposed to the Minimum Wage. The Foundation Living wage will increase from 1st May 2024 from £10.90 to £12.00, an increase of 10% that is factored into the above calculations.

i) **Children's Social Care Demand Pressures**

This reflects the increased demand care provision outlined in Section 5 of this report and assumes that the increased costs faced in 2023/24 will continue into 2024/25.

This is on top of the additional investment added to the budget for 2024/25 on a one-off basis to pump prime transformational activity, outlined in the report to Council in March 2023. This is expected to deliver efficiencies and savings thus reducing the cost of Children's Services in future years (see Table 25 below). As this is one off in nature the funding is removed in 2025/26.

j) **Temporary Accommodation for the homeless**

This is as a result of the 2023/24 overspend within the Strategic Housing Service of £2.5m due to continuing demand pressures for Temporary Accommodation as referred to in Section 5.

k) **Development Fund / Political Priorities**

The 2025/26 forecasts include a budget of £0.5m to facilitate the funding of corporate priority developments that emerge during the budget process in line with political priorities.

l) **Home to School Transport**

The continuing increase to both demand and the cost the Home to School Transport Service means an increase from £0.25m to £0.75m. A further pressure of £0.250m is anticipated for 2025/26. The savings proposal (BR1 -704) outlined in **Appendix 6** seeks to mitigate this cost with the result that additional impact is £0.3m less than it otherwise would be.

m) **Capital Charges and investment income**

The increases in interest rates throughout 2023 have resulted in increased returns on investments but also increased charges on new borrowing. The net impact is forecast to be minimal in 2024/25 but from 2025/26 the impact becomes more significant as reserves are utilised and new borrowing is undertaken to finance the capital programme.

n) **Cessation of Pension Prepayment Flexibility**

In previous years, the Council has made an up-front payment of its employer pension contributions to the GMPF to generate a revenue budgets. Whilst the option to make such a prepayment will be available in 2024/25, the treasury management position of the Council and prevailing interest rates means this now a much less beneficial option and no prepayment is currently planned.

No decision on whether to make the employers pension contribution prepayment is required until April 2024 and there could be changes to the financial viability of the prepayment before that time. Delegation is therefore sought to enable the Director of Finance in consultation with the Cabinet Member for Finance and Corporate Resources to make a final decision on the feasibility of the pre-payment and hence the generation of an additional benefit to the Council. Should a prepayment be made, the financial implications will be reported to Cabinet in the Month 3 monitoring report for 2024/25.

7 Levies

- 7.1 The Greater Manchester Combined Authority charges the Council for Waste Disposal and Transport Services in the form of levies and a statutory charge. It also charges for some other regionally provided services. In addition, the Environment Agency also charges a levy for services. The Council has no discretion over the payment of levies and statutory charges.
- 7.2 As reported to Council on 01 March 2023, it had been assumed that a charge of £1.4m would be levied to support the Mayoral Bus Reform initiative. This contribution will now be made in 2025/26. Overall the contribution to levies will be £2.1m less than forecast in March 2023.
- 7.3 The increased contribution to levies/contributions for 2025/26 results from the £1.4m for the Mayoral Bus Reform initiative and will be funded on a one-off basis by the use of reserves.
- 7.4 Members will be aware that this financial year, the GMCA has returned to the Council its share of excess 2020/21 Waste Disposal service reserves at a value of £2.8m. This refund will be held in the Council's reserves at the end of the 2023/24 financial year and used to support the revenue budget in 2024/25.
- 7.5 It is also anticipated that the Council's contribution to the Environment Agency Levy will remain unchanged at an increase of £0.002m.

Summary of Levies/Contributions

- 7.6 The changes to the estimates relating to Levies are summarised in the table below:

Table 7 – Impact of Levies

	2024/25 Council (01 March 23)	2024/25 Revisions	2024/25 Position	2025/26
	£000	£000	£000	£000
Projected Change to GMCA Levy budgets	2,851	(2,123)	728	2,971
Environment Agency Levy	2	13	15	2
Total Impact of Levies, the Statutory Charge and Contributions	2,853	(2,110)	743	2,973

- 7.7 The change to the levies for both GMCA services and the Environment Agency are based on best information available but are subject to revision when respective organisations meet to confirm their levy charges. Final notifications are expected in early February 2023.

8 Main Government Grants Announced in or Derived from the Provisional Local Government Finance Settlement

8.1 The PLGFS and associated announcements provided information about some but not all of the Government grant funding that the Council is expecting to receive in 2024/25. However, as is shown in the table below and the accompanying commentary, the Council expects to receive an increase in grant funding of £1.2m as outlined in the table below. It should be noted that there has been no specific funding provided for the general inflationary pressures that the Council is experiencing.

Summary of Unringfenced Government Grants

8.2 A summary of all grants notified or anticipated (for which a sum has been assumed) as included in the PLGFS is shown in the table below. Total funding equals £115.2m which is £1.1m above the forecasts presented to Council on 01 March 2023.

Table 8 – Summary of Unringfenced Government Grants

	2024/25 Council (01 Mar 2023) £000	2024/25 Revisions £000	2024/25 Final Position £000	2025/26 £000
Government Grant				
Business Rates Top Up	(48,113)	517	(47,596)	(48,378)
Grant in Lieu of Business Rates	(27,910)	329	(27,581)	(31,069)
Improved Better Care Fund Grant	(11,188)	0	(11,188)	(11,188)
Social Care Support Grant	(24,783)	(2,724)	(27,507)	(30,325)
Other Grants	(2,089)	715	(1,374)	(1,007)
Total Government Grant Funding	(114,083)	(1,163)	(115,246)	(121,967)

8.3 The unringfenced Government Grants notified or expected for 2024/25 and 2025/26 are detailed below:

a) Business Rates Top Up Grant

Business Rates top up grant for 2024/25 is as notified in the PLGFS.

For 2025/26, it is expected that the Government will again increase allocations in line with CPI.

b) Grant in Lieu of Business Rates

Directly aligned to the Business Rates income that the Council generates is the level of Grant in Lieu of Business Rates. This grant represents compensation for Government policy announcements and events that have the impact of reducing the amount of collectable Business Rates revenue including the Business Rates Reliefs and the multiplier cap.

The 2024/25 compensation that Oldham will receive has been included within the Grant in Lieu of Business Rates allocation detailed above at a value of £27.6m. The increase in the grant to £31.1m in 2025/26 reflects the fact that business rates income is forecast to be minimal in 2025/26.

c) Improved Better Care Fund Grant

The PLGFS confirmed the Improved Better Care Fund for 2024/25 at £11.2m, it is expected to remain at this level for 2025/26.

d) Social Care Support Grant

The PLGFS also confirmed the value of the Social Care Support Grant at £25.2m. This provides Councils with financing the increased expenditure pressures for both Adult and Children's Social Care.

On 24 January 2024, the Government announced that an additional £500m would be added to the Social Care Grant. Oldham's share is currently estimated at £2.3m but individual allocations will not be announced until the Final Settlement.

The Council's total grant allocation is estimated therefore at £27.5m.

e) Other Grants

Included within the estimates presented to Council in March 2023 was an allocation of £1.2m for the Services Grant (this represented a significant reduction from the £2.6m allocation in 2022/23). The PLGFS confirmed that Oldham's Services Grant allocation for 2024/25 is £0.4m, which represents a significant reduction and one that has been applied to all metropolitan authorities. It would appear that this grant has been used to fund the increases in some of the above grants that was announced last March.

For 2025/26, it is expected that the Government will reduce the Services Grant further to fund inflationary increases to the RSG.

Ringfenced Grants

- 8.4 The estimates underpinning the Council's estimates are based on ringfenced grants being allocated to fulfil their intended purpose. Such grants include the Dedicated Schools Grant, Supporting Families Programme (formerly Troubled Families), Housing Benefit Subsidy Grant, Discretionary Housing Payments and Homelessness Prevention Grant. Ringfenced grant assumptions are based on the allocations that have been notified by the funding body. It is important to note that any spending above the ringfenced grant level can impact on the Council's financial position. It is essential that services funded by ringfenced resources are managed with the same level of challenge and scrutiny as those funded by general resources.

Dedicated Schools Grant (DSG)

- 8.5 The DSG is a ringfenced grant payable to Local Authorities by Government for the funding of schools. For several years, the Government has been changing the way it distributes schools funding via the DSG from locally agreed arrangements towards a standard means of allocating resources. This is known as the National Funding Formula (NFF). The Council's approach to funding schools for 2024/25 was approved at Cabinet on 01 March 2023.
- 8.6 The overall DSG allocation is confirmed at £349.7m, an increase of £27.8m. Members may recall, the Council successfully submitted an application for the 2023/24 funding to be protected at 2022/23 levels on the basis that the costs will still be incurred, a similar application will be submitted in relation to the 2024/25 funding for historic commitments. In respect of the ringfenced DSG account, from a predicted cumulative surplus outturn of

£3.6m in 2023/24, the position is forecast to further improve with an in year 2024/25 forecast surplus of £0.8m.

- 8.7 Further details regarding the DSG and allocation are included in **Appendix 1**.

Supporting Families (formerly Troubled Families) Programme

- 8.8 The Supporting Families Programme aims to support families with deep rooted problems relating to issues such as crime and anti-social behaviour, education, life chances, living standards, domestic abuse and mental and physical health. It provides much-needed support to improve outcomes for children and families on these issues. The programme is delivered through a devolved agreement between Government and Greater Manchester via a Reform Investment Fund. Funding is projected to increase over the next two years, with an indicative allocation of £1.6m in 2024/25 and £1.7m in 2025/26 but with a requirement to successfully support 680 families in 2024/25 and 840 families in 2025/26 (a 100% increase). The funding will complement investment through the Government's Family Hubs programme.

Housing Benefit Scheme / Housing Benefit Subsidy Grant

- 8.9 The Council receives Housing Benefit Subsidy Grant funding from the Department for Work and Pensions (DWP) to fund the costs of operating the Housing Benefits scheme. Allocations are determined on the submission of a Local Authority's initial estimate for its anticipated levels of rent allowances and rent rebates within a financial year. A revised estimate takes place mid-year. In addition to these estimates the DWP also allocates an amount for the administration of the scheme which is based on the number of new housing benefit claims and overall caseload.
- 8.10 In 2023/24 the Council is currently forecasting £39.4m of funding for Housing Benefit from the DWP. This allocation is likely to be reduced during 2024/25 as Housing Benefit caseloads continue to fall as more people switch from housing benefit to Universal Credit. The estimated 2024/25 position will be revised following the Council's submission of updated information in accordance with the statutory deadline of 1 March 2023.

Discretionary Housing Payments (DHP)

- 8.11 The Council is awaiting notification of DHP grant allocations for 2024/25. For the 2023/24 financial year, the amount received by the Council was £0.4m and it is expected that the allocation for 2024/25 will be at a similar level. When received, this will be treated as a ringfenced grant as Authorities are required to provide a statement of grant usage and to return any unspent DHP allocation to the Government at the end of each financial year.

Homelessness Prevention Grant

- 8.12 The Government has announced continuation of a ringfenced grant to tackle homelessness and rough sleeping. As advised in March 2023, an allocation of £0.6m was awarded to Oldham in respect of 2024/25.

Domestic Abuse Duty Funding

- 8.13 The Domestic Abuse Act 2021 placed new duties on Local Authorities across England to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it. As forecast in March 2023, for Oldham, the ringfenced grant awarded is £0.6m for 2024/25.

Adult Social Care - Market Sustainability and Fair Cost of Care Fund

- 8.14 £1 billion funding was announced by the Government in 2022. Of this funding, £600m of Better Care Fund grant is split between Local Authorities and the National Health Service (NHS) with the Market Sustainability and Fair Cost of Care funding in 2022/23 of £162m being rolled in for 2024/25. As outlined in Section 6, the PLGFS confirmed that Oldham's allocation for this ringfenced grant is £2.0m, which is in line with previous estimates.

Adult Social Care – Discharge Fund

- 8.15 Of the £1 billion additional funding detailed above, £400m is to be allocated to Local Authorities to help support with hospital discharges. The PLGFS confirmed the 2024/25 allocation at £1.3m, again in line with previous estimates.

Household Support Fund Grant

- 8.16 Notifications for 2024/25 have not yet been received and it is not certain whether this grant will be continued. The allocation in 2023.24 was £4.8m.

Holiday Activities and Food Grant

- 8.17 This purpose of this funding is for Local Authorities to make free places at holiday clubs available in the Easter, summer and Christmas school holidays in 2024/25. These places will be made available to children in the Local Authority area who are eligible for and receive free school meals. The allocation for Oldham in 2023/24 was £1.5m but no announcement has yet been made in respect of 2024/25.

Council Tax Support Fund

- 8.18 In 2022, DLUHC published allocations for a new Council Tax Support Fund of £100m which is to be used to support the most vulnerable households in England. Oldham's allocation for this ringfenced grant was £0.6m for 2023/24. Again, no announcement has been made as to whether this funding will continue.

9 Locally Generated Income

9.1 The table below sets out the individual elements of locally generated income with narrative detailing the key issues in the following paragraphs.

Table 9 - Locally Generated Income

	2024/25 Council (01 March 2023) £000	2024/25 Revisions £000	2024/25 Final Position £000	2025/26 £000
Locally Generated Income				
Retained Business Rates	(50,164)	(6,119)	(56,283)	(55,231)
Council Tax Income - General Purposes	(97,113)	(1,731)	(98,844)	(103,179)
Adult Social Care Precept	(17,200)	(111)	(17,311)	(19,800)
Parish Precepts	(326)	(14)	(340)	(354)
Total Locally Generated Income	(164,803)	(7,975)	(172,778)	(178,564)

Retained Business Rates

9.2 This income is driven by the rateable value of business premises and the Government notified business rates multiplier. There are, however, a range of other factors such as Government policy announcements, empty premises and local economic conditions that influence the level of Business Rates that can be collected. A key influence on Business Rates income has been the granting of a range of reliefs and discounts which has generated Grant in Lieu of Business Rates as explained at 8.3 (b). An extra factor for the financial year 2024/25 has been Business Rates Revaluation which has determined the amount of rates to be collected locally.

9.3 The impact of Retained Business Rates and Grant in Lieu of Business Rates on the 2024/25 budget is set out in the above table, comparing the estimated position reported to the Cabinet meeting of 01 March 2023 against the revised expected position.

9.4 The key financial implications for the 2024/25 budget are explained in the following paragraphs.

9.5 As presented to Council on 01 March 2023, the anticipated Retained Business Rates income for 2024/25 was shown at £50.2m. This has increased to £56.3m, the increase being in part the consequence of the assumption of a benefit of £4.180m from the Business Rates pilot scheme for 2024/25

9.6 The level of Business Rates to be relied upon for budget setting (the Business Rates Tax Base) has to be formally approved by Cabinet. A report setting out the estimated Tax Base at £56.2m was presented to Cabinet on 22 January 2023. However, under the current Local Government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the Government a locally determined and approved Business Rates forecast through the National Non-Domestic Rates (NNDR 1) return by 31 January each year. The work to finalise the NNDR1 has now been completed and submitted to Government. Under delegation approved by Cabinet on 22 January 2023 the final Business Rates Tax Base was agreed by Cabinet Member for Finance and Corporate Resources in consultation with the Director of Finance at a sum of £56.3m, with £1.2m available for GMCA. This represents the best estimate available.

9.7 For the purposes of formal decision making, Oldham Council's share of the Business (Non-Domestic) Rates forecast for 20223/24 is presented at £51.3m. However, when including

the Retained Business Rate pilot scheme growth, the Council's share increases to £55.0m, with £1.2m available for the GMCA. This represents the best estimate available. This is represented below as follows:

Table 10 – 100% Pilot Scheme Benefits

	£000	£000
Council's share of 2024/25 Retained Business Rates income	(51,336)	
Council's share of Retained Business Rates Pilot scheme growth	(3,710)	
Total Benefit to the Council		(55,046)
GMCA share of Retained Business Rates Pilot Scheme Growth		(1,237)
Total Retained Business Rates Income		(56,283)

- 9.8 On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. Under the pilot scheme, additional Business Rates income was initially offset by reductions in other funding streams such as RSG and Public Health Grant in exchange for the local retention of all future growth in Business Rates revenue (rather than just 50% as is the case with the national scheme of rates retention).
- 9.9 It has now been confirmed as part of the GM Devolution Deal that the 100% Business Rates Retention scheme will continue for a further 10 years from 2024/25. The scheme will no longer be considered a pilot scheme, and the 'no detriment' principle where no authority will be worse off from being in the 100% pilot, is to end. To date no GM authority has been in a detriment position. Discussions are on-going with GMCA, other GM authorities and the government regarding the detail of the proposals; an update will be provided once the financial impact can be assessed.
- 9.10 The estimated Business Rates income for 2025/26 is £55.2m. This is based on the presentation of Business Rates income assuming the pilot scheme continues.
- 9.11 No earlier than 2026/27, there will be a partial Business Rates reset which will allow local authorities to retain growth from rates income that has been generated as a result of local investment. Overall however, the impact is likely to be detrimental to Oldham and the impact of this is currently being assessed.

Council Tax

- 9.12 Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. Council Tax and Adult Social Care Precept (ASCP) income changes each year due to changes in the Tax Base (increase/decrease in chargeable Band D equivalent properties), fluctuations in collection rates and the Council's annual decisions on the level of the Council Tax as set out below.

Council Tax Base

- 9.13 Each year the Council is required to review its Tax Base by considering the:
- numbers of properties within the boundary of the borough which determines the number of Band D equivalent properties upon which the Council Tax calculations are based; and
 - anticipated level of Council Tax that will be collected known as the Collection Rate.

-
- 9.14 When the original estimates were prepared for 2023/24, it was assumed that the Council Tax Base would be 58,500 Band D equivalents in 2023/24, increasing to 59,380 in 2024/25. The Council Tax Base as at December 2023 was 58,692 and on the basis that this is forecast to continue rising throughout 2023/24 and 2024/25, no change is proposed to this estimate. This will be presented to Cabinet for approval on 22 January 2024. The Tax Base calculations are summarised in **Appendix 2**.

Council Tax Policy

- 9.15 Members will recall that in 2023/24, the Council increased its Council Tax by 3.99% which was comprised of 2.99% for general purposes and 2% for the ASCP.
- 9.16 The PLGFS proposed no changes to the existing Council Tax limits. Therefore, the maximum increase without the requirement to hold a Council Tax referendum for both 2024/25 and 2025/26 is 4.99%. The Government assumes in its calculations that Authorities will increase Council Tax by the maximum allowed.
- 9.17 Consideration has been given to the approach to Council Tax for 2024/25 and 2025/26 having regard to the information set out in 8. Members are therefore proposing to revise the Council Tax policy and increase Council Tax by 4.99% reflecting:
- An increase of 2.99% to Council Tax for general purposes
 - An increase of 2% for the ASCP
- 9.18 This increase is still provisional at this stage and will only be finalised at the Budget Council meeting of 1 March 2023.

Council Tax Income – General Purposes

- 9.19 Taking account of the proposed levels of Council Tax increase and movement in Tax Base, estimated Council Tax income is £98.9m for 2024/25 and £103.2m for 2025/26.

Council Tax Income - Adult Social Care Precept

- 9.20 It is proposed that the precept, which has to be highlighted separately on the face of the Council Tax bill, will be increased by the Council by 2% for 2024/25 and 2025/26. This increase will generate an additional £2.2m Council Tax income for 2024/25.
- 9.21 The revenue raised from the ASCP must be ringfenced to support the increased costs of Adult Social Care and to ensure that Councils are using income from the precept for Adult Social Care, Councils are required to publish a description of their plans, including changing levels of expenditure on Adult Social Care and related services which requires sign off from the Council's Chief Finance Officer (the Director of Finance).
- 9.22 The Government has confirmed that the threshold for ASCP increases is also at a maximum of 2% for 2025/26. The estimates in this report assume that this flexibility will be taken to support increased spending in Adult Social Care in 2025/26.

Council Tax Levels for 2024/25

- 9.23 As Members will only be making decisions in relation to Council Tax levels for 2024/25, this section of the report only presents 2024/25 Council Tax information.
- 9.24 Taking into account the proposals above, Oldham Council Band D Council Tax for 2024/25 is therefore proposed at £1,956.13 of which £291.52 relates to the Adult Social Care Precept. This represents an overall increase of 4.99% in Council Tax for Oldham Council services. Table 11 highlights the general purposes Council Tax this will generate together with the ASCP.
- 9.25 As advised previously, the Council Tax for 2024/25 will not be finally determined until the Budget Council meeting on 1 March 2023.
- 9.26 Any changes to the Parish Precepts will be for the respective Parishes to agree.

Relevant Basic Amount of Council Tax

- 9.27 Members are reminded that the Council is required to calculate its Relevant Basic Amount (RBA) of Council Tax to determine whether there is a requirement to hold a referendum about a Council Tax increase above a level that the Government considers excessive.
- 9.28 This “excessiveness” is determined annually and for 2024/25 was detailed in ‘The Referendums Relating to Council Tax Increases (Principles) (England) Report 2024/25 (draft)’ which was published as part of the PLGFS for 2024/25. For Oldham Council, the RBA consists of an increase in the RBA of Council Tax comprising a maximum of 3% for general Council Tax plus 2% for the ASCP.
- 9.29 For Oldham, the 2024/25 maximum Council Tax increase available is 5% (3% for general purposes and 2% ASCP). Therefore, any increase below 5% would not be classed as excessive and would not trigger a referendum. The Council Tax intention set out above is therefore not “excessive” and no referendum is required.

Council Tax Reduction (CTR) Scheme

- 9.30 The CTR Scheme presented to Council in December), set out how the Council supports residents who qualify for assistance in paying Council Tax. Councils are required by statute to put in place a Local CTR scheme. The proposed scheme for 2024/25 is unchanged from the 2023/234 scheme. The financial impact of the Council’s proposed scheme is reflected in the Council Tax Base estimates which will be presented to Cabinet on 22 January 2024. The Tax Base, in turn, underpins the budget estimates included within this report.

Council Tax Empty Property Discount

- 9.31 From 1 April 2023, the Council ceased providing any discount for these properties. It is proposed that this policy continues.

Council Tax Empty Property Premium

- 9.32 Following a legislative change in 2018 to the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Council currently applies a Council Tax Empty Property Premium of 100% for properties empty and unfurnished for over two years. This policy was introduced from 1 April 2019 to encourage owners of empty properties to bring properties back into use and to help mitigate the impact of reduced Central Government funding.

-
- 9.33 With effect from 1 April 2023, the Council introduced:
- Premium of 200% for properties that are empty and unfurnished for between five and ten years.
 - Premium of 300% for properties that are empty and unfurnished for over ten years.

It is proposed that this policy continues.

Additional Council Tax Empty Property Premium and Second Homes

- 9.34 The enactment of The Levelling-up and Regeneration Act 2023 gives Billing Authorities further flexibility to bring forward the time period under which a premium can be charged on long-term empty properties from two years to one year, together with the introduction of a Council Tax premium of not more than 100% on second homes. This may affect approximately 472 empty properties and 327 second homes in Oldham. The Act confirms that the amendment for the Empty Property Premium will have effect for the financial year beginning on or after 1 April 2024 and it does not matter whether the commencement date of the properties becoming vacant, in respect of the amended period of one year provided for in the Bill, began before the Bill actually comes into force.
- 9.35 In relation to second homes, a billing authority's first determination to charge the premium must be made at least one year before the beginning of the financial year to which it relates. It is proposed to introduce this charge at 100% from 1 April 2025. It is proposed to introduce this charge from 1 April 2025.

Impact of Decisions of Precepting Authorities

- 9.36 Whilst the spending decisions of precepting Authorities do not affect the level of resources available to the Council, they do affect the amount of Council Tax that is charged to Oldham citizens. The major preceptor is the GMCA which precept for two components as follows:

Mayoral Police and Crime Commissioner Precept

- 9.37 The PLGFS allows a Mayoral Police and Crime Commissioner Council Tax precept increase of up to £13 for a Band D property for 2024/25 without a referendum. In response to this, the Mayoral Police and Crime Commissioner for Greater Manchester launched a consultation on the precept to be charged for 2024/25 proposing a Band D Council tax increase at the maximum level of £13. This would take the precept to a value of £256.30 for a Band D property (this increase has been included in the figures at tables 11 and 12). The consultation closed on 24 January 2024 after which comments were considered by the Police, Crime and Fire Panel on 30 January 2024. The panel approved the Mayor's proposal for a precept increase of £13 per Band D property for 2024/25.

Mayoral General Precept (including Fire Services)

- 9.38 At a meeting of the GMCA on 26 January 2024 the Mayor presented his intention for the Mayoral General Precept (this will incorporate funding for Fire and Rescue Services as well as other Mayoral functions). The PLGFS advised that there is no cap on a Mayoral General Council Tax increase but increases to the precept for Fire Services are capped for a Band D property at the higher of 3% or £5.00 without a referendum. The Mayor has proposed to increase the Mayoral General Precept to £112.95 (an increase of £5.00 for a Band D property) comprising of £81.20 for functions previously covered by the Fire and Rescue Authority (a £5 increase) and £31.75 for other Mayoral General functions (no increase). The impact of the £5 increase has been included at Tables 11 and 12. It is expected that the precept will be formally determined at the GMCA meeting on 9 February 2024.

Parish Precepts

- 9.39 Parish Precept income is collected by the Council on behalf of the Saddleworth and Shaw and Crompton Parish Councils. This is then paid to the Parish Councils and this income and expenditure is included in the net revenue budget of the Council. These precepts are included on the Council Tax bills of properties falling within these parish areas. The revenue collected is for the benefit of each parish and thus has no impact on the financial projections presented in this report. At this stage no change in Parish Precepts has been assumed.
- 9.40 On 18 December 2023 Saddleworth Parish Council agreed to increase its Band D Council Tax charge for 2024/25 from £25.50 to £27.01, an increase of £1.51. This increased charge together with a change in Band D equivalent properties in the Council Tax Base has resulted in Saddleworth Parish Council setting a precept of £247,142. For 2024/25 this increase equates to £0.019m of additional income for the Parish Council.
- 9.41 On 30 January 2024 Shaw and Crompton Parish Council agreed to increase its Band D Council Tax charge for 2024/25 from £17.89 to £18.78, an increase of £0.89. This increased charge together with a change in Band D equivalent properties in the Council Tax Base has resulted in Shaw and Crompton Parish Council setting a precept of £107,522. For 2024/25 this increase equates to £0.007m of additional income for the Parish Council.

Council Tax to be Used to Support the 2024/25 Budget

Council Tax

- 9.42 Subject to final confirmation from all precepting bodies, taking account of the Council Tax Base of 59,380 for 2024/25 and the Council Tax and Adult Social Care Precept proposals, the sums anticipated to be drawn from the Collection Fund for Council Tax in 2024/25 are as shown in the table below.

Table 11 – Draw down on Collection Fund

Precepting Body	2024/25 £000
Oldham Council including Social Care Precept (Subject to confirmation)	116,155
Mayoral Police and Crime Commissioner Precept	15,219
Mayoral General Precept (including Fire Services) (Subject to confirmation)	6,707
Saddleworth Parish Council	247
Shaw & Crompton Parish Council	108
TOTAL	138,436
Less: contribution from Parish Taxpayers	(355)
TOTAL Draw on Collection Fund for Major Preceptors	138,081

The 2024/25 Band D Council Tax is shown in the table below at anticipated levels for Oldham Council services, Mayoral Precepts and Parish Precepts. Detailed indicative Council Tax information is presented at Appendix 3. These are still subject to change until the budget setting processes of all organisations are confirmed.

Table 12 - Anticipated Band D Council Tax

Council Tax Raising Body	2023/24 £	2024/25 £	Change %
Oldham Council (Subject to confirmation)	1,863.16	1,956.13	4.99%
Mayoral Police and Crime Commissioner Precept	243.30	256.30	5.34%
Mayoral General Precept (including Fire Services) (Subject to confirmation)	107.95	112.95	4.63%
TOTAL BAND D COUNCIL TAX	2,214.41	2,325.38	
Saddleworth Parish Council	25.50	27.01	5.92%
Shaw & Crompton Parish Council	17.89	18.78	4.97%

10 Collection Fund

- 10.1 The Collection Fund is a statutory fund held separately from the General Fund of the Council. Due to the impact of COVID-19 and the reduction in both Council Tax and Business Rates collection, the Government, in 2020/21, passed legislation that required Councils to spread any deficit of the Collection Fund in that year over the next three years. This was applied to both Council Tax and Business Rates and was incorporated into the regulatory process of estimating the Collection Fund deficits in January 2021.
- 10.2 Due to the better than expected level of both Council Tax and Business Rates income collection (as outlined below), there was no need to recover the Collection Fund Deficit in 2023/24 and in 2023/24 a one-off contribution of £4.1m was released to support the budget.
- 10.3 The Collection Fund balances remain in surplus, as reported. Following a review of the Month 9 position, it has been assessed that £0.75m of the net surplus in both Council Tax and Business Rates can be drawn down to support the 2024/25 budget setting process as shown in the table below.
- 10.4 The Collection fund position is summarised below:

Table 13 – Collection Fund Summary

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	410	(4,127)	(3,717)
Contribution to deficit carried forward from 2022/23	48	4,131	4,179
Prior Year Balance Brought Forward	458	4	462
(Surplus) /Deficit for the Year	(126)	(1,043)	(1,169)
Net (Surplus)/Deficit Carried Forward	332	(1,039)	(707)

	Council Tax £000	Business Rates £000	Total £000
Share - Oldham Council	279	(1,029)	(750)
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	37	-	37
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	16	(10)	6
Total (Surplus)	332	(1,039)	(707)

11 Review of Previous Years' Budget Reduction Proposals

- 11.1 Previous Revenue Budget Reports included approved Budget Reductions that had future years impacts, running up to the 2025/26 financial year.
- 11.2 The impact of these is summarised in the table below. With the exception of the reprofiling of the Creating a Better Place savings (for which further detail is provided in Section 20 below), this position is broadly unchanged from the position reported to Council on 01 March 2023.

Table 14 – Summary of Previously approved Budget Reduction Proposals Approved

	2024/25 Revised £000	2025/26 £000
2021/22 – 2023/24 Approved Budget Reductions	(6,717)	(1,155)
Reprofiled Creating a Better Place Budget Reductions	(2,083)	(2,980)
Return on Children's investment		(2,186)
TOTAL	(8,800)	(6,321)

12 Flexible Use of Capital Receipts

- 12.1 The Government confirmed after the 2022/23 budget was set that the ability to use capital receipts to support the cost of transformational activities, the 'Flexible Use of Capital Receipts', will continue in 2024/25 and 2025/26. Transformation is a key element of the Council's MTFS and therefore the budget projections include an application of capital receipts to support such transformational activity in both 2024/25 and 2025/26.. The table below summaries the proposed application.

Table 15 – Flexible Use of Capital Receipts

	2024/25 £000	2025/26 £000
Flexible use of Capital Receipts 2024/25 and 2025/26	(2,600)	(2,600)

- 12.2 The Flexible Use of Capital Receipts Strategy is included as Annexe D of the Capital Strategy report which can be found elsewhere on the agenda.

13 Revised Budget Reduction Requirement

- 13.1 The revisions to budget estimates referred to above means that compared to the position reported to Members on 01 March 2023, the budget reduction requirement has increased from £14.2mm to £20.6m for 2025/25 but reduced from £15.1m to £7.0m for 2025/26 (the latter assumes the gap in 2024/25 has been resolved by 1st April 2025). The budget position presented to members on 01 March 2023 is outlined in more detail at **Appendix 4**.
- 13.2 The table below presents the outstanding balances to be addressed of £20.6m for 2024/25 and a further £7.0m for 2025/26 before adjusting for the use of reserves as approved at the 01 March 2023 Council meeting.
- 13.3 Sections 14 and 15 of the report show how the budget for 2024/25 is balanced using firstly budget reductions and then the use of reserves. The revised 2025/26 position is also presented.

Table 16 – Revised Budget Reduction Requirement

	2024/25 Council (01 March 2023) £000	2024/25 Revisions £000	2024/25 Final Position £000	2025/26 £000
2022/23 Net Revenue Budget	275,474	577	276,051	289,025
Total Adjustments to the Base Budget	16,077	0	16,077	2,600
Total Expenditure Adjustments	14,827	13,269	28,096	23,111
Total Impact of Levies, the Statutory Charge and Contributions	2,853	(2,110)	743	2,796
Total Expenditure	309,231	11,736	320,967	317,532
Total Government Grant Funding	(114,083)	(1,404)	(115,487)	(122,967)
Total Locally Generated Income	(165,723)	(7,065)	(172,788)	(178,574)
Total Collection Fund	0	(750)	(750)	0
Total Funding	(279,806)	(9,219)	(289,025)	(301,541)
Budget Reduction Requirement	29,425	2,518	31,943	15,991
Previously Approved Budget Reduction Proposals	(12,669)	3,869	(8,800)	(6,321)
Total Flexible Use of Capital Receipts	(2,600)	0	(2,600)	(2,600)
Net Gap/Budget Reduction Requirement before Use of Reserves	14,156	6,387	20,543	7,070

- 13.4 The Budget Gap above factors in the proposed increase in Council Tax by 2.99% for general purposes and 2% for the ASCP.

14 Balancing the 2024/25 Budget – 2024/25 Budget Reduction Proposals

- 14.1 Recognising that Budget Reductions would be required to address the 2024/25 and 2025/26 budget position, Cabinet Members have undertaken an in-depth review of their respective Portfolios. This has enabled budget reduction proposals to be identified. These are presented by Cabinet Portfolio in the table below and in summary at **Appendix 5** with the detailed proposals (with an Equality Impact Assessment as appropriate) at **Appendix 6**.
- 14.2 Member support for Portfolio specific proposals has been demonstrated by each budget reduction proforma (BR1) bearing the signatures of the relevant Cabinet Member.
- 14.3 The 34 budget reduction proposals at a cumulative value of £11.0m for 2024/25, a further £4.8m in 2025/26 with an FTE impact of approximately 90 in 2024/25.
- 14.4 The table below highlights that if all budget proposals are accepted then the remaining budget reduction requirement is £9.5m for 2024/25 and £2.2m for 2025/26 as shown below.

Table 17 – Summary of Budget Proposals

	2024/25 £000	2025/26 £000
Net Gap/Budget Reduction Requirement before Use of Reserves	20,543	7,070
Portfolio Budget Reduction Proposals		
Reform & Regeneration	(395)	(536)
Finance & Corporate Resources	(1,469)	(300)
Health & Social Care	(2,800)	(2,500)
Children & Young People	(3,317)	(1,037)
Education & Skills	(563)	(215)
Neighbourhoods	(1,314)	0
Housing & Licensing	(45)	0
Communities & culture	(66)	0
Business, Employment & Enterprise	(58)	(231)
Corporate Proposal	(1,000)	0
Total Budget Proposals	(11,027)	(4,819)
Revised Budget Reduction Requirement after Budget Proposals	9,516	2,251

- 14.5 The 34 budget reduction proposals were presented to the Governance, Strategy and Resources Scrutiny Board on 25 January 2024. The Board was content to commend to Cabinet the 34 proposals at a value of £11.0m for 2024/25, and a further £4.8m for 2025/26.

15 Balancing the 2024/25 Budget – Contributions to and from Reserves

Contribution to Reserves

- 15.1 As advised at Section 12 there is an anticipated benefit to the Council and also the GMCA from participating in the Greater Manchester Business Rates Retention pilot scheme. In order to enable the payment to the GMCA of its share of the benefit (£1.2m), there is a requirement to hold the £1.0m in the Councils reserves until such time as the payment is required. The equivalent estimate for 2025/26 is £1.1m. It is therefore necessary to make a contribution to reserves of £1.2m. This increases the budget reduction requirement is detailed below.

Table 18 – Transfer to Reserves

	2024/25 £000	2025/26 £000
Revised Budget Reduction Requirement after Budget Proposals	9,516	2,251
Transfer to Reserve - 100% Business Rates Pilot Gain	1,237	1,143
Total Budget Reduction Requirement	10,753	3,394

Use of Reserves

- 15.2 Members will recall that as part of the 2023/24 budget strategy, approved at Council on 1 March 2023, to allow time for transformational change to be implemented, the Council approved the use of £2.5m of general reserves to support the 2024/25 budget. As a result of the budget setting process, this use of reserves has increased by £8.2m to £10.7m. This will be funded from the Balancing Budget and Fiscal Mitigations Reserves, both of which were set up in 2023/24 to deal with the unprecedented financial pressures facing the Council. This will leave £15.7m in the Fiscal Mitigation reserve to support the 2025/26 budget as set out in Table 24 below.
- 15.3 The Council is expected to receive an estimated £3m from the GMCA with regards to a distribution from the Waste Disposal Service Reserve held by GMCA. At the moment this is shown as a direct contribution to reserves and included within the reserve balances shown at Tables 22 and 24 below. The value of the refund and the associated accounting treatment is expected to be confirmed over the coming months.

Table 19 – Use of Reserves

	2024/25 £000	2025/26 £000
Revised Budget Reduction Requirement	10,753	3,378
General Use of Reserves 2024/25 (Approved 2023/24 Budget)	(2,500)	
Specific use of Reserves to support Bus Reform in 2025/26 (Approved 2023/24 Budget)		(1,432)
Additional General Use of Reserves - Required to balance 2024/25	(8,253)	
Total Use of Reserves	(10,753)	
Revised Budget Reduction Requirement	0	1,946

Impact of the Use of Reserves on the Estimates for 2025/26

- 15.4 The use of reserves to support the 2024/25 budget has an impact on the budget reduction requirement for 2025/26. This is more complex when presenting a two year budget as the use of or contributions to reserves that were approved within the budget setting arrangements for 2023/24 have already been incorporated into the 2024/25 and 2025/26 budgets. There is therefore a need to reflect the use of reserves that have been introduced in the latter stages of the budget process that have an on-going impact into 2025/26. These are shown in the table below and have the impact of increasing the budget reduction requirement for 2025/26 that has yet to be addressed to £11.5m.

Table 20 – Impact of 2024/25 Contributions to/from Reserves on the 2025/26 Budget

	2024/25 £000	2025/26 £000
Revised Budget Reduction Requirement	0	1,946
Transfer to Reserve - 100% Business Rates Pilot Gain		(1,221)
Share of GMCA Waste Disposal Reserves		0
Additional General Use of Reserves - Required to balance 2024/25		10,753
Revised Budget Reduction Requirement after Reserves	0	11,478

Summary Budget Position

- 15.5 If the proposals in this report are approved, it results in a balanced revenue budget position for 2024/25 and a forecast Net Gap / Budget Reduction Requirement for 2025/26 at a value of £11.5m as summarised in the table below and set out in detail at **Appendix 7**.

Table 21 - Summary Budget Position

	2024/25	2024/25	2024/25	2025/26
	Cabinet (01 March 2023)	Revisions	Final Position	
	£000	£000	£000	£000
2023/24 Net Revenue Budget	275,474	577	276,051	289,025
Total Adjustments to the Base Budget	16,077	-	16,077	12,116
Total Expenditure Adjustments	14,827	13,269	28,096	23,111
Total Impact of Levies, the Statutory Charge and Contributions	2,853	(2,110)	743	2,796
Total Expenditure	309,231	11,736	320,967	327,048
Total Government Grant Funding	(114,083)	(1,404)	(115,487)	(122,967)
Total Locally Generated Income	(165,723)	(7,065)	(172,788)	(178,574)
Total Collection Fund	0	(750)	(750)	0
Total Funding	(279,806)	(9,219)	(289,025)	(301,541)
Budget Reduction Requirement	29,425	2,518	31,943	25,507
Previous Years' Budget Reduction Proposals	(12,669)	3,869	(8,800)	(6,321)
Total Flexible Use of Capital Receipts	(2,600)	-	(2,600)	(2,600)
2024/25 Proposed Budget Reductions		(11,027)	(11,027)	(4,819)
Total Use of Reserves	(3,932)	(5,584)	(9,516)	(289)
Net Gap/Budget Reduction Requirement	10,224	(10,224)	0	11,478

- 15.6 The table above shows total funding available of £289.0m. This, together with the proposed use of reserves of £9.5m forms the net forecast expenditure of £298.5m. **Appendix 8** sets out the indicative budget, outlining the current allocations of funds across directorates.
- 15.7 It is acknowledged that the 2024/25 revenue budget is underpinned by the deployment of reserves and that this is not sustainable going to 2025/26. The Council is committed to delivering its Transformation Programme to support the revenue budget in future years. This is set out in more detail in the MTFs section of this report which can be found at Section 19.
- 15.8 As highlighted throughout the report, levy and precept figures are still subject to confirmation and there are still a number of grant notifications still to be received, however it is not expected that there will be any significant variance to the overall position presented. The Budget Council report will therefore present the final position and the Council Tax charges for 2024/25.
- 15.9 The next iteration of this report that will be presented to Council will be amended in line with any notifications received.

16 Reserves and Balances

16.1 The forecast year-end Earmarked Reserves position presented below reflects the estimated closing balance for 2023/24 (taking into account the projected month 8 forecast deficit position as highlighted in paragraph 16.4) and hence the total reserves available for the financial year 2024/25.

Table 22 – Reserves Position

Earmarked Reserves	2023/24 Opening Balance £000	2023/24 Estimated Closing Balance £000
Adverse Weather Reserve	(1,000)	(1,000)
Balancing Budget Reserve – 2022/23	(12,786)	0
Balancing Budget Reserve – 2023/24	(3,932)	(3,932)
Council Initiatives Reserve	(1,991)	(1,558)
Directorate Reserves	(3,836)	(2,957)
District Executive Reserves	(545)	(545)
Emergency and External Events Reserve	(2,000)	(2,000)
Fiscal Mitigation Reserve	(28,071)	(11,748)
Insurance Reserve	(3,140)	(3,140)
Integrated Working Reserve	(4,076)	(2,922)
Life Cycle Costs Reserve	(1,518)	(1,518)
Regeneration Reserve	(2,107)	(250)
Transformation Reserve	(5,253)	(5,213)
Total	(70,255)	(36,782)

16.2 Although the estimated level of reserves at the end of 2023/24 is £36.8m (after the month 8 deficit position – see 16.4 below), the use of £10.8m of general reserves and £2.8m of specific reserves to underpin the 2024/25 budget (a total of £12.3m), will utilise in full the Balancing Budget and Fiscal Mitigation reserves at the start of the 2024/25 financial year. This will reduce the unallocated balance of Earmarked Reserves to £24.4m on 1 April 2024.

16.3 In addition, a number of these reserves are committed to finance expenditure planned for future financial years meaning they are not available for alternative uses. This includes:

- a further £1.432m for Bus Reform required in 2025/26;
- Integrated Working Reserve, to enable joint working with NHS partners to support health and social care integration.
- Regeneration Reserve, to facilitate up-front expenditure linked to capital projects including the Creating a Better Place Strategy.
- Transformation Reserve, to facilitate the continuation of existing and implementation of new transformational activity that will support improvements in service delivery as well as create efficiencies and budget reductions.

16.4 As detailed in Section 5 of this report, the Council is currently projecting an adverse variance of £16.2m in 2023/24. Whilst management actions are being implemented to mitigate this, it is highly likely that there will be a significant deficit at the year end which will need to be funded through the application of Earmarked Reserves from the Fiscal Mitigation Reserve. This proposed application of reserves is reflected in Table 22 above.

-
- 16.5 The forecast level of earmarked reserves over the period of the MTFS is included within Section 19 below.
- 16.6 Having regard to the level of earmarked, it is recommended that the level of General Fund balances be held at their current level of £18.9m for 2024/25. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates and this is included within Section 17 and at **Appendix 9** to this report. Members are also reminded that all budget proposals have been subject to a risk assessment undertaken by the Director of Finance.

17 Statement of Robustness

- 17.1 In order to comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) is required to report on the robustness of the estimates made for the purposes of the revenue budget calculations and the adequacy of the proposed reserves. It also reports on the Director of Finance's consideration of the affordability and prudence of capital investment proposals. The level of general balances to support the budget and an appropriate level of Earmarked Reserves maintained by the Council in accordance with the agreed Council Policy on Earmarked Reserves, are an integral part of its continued financial resilience supporting the stability of the Council.
- 17.2 The agreed Council approach adopted is to use a risk-based approach based upon a number of areas of risk. These areas of risk and a summary of the General Fund balance calculation can be found at **Appendix 9**. This calculation has indicated that the General Fund Balance needs to increase from the current level of £18.9m to a value of £30m over the MTFS period.
- 17.3 It is recognised that the continued use of reserves and one-off measures has had the impact of deferring the changes that are required to balance the revenue budget by on-going sustainable means. As detailed within Section 20, the implementation of the Council's transformation programme over the MTFS period is addressing the Council's budget challenge. However, the expected benefits of the transformation programme will be phased over several financial years and the programme and whilst the programme will contribute to the delivery of significant savings which will assist in reducing the gap, in its current form, the programme will not generate sufficient savings to bridge the overall gap.
- 17.4 The General fund balance is currently £18.9m. This together with level of earmarked reserves available to support the Council's revenue budget means that the Council will start 2024/25 with an adequate level of reserves. However, a further programme of additional, sustainable savings will need to be implemented in 2024/25 in order for reserves to remain at an adequate level throughout the period of the MTFS.
- 17.5 Plans to address this in 2024/24 include:
- The establishment of a Delivery Panel, chaired by the Leader to monitor the delivery of proposed savings and ensure they are a primary focus of directors
 - The implementation of detailed service reviews to identify additional cost reduction proposals that can be approved during 2024/25. This will commence as soon as the 2024/25 budget is approved.
 - Additional controls (introduced in January 2024) in respect of authorising expenditure and new recruitment.

The Chartered Institute of Public Finance and Accountancy (CIPFA) - Financial Resilience Index

- 17.6 During 2019/20, the Chartered Institute of Public Finance and Accountancy (CIPFA) announced its intention to publish its Financial Resilience Index. This was in response to the challenges being experienced by a number of Local Authorities with regard to financial sustainability; it is intended to be an early warning indicator to prompt discussion and action. The level of reserves and balances are a key element in the CIPFA Financial Resilience Index. The latest index was published in December 2023.
- 17.7 The Oldham position for initial years did not highlight any major areas of concern but the December 2022 Index highlighted that the Council had moved to an increased risk level when compared to the Council's Local Authority comparator group. The December 2023 Index, based upon 2022/23, has maintained the Council at medium risk, albeit with slightly

worsening indicators. However, when considering the 2023 index it is important to recognise the following:

- The index is based upon the Council's financial results for 2022/23 that showed a deficit of just £1.6m and a relatively healthy level of earmarked reserves. As such it is a lagging indicator and does not take into account the use of reserves and overspend occurring in 2023/24.
- The list of comparator authorities are ones that are facing the same financial challenges as Oldham

Therefore, whilst the 2023 index does provide some comfort, it does need to be treated with some caution.

- 17.8 There have been several reports issued on the subject of the financial resilience of Local Authorities alongside the CIPFA Financial Resilience Index. Lack of financial resilience has been highlighted over the past few years by the issuing of a notice under Section 114 of the Local Government Act 1988 (a Section 114 Notice). In 2023/24 this included: Birmingham City Council, Nottingham City Council and Woking District. Council. In addition, a number of authorities have issued notices that they are at risk of issuing a S114 notice if they do not quickly deliver the required savings and limit expenditure.
- 17.9 It is important to note that the Council's External Auditor (Mazars LLP) is required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Although the Council has not yet been received the Auditor's final report in respect of 2022/23, an interim update provided to the Audit Committee of 31 October 2023 indicated that it is expected that the findings will be positive and that no risks or significant weaknesses in arrangements will be reported. As such, Members can have further confidence in the current financial position.
- 17.10 Financial resilience does depend in part on the Council maintaining an adequate level of reserves and balances. The reserves position is set out in Section 19. The reserves and balances position of the Council is projected to remain satisfactory at the end of 2022/23 and in supporting the 2024/25 and 2025/26 budgets.
- 17.11 Members can be assured that Oldham Council remains financially resilient in the short term. Work has and is taking place to address the on-going financial pressures that the Council is facing with additional investment being made in Children's and Adults Social Care. This strategy relies on the delivery of the transformation programme over the short to medium term and therefore it is vital that the Council delivers on current plans.
- 17.12 In conclusion, the Chief Finance Officer is able to advise Members of the robustness of the estimates and the affordability and prudence of capital estimates for 2024/25. However, this is only the case provided that general balances remain at £18.9m for 2024/25 and strategies are put in place to increase to a level approaching £30m over the MTFS period, as calculated and shown in **Appendix 9** to this report. Furthermore, all budget options, or in year alternatives, must be monitored closely and delivered as planned.

18 Fees and Charges

- 18.1 Attached at **Appendix 10** is the proposed fees and charges schedule for the 2024/25 financial year. Consideration has been given as to whether charges should be increased, reduced or left unchanged in the context of each service. In determining their proposals, Directors and Heads of Service have considered whether:
- a) charges need to increase to keep pace with service specific cost pressures and inflation in order to avoid creating a future budget pressure;
 - b) proposals support the long-term sustainability and viability of services which rely on a significant proportion of fee income to cover service costs;
 - c) increased charges are necessary to mitigate overspends or alternatively support the delivery of budget reduction proposals;
 - d) the market can bear any additional increase;
 - e) fee increases could be counter-productive as they have the potential to reduce demand or have wider adverse implications.
- 18.2 The Retail Price Index (RPI) has increased by 20% over the last two years. RPI has increased by 8.8% to September 2023 and the increase in public sector pay was at a similar level. For the majority of services, the proposed increase is 8.8% in line with the proposal previously agreed by Management Board. This is considered an appropriate increase given the need to cover cost pressures faced by the Council and is also reflective of the fact that charges were increased by an amount less than RPI in 2023/24 (which was 13.8% at the time the 2023/24 budget was set) and before that there had been no price increase in a large number of services for several years.
- 18.3 The increase will help relieve the cost pressures currently faced by the affected services, bringing services into a position where they can cover costs and keep pace with inflation. As outlined in paragraph 6.2 (e) of this report, the charging methodology adopted is anticipated to reduce the forecast budget deficit for 2023/24 by c £1.0m.
- 18.4 Where charges are not increasing by this amount, this is largely for the reasons set out at paragraph 1.6 (points d and/or e). Please also note:
- Some charges are determined under separate statutory arrangements and any increased charges for these services are therefore not included in the table attached at **Appendix 10**.
 - The increase for some charges may differ slightly due to rounding adjustments to the nearest one pound or ten pence.
- 18.5 The rejection of proposals to increase charges will lead to additional budget pressures and an increase in the budget reduction requirement. If charges are not increased, above-inflation increases may be needed in future years to restore real terms income losses.
- 18.6 The services where the proposed increase in fees and charges is not 8.8% are outlined below:
- Cemeteries and Crematorium
- 18.7 Charges for this area are currently under consideration as the service wishes to remain regionally competitive. An increase of 2% is currently proposed.
-

Trade Waste

- 18.8 Some custom has been lost in 2023/24, following an increase of 10% implemented in 2023/24 as competitors did not increase their charges to the same extent. No increase is proposed for 2024/25 in order to maintain and potentially increase market share.

Music Services

- 18.9 An increase of 6.5% increase in planning charges is proposed, which represents the average increase in teachers' pay.

Pest Control Services

- 18.10 As in 2023/24, no charges will be levied for owner-occupied, domestic properties for these public health related services.

Summary

- 18.11 Most services are proposing fee increases by 8.8% for 2024/25 in order to maintain income levels in real terms and to cover costs. This is in the context of public sector wage inflation and that RPI has increased by 20% over the last two years. Whilst, in a handful of instances, zero or lower increases are proposed, applying this approach across most or all services is likely to increase the existing budget reduction requirement.
- 18.12 The Governance, Strategy and Resources Scrutiny Board at its meeting on 25 January 2024 scrutinised the proposed fees and charges for 2024/25 and was content to commend them to Cabinet.

19 Budget Strategy and Medium Term Financial Planning for Future Years

- 19.1 As has been outlined in earlier sections of the report, the Council has prepared a budget strategy which concentrates on the financial years 2024/25 and 2025/26. The plans to address in full a £20.7m budget reduction requirement for 2024/25 have been outlined. Budget Reduction proposals have also been identified totalling £4.8m for 2025/26 and these go part way to addressing the budget reduction requirement for those years.
- 19.2 However, the Council continues to face considerable financial uncertainty. Whilst the 2025/26 budget projections have been prepared based on indicative information included within AS23 and the Policy Statement, there is no such information on which to base funding estimates for the years beyond this. However, in line with previous practice, the MTFS has been prepared to cover a five year period, extending to 2028/29. The later years will be covered by a new Spending Review period, and it is therefore a challenge to project the value of Government grant funding for 2025/26 to 2028/29.
- 19.3 Whilst local developments can be anticipated to some degree, the impact of national and international events cannot be predicted. As has been evidenced over recent years, the impact of previously unimaginable events such as a global pandemic and a European war has significantly changed the economic environment in which the Council operates. Both these issues and others have had an impact on the financial position in 2023/24 and influenced the budget reduction requirement for 2024/25 and all future years covered by the MTFS.
- 19.4 Adult Social Care reforms as outlined in Building Back Better/People at the Heart of Social Care White Papers were deferred but are expected to be reintroduced at some point. At this stage these are assumed to have a neutral impact (increased expenditure/reduced income offset by increased grant), however, the implications will become clearer as further detailed policies are published and developed.
- 19.5 Having regard to all the uncertainty, the Council's priority is therefore to stabilise the financial position and ensure its continued financial resilience over the medium term.
- 19.6 Estimates upon which the MTFS is based are prepared using the best information currently available but remain under continuous review. The local, regional, and national policy landscapes continue to develop and change. In addition, existing financial challenges are subject to revision as new issues emerge. Each new issue or change has an impact, sometimes on a one-off basis, but more commonly, a multi-year effect. Therefore, as soon as the 2024/25 revenue budget has been finalised, the cycle of reviewing and updating the budget reduction requirement for 2025/26 and future years will begin again.
- 19.7 Having been subject to a decade of severe funding reductions prior to the pandemic, increased demand pressures and from significant inflationary pressures over the last two years, the Council has successfully managed to balance its 2024/25 budget whilst simultaneously protecting service provision as far as possible. However, there has been an increasing use of one-off measures, including the use of reserves utilised to balance the budget.
- 19.8 As this section of the report highlights, there are still significant budget reduction targets over the MTFS period. As the next financial planning cycle progresses, a key task will be to ensure that the suggested level of saving remains deliverable and that there are sufficient robust budget reduction proposals being prepared to contribute to addressing the target.
- 19.9 Some reserves are available (including the Transformation reserve, the Integrated Working reserve and the Children's Services) reserve to allow time for the development and implementation of the next phases of the agenda for transformational change.
-

-
- 19.10 However, the budget reduction requirement for future financial years in part reflects the use of planned one-off savings and measures including the use of reserves and flexible use of capital receipts that are being used to balance the 2024/25 revenue budget and support the 2025/26 budget position. It is essential that robust and deliverable budget proposals are developed, approved and implemented successfully.

Policy Landscape Surrounding the Development of the Medium-Term Financial Strategy

National Context

- 19.11 The overarching challenge in preparing the MTFFS is that Government policy and on-going funding levels are difficult to predict as there will be a new Spending Review period beginning from 2025/26 and the Government has already indicated that its aim would be to restrain public expenditure as one of the key strategies to steady the financial position of the country. This could mean limiting future financial support for Local Government.
- 19.12 The potential uncertainty in general Government grant adds to the challenge of developing and providing medium-term financial forecasts. Therefore, whilst this section of the report presents forecast budget reduction requirements for the period 2026/27 to 2028/29, Members must consider these forecasts as indicative only and could be subject to significant change as more detail on each area emerges.

Oldham Context

- 19.13 The Council's programme of transformational was refreshed during 2022 and continues into 2024/25.
- 19.14 Specific themes underpinning the transformational change programme within the MTFFS are presented in Section 20 of this report.

Forecast Budget Estimates and Budget Reduction Requirements

Risks and Uncertainties

- 19.15 There are a vast range of risks and uncertainties influencing the MTFFS. Some key issues are set out below:
- The MTFFS is based around the reduction in cost pressures as inflation is expected to fall from the financial year 2024/25. Whilst current economic forecasts confirm this, unforeseen events could very quickly change the position.
 - There are other partner organisations such as the GMCA and NHS impacted by the increased cost of inflation. No specific assumptions have been made as to these organisations passing on any additional costs to Oldham and the other GM District Councils.
 - The Council must focus appropriate resources to deliver future transformational change and the delivery of such change is a key assumption in the financial strategy. The position will require constant review, however, the programme management arrangements that the Council has established will provide an early warning if challenges are encountered.
 - Whilst the MTFFS estimates reflect a series of assumptions relating to inflation levels, pay awards, interest rates, service demand, levy increases, general Government funding, locally generated funding and the profile of capital programme investment, there is scope for significant variation due to the challenge of preparing forecasts

for all these variables in what remains a turbulent and uncertain global political and economic environment.

- The MTFS estimates also assume that beyond 2025/26 the income maximisation strategy of the Council together with the regeneration agenda creating economic and business growth as well as new housing will increase both the Council Tax and the Business Rates income. Whilst it is anticipated that this approach will be successful, it is not without risk.
- There are specific challenges in forecasting Business Rates income due to general volatility surrounding Business Rates income, the impact of the current economic position on the certainty for business investment/future growth, the ability of certain business sectors to bounce back from the current recession, the number of appeals (particularly linked into the 2023 revaluation) and the continued changes in Government policy around Business Rates reliefs. The forecasts are subject to constant review and are prepared using most recent information.
- The medium-term financial position of the Council will also be affected by future decisions about Council Tax and fees and charges increases.
- It is assumed that there will be no major Government policy initiatives which place a significant financial burden on the Council without a matching funding stream. In this regard it is expected that Adult Social Care reform will fully resume from 2026 but the MTFS assumes this will be funded by Central Government resources. The availability of Government funding is far from certain.

19.16 In view of the significant risks and uncertainties surrounding the medium-term indicative financial estimates, the assumptions and calculations underpinning these forecasts will be regularly reviewed and updated.

Forecast Budget Reduction Requirements and Underlying Budget Assumptions (2025/26 to 2028/29)

19.17 Summarised in Table 23 is the forecast budget reduction requirement for the period 2025/26 to 2028/29. Although 2025/26 has been included within the focused two year budget earlier in this report, there still remains an unaddressed budget reduction requirement of £11.5m. The starting point for the assumptions is:

- a prior year net budget of £289.0m for 2025/26,
- £301.5m for 2026/27,
- £307.0m for 2027/28; and
- £318.4m for 2028/29.

19.18 The starting position has then been adjusted for the expenditure and funding assumptions detailed below to determine the net budget requirement. This assumes all 2024/25 and 2025/26 budget reduction and income generation proposals presented elsewhere in this report are approved and implemented in full. The key assumptions in determining the forecast budget position for 2025/26 are presented earlier within this report. The key assumptions underpinning the estimates for 2025/26 to 2028/29 are presented as follows:

Expenditure Assumptions for 2025/26 to 2028/29

Reversal of the Use of One Off Measures from previous years

19.19 The 2025/26 budget includes the use of £2.600m of Capital Receipts to offset the revenue costs of transformational projects that deliver future on-going revenue savings for either the

Council or other public sector delivery partners. As this is a one-off initiative, an amount of £2.600m must be added to the financial pressures for 2025/26. In addition, adjustments must also be made for the one-off use of reserves for on-going services of £10.8m to be agreed as part of the 2024/25 budget setting process.

Pay Inflation

- 19.20 The MTFS assumes a pay increase of 4.5% for staff in 2025/26, 3% thereafter.

Contractual, Service and Energy Inflation

- 19.21 As seen earlier within the report, inflation has risen significantly in 2022/23 and 2023/23, however, to align with Government expectations this is expected to reduce over the remainder of the MTFS period. These expectations have formed the basis for contractual, service and energy inflation for the years 2025/26 to 2028/29. It has been assumed that contractual inflation will remain cash neutral from 2025/26 onwards, on the basis that increased charges will be passed on to stakeholders or managed within existing budgets.

- 19.22 Energy costs are estimated to remain constant from 2025/26 onwards following an anticipated reduction in 2024/25.

Adult Social Care Demographics and other Cost Pressures

- 19.23 Within the MTFS it is assumed that the impact of Adult Social Care demographics will continue be a pressure and that other pressures including the commitment to financing the increase in the Living Wage Foundation National Living Wage for paid social care workers will result in cost pressures of £3.5m for 2025/26 and an additional £1.0m thereafter.

Adult Social Care – Introduction of Adult Social Care Reforms

- 19.24 As detailed within above of this report, the Government the deferral of the introduction of the social care cap and the Fair Cost of Care reform until 2025/26, although Councils are expected to continue work on this area in advance of this introduction. The Council has been working on the implementation of these reforms in 2023/24, and based upon current knowledge it is anticipated that costs will increase for the Council at a value of an additional £1.0m for each financial year being included for 2025/26 to 2028/29 with corresponding grant income being received.

Home to School Transport

- 19.25 The MTFS estimates include an additional £0.250m for each of the financial years 2025/26 to 2028/29 to reflect anticipate, continued increased costs for the Home to School Transport service.

Children's Social Care

- 19.26 As outlined above, an additional £10m is included within the 2024/25 in respect of the continuing increased demand for residential care placement. An additional £2m is in respect of 2025/26. Included elsewhere in the report are details of the additional one-off investment the Council has made into Children's Social Care (funded by reserves) was included within the 2023/24 budget to fund transformational activity. It is assumed that this transformational activity will obviate the requirement for additional monies beyond 2025/26 and will also generate revenue budget reductions as outlined in Section 20.

Capital & Treasury costs

- 19.27 This represents the revenue cost of financing the Capital programme where the Council undertakes additional prudential borrowing to support capital expenditure, together with the investment returns on the Council's surplus cash balances. The 2025/26 to 2028/29 budget assumes an increase of £3.5m per annum in respect of borrowing undertaken to finance the capital programme and is detailed in the capital strategy report included elsewhere on this Agenda.
- 19.28 Investment income is forecast to reduce to reduce from £1.25m £0.75m per annum, following the significant utilisation of reserves currently anticipated within the budgets for 2024/25 and 2025/26.

Development Fund

- 19.29 Each of the financial years 2025/26 to 2028/29 includes an allocation to facilitate the funding of corporate priority developments that emerge during the budget process in line with political priorities. For each of the financial years over the MTFS period, an additional £1.000m has been included within the estimates.

Levies, the Statutory Charge and Contributions

- 19.30 The Council has reviewed the estimated levy/ statutory charges by the GMCA (for Waste and Transport Services) and contributions towards regional services and the levy from the Environment Agency and updated the anticipated increase over the MTFS period accordingly. The overall increase is estimated at £2.8m in 2025/26 including an additional contribution of \$1.4m towards bus reform costs. Estimates thereafter are £1.3m per annum.

Funding Assumptions

Business Rates Top Up

- 19.31 As previously advised, it has now been confirmed as part of the GM Devolution Deal that the 100% Business Rates Retention scheme will continue for a further 10 years from 2024/25. The top up grant is assumed to increase by 3% per annum beyond 2025/26.

Grant in Lieu of Business Rates

- 19.32 It is assumed that an element of the grant the Council receives to compensate for the Business Rates reliefs that the Government has awarded will continue from the financial years 2025/26 to 2028/29. Again, is assumed to increase by 3% per annum beyond 2025/26.

Improved Better Care Fund (IBCF)

- 19.33 It is assumed the IBCF will continue for the financial years 2025/26 to 2028/29. It is anticipated that this will remain at the 2024/25 level of £11.2m for these financial years.

Social Care Support Grant

- 19.34 MTFS includes the estimate for 2025/26 is projected at £28.0m based on information contained within the PLGFS. It has been held at this value for the remainder of the MTFS.

Adult Social Care Reform Grant

- 19.35 As detailed in the present assumptions underpinning the MTFS, it is expected that the implementation of the Adult Social Care Reforms from 25/26 will increase costs for the Council by £1.0m for each of the financial years over the MTFS period. It is assumed that Councils will be compensated with grant for these additional costs and therefore estimates include total grant funding for these reforms at £1.000m for 2025/26, £2.000m for 2026/27 and £3.0m for 2028/29.

Housing Benefit Administration Grant

- 19.36 The Autumn Statement in November 2022 confirmed that the creation of a new housing element of Pension Credit to replace Pensioner Housing Benefit has been delayed to 2028/29 and therefore it is expected that this grant will continue to be received by the Council. However, as numbers of Housing Benefit claimants reduce, it is expected that this grant will reduce from £0.8m to £0.4m over the MTFS period.

Services Grant

- 19.37 Included within the 2025/26 estimates detailed at Section 10, is an assumption that the Government will reduce the Services Grant further to fund inflationary increases to the RSG. It is assumed the Service Grant will reduce from £0.4m to £0.2m over the MTFS period.

Retained Business Rates

- 19.38 The estimated Business Rates income for 2024/25 to 2025/26 is broadly flat at c. £55m, reflecting the historical trend in Oldham.
- 19.39 No earlier than 2026/27, there will be a partial Business Rates reset which will allow local authorities to retain growth from rates income that has been generated as a result of local investment. Overall however, the impact is likely to be detrimental to Oldham and a prudent reduction to c. £50m is factored into the forecasts beyond 2025/26.

Council Tax Income

- 19.40 As per Council policy, it is assumed that Council Tax will increase by 2.99% for general purposes between 2025/26 and 2028/29. In addition, it is expected the number of recipients of Council Tax Reduction will reduce and that there will be an increase in new residences and/or empty homes occupied. Together this is expected to increase the Council Tax Base by 500 Band D equivalents each financial year after the Collection Rate is taken into account. An amount of £123.0m will be precepted for 2025/26, £130.1m for 2026/27 and £137.8m for 2027/28 and £145.9m for 2028/29. It is assumed that the ability to raise an Adult Social Care Precept will continue for the entire MTFS period.

Flexible Use of Capital Receipts

- 19.41 The ability to utilise capital receipts to finance transformational activity is now assumed to continue for the entire MTFS period.

Summary Position

- 19.42 Having regard to the expenditure and income assumptions as set out above the information presented in the table below details the revised budget reduction requirement for the financial years 2025/26 to 2028/29.

Table 23 – Budget Reduction Requirement 2025/26 to 2028/29

	2025/26 £000	2025/26 £000	2026/27 £000	2028/29 £000
2023/24 Net Revenue Budget	289,025	301,541	307,020	318,412
Total Adjustments to the Base Budget	12,116	1,457	1,953	1,760
Total Expenditure Adjustments	23,111	18,549	17,321	17,100
Total Impact of Levies, the Statutory Charge and Contributions	2,796	1,247	1,284	1,322
Total Expenditure	327,048	322,795	327,577	338,593
Total Government Grant Funding	-122,967	-126,149	-129,402	-131,928
Total Locally Generated Income	-178,574	-180,871	-189,010	-197,581
Total Funding	-301,541	-307,020	-318,412	-329,509
Budget Reduction Requirement	25,507	15,775	9,166	9,084
Previously Approved Budget Reductions	-4,135	-841	0	0
Return on Children's Investment	-2,186	-1,293	-998	0
2024/25 Proposed Budget Reductions	-4,819	0	0	0
Total Flexible Use of Capital Receipts	-2,600	-2,600	-2,600	-2,600
Total Use of Reserves	-289	647	840	1,037
Net Gap/Budget Reduction Requirement	11,478	11,688	6,408	7,521

19.43 The above table shows that the budget reduction requirements for the MTFS period total £37.1m and by year are:

- 2025/26 - £11.5m
- 2026/27 - £11.7m
- 2027/28 - £6.5m
- 2028/29 - £7.5m

19.44 More detailed projections resulting in the above summary are included at **Appendix 11** of the report.

19.45 Some of the means by which the Council will address these budget reduction requirements are set out at Section 20 which describes the Council's Transformation Programme.

Use of Earmarked Reserves over the MTFS Period

19.46 The MTFS indicates a budget shortfall of £10.8m in 2024/25 and a potential £11.5m in 2025/26. This is not factored into reserve forecasts because at this stage it is assumed that the requisite savings cannot be made.

19.47 The balances of earmarked reserves that are potentially available to support the Revenue budget over the period of the MTFS are shown in the table below.

Table 24 – Earmarked Reserves Projected Balances over the MTFS

Earmarked Reserves Projection	2024/25 Estimated Closing Balance £000	2025/26 Estimated Closing Balance £000	2026/27 Estimated Closing Balance £000	2027/28 Estimated Closing Balance £000	2028/29 Estimated Closing Balance £000
Integrated Working Reserve	(2,922)	(1,272)	(306)	(31)	-
Transformation Reserve	(5,213)	(4,928)	(4,428)	(3,928)	(3,481)
Regeneration Reserve	(250)	(125)	-	-	-
Balancing Budget & fiscal Mitigation Reserves	(15,680)	(4,922)	(4,922)	(4,922)	(4,922)
Other Reserves	(12,717)	(11,983)	(11,502)	(11,352)	(11,352)
Total	(36,782)	(23,230)	(21,158)	(20,233)	(19,755)

19.48 The table above envisages earmarked reserves stabilising at approximately £20m from 2026/27 onwards. However, there are significant risks to attached to this and these include:

- Not achieving the savings required to address the budget shortfall of £10.8m for 2024/25;
- The budget reduction proposals to not deliver the anticipated savings of £15.8m in 2024/25 and 2025/26;
- An increase in the demand pressures seen in this financial year.

19.49 In line with the good budget management practices, the Authority will seek opportunities throughout 2024/25 to replenish reserves to improve financial resilience. This is described further within **Appendix 9** and will also be considered during the final accounts process.

19.50 The position will be monitored closely and in line with the Council's Reserves Policy which is reported to the Audit Committee.

20 Transformation Programme

- 20.1 The 2023/24 to 2027/28 MTFS set out the Council's previously agreed programme of transformational activity based on four main themes plus a Cross Cutting programme of change along with a number of saving targets for each theme. Since then, the Transformation Programme has been re-engineered during 2023/24 based on the development of an updated Corporate Plan and the Council's approach to delivery of its new corporate objectives. The themes of the Transformation Programme reflect changes to improve efficiency and at the same time deliver both better services and future savings.
- 20.2 The programme of change is based around three main objectives:
- Demand management - an essential element of controlling and reducing costs;
 - Income Maximisation – taking forward the objectives of the income strategy, not only to increase the Council's income base, but to ensure improved income collection;
 - Service Review – all services reviewing their budgets to identify potential savings and efficiencies including policy changes.
- 20.3 The programme is managed through the Change and Transformation Board which is chaired by the Deputy Chief Executive and comprised of Senior Council officers. The programme is comprised of six core themes and each of these is led by a Sponsor and a Senior Responsible Officer (SRO) with the Deputy Chief Executive taking overall responsibility for the initiative. Where possible the budget reduction targets to which services were already working have been retained within the financial strategy. In addition to core themes there is an Enabling Programme to support more efficient and effective service delivery and drive budget reductions across all service areas as outlined in the following paragraphs.

Core Themes

- 20.4 The revised core themes are focused around the areas set out below:
- Children's Change Programme including Social Care Demand Management;
 - Adult Social Care Change and Improvement Programme and Integration with the NHS;
 - The Creating a Better Place Programme;
 - Place Based Integration to create stronger communities;
 - Commissioning, Procurement and Contract Management;
 - Income Maximisation.
- 20.5 A description of each of the main programmes and associated activities expected to contribute to addressing future budget reduction requirements is set out below.
- 20.6 The significant financial challenge that the Council is facing means that there will need to be an acceleration to the programme of transformation to deliver a sustainable balanced budget with a reduced reliance on one-off measures.
- 20.7 Mindful that there is a requirement to support change with some pump-priming resources, the reserves strategy includes:
- a Transformation Reserve (£5.2m) will be used from 2024/25 onwards to support the implementation of the initiatives including any investment required to facilitate the efficiencies outlined in the following paragraphs.
 - an Earmarked Reserve (£2.9m) for integrated working which can support investment in joint working initiatives with the NHS to deliver future efficiencies and

a regeneration reserve which can support the Creating a Better Place programme of work.

Theme 1 – Children’s Change Programme including Social Care Demand Management

20.8 Members will recall that Council at its meeting of 01 March 2023 approved £14.700m of investment in Children’s Services. This investment comprised:

- recurrent funding of £11.8m to provide resources to stabilise the challenging financial position that has been experienced in 2023/24 and ensure statutory responsibilities can be adequately addressed.
- one off funding in 2023/24 of a net £2.9m funded from reserves to pump prime a number of invest to save initiatives. In effect, this investment forms the spine of the Change/Transformation Programme for Children’s Services.

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

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

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

These core activities are described further in the following paragraphs.

Better support for families at an earlier stage

20.11 By identifying need and then providing support at an earlier stage, the Transformation Programme is preventing crisis intervention but also enabling demand to be managed. Preventative action will minimise demand which is avoidable, that which is preventable, and which arises from failure in the system. Taking forward the “Targeted Edge of Care Programme” the present service is being enhanced to support children at risk of going into care. The programme is focused around a team to support children and families at the point of breakdown where the care system is the alternative. This results in an improved outcome whereby the child is able to stay in the family environment reducing the need for foster care or a residential placement, thereby reducing cost.

20.12 £11.300m of the recurrent investment has largely been directed at this area, enabling demand management strategies to be taken forward.

Providing the very best of care for our most vulnerable children

20.13 The making of effective and timely decisions about the safety of children and young people and the care and support they need has been enhanced by the investment in additional staffing resources and this will not only ensure the needs of a young person are met, but that those needs are reviewed and appropriate action is taken to respond to change, which may require a stepping down of support and hence a potential reduction in costs.

20.14 There will be a continuing review of the Semi-Independent/Supported Living Accommodation for children of 16 to 18 years of age (and up to 25 if they are care leavers).

This will encompass both internal and external provision and the future use of block contracts to ensure the provision of appropriate but cost effective provision. It will be supported by a strong preventative model which will aim to reduce the need for care support in the first place. Linked to this is a change to the Children’s Residential Programme. Where such care is needed, the aim is to replace expensive external Out of Borough placements with internal provision where possible, potentially working in partnership with other Districts and GMCA to develop capacity within the City Region to reduce the need for future Out of Borough Care Replacements.

Supporting children and young people by making Oldham the best place to be a social worker

- 20.15 The challenges in recruiting and retaining the social care workforce (especially social workers for Children’s Social Care where there is a national shortage) have been well reported. The academy offers those already in the profession further training and development, encouraging career progression and overall professional development. It also targets those people who would like to enter the social work field by providing social work apprenticeships and degrees, and career development. This ‘grow your own’ strategy is indeed a transformational change programme. It is expected to produce high quality, dedicated social workers that understand Oldham and the needs of its children and young people. It will also enable caseloads to be kept at an acceptable level and allow the Council to rely less on agency social workers and therefore reduce costs.

Rewarding and supporting the work of Oldham’s Foster Carers

- 20.16 Recognising the contribution of foster carers to children looked after and young people, the December Cabinet report advised of the enhancement of in-house foster carers allowances and skills payments and the proposal to recruit additional ‘specialist foster carers’ to support existing foster carers with additional training, advice, and support in caring for our most vulnerable children and young people, enabling more of them to remain in foster care rather than more costly residential placements. It was anticipated that this will also reduce future dependency on the Adolescent Support Unit, reduce the number of placement breakdowns and future moves to independent fostering agencies or residential care outside the borough.

Summary Savings – Children’s Change Programme

- 20.17 The investment/savings to be achieved from the Children’s Change Programme as summarised in the table below.

Table 25 - Return on Investment

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

Current position

20.18 As noted in Table 3 of the Revenue Monitoring Report, Children's Services are forecast to overspend in 2023/24 by £13.3m, primarily due to increased costs of Children in care. These pressures are forecast to continue into 2024/25 and therefore an additional £10m is included within the 2024/25 budget as detailed at 6.2 (i).

20.19 Costs are then predicted to reduce from 2025/26 in line the profile identified within Table 25 above.

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

20.20 The Adult Social Care Change and Improvement Programme (ASCCIP) was reviewed and reprioritised on 2022/23 to take forward an ambitious programme of change linked to the revisions to the legislative framework within which the service is operating but also to focus on delivering more efficient and effective services for the users of Adult Social Care. This is anticipated to deliver £2.3m of savings in 2023/24.

20.21 The range of core project streams are under way includes:

- Taking forward the Target Operating Model (TOM) which ensures that statutory duties are met but at the same time delivers an appropriate prevention offer which removes, reduces or delays the need for care. Previously approved budget reductions totalling £4.8m are already included in MTFS forecasts over the period 2024/25 to 2025/26.
 - Further savings of £2.7m are identified within the budget proposals detailed in Appendices 5 and 6.
 - Modernizing the local digital offer, which is vital to the delivery of ASC reform. The ICT and Digital enabling programme is a key support strand in taking forward these initiatives. This includes:
 - Modernising systems and the approach to digital self-assessment whilst creating independence and reducing reliance on services
 - Developing Artificial Intelligence solutions
 - Embedding assistive technology to improve service users' independence and reduce reliance on services, whilst also providing an evidence base for decisions relating to provision of care and support;
 - Maintaining the existing on-line offer and ensuring that it is remain easily accessible for resident.
 - Increasing reablement capacity and throughput.
 - Improved Procurement/Commissioning through the improved use of the present information system (Mosaic).
 - Working with NHS partners to maximise the opportunities arising from the shift to Integrated Care Systems. By developing local and GM-level commissioning. Adult Social Care services will continue to work collaboratively with system partners, blending teams and enhancing systems ensuring the impact of partner redesign complements the Council's Transformation Programme.
 - Transforming the service for those transitioning to Adult Social Care services from Children's Services building on work across adults and children's social care, health,
-

and education over the past two years. This will see the development of a dedicated service focused on ensuring that statutory duties are completed in a strengths-based way, supporting young people who require care and support post 18 years.

- The Health and Care Act (2022) provides new duties and responsibilities for the provision and sharing of information across the health and care sector. The Council, its partners and service providers are working to facilitate the sharing of data to improve outcomes for people with health and care needs and hence drive efficiency, effectiveness and cost reduction. In addition, the new CQC inspection framework for Adult Social Care, requires that customer insights, engagement and co-production form part of the fundamental approaches to realising quality assurance and service improvement.
- By working on a holistic approach in partnership with Children's Social Care in line with the current policy framework, it is planned future efficiencies can be generated in the future support/placements as transition is made into the child coming of age. Overall, it is planned this programme will generate savings of up to £1.000m.
- In conjunction with key partners such as MioCare CIC (the Council's 100% owned Community Interest Company) the Council will take a review of the processes involving care planning to the delivery of the package of care. Whilst this review will not generate specific savings it is a key Enabling Programme within Adult Social Care transformation to support the delivery of efficiencies elsewhere which have the potential to generate future savings.

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

Theme 3 – The Creating a Better Place (CaBP) Programme

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

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

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

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

20.27 The regeneration of Oldham town centre remains a Council priority. Following the acquisition of the Spindles and Town Square Shopping Centres its current redevelopment is a key part of the Creating a Better Place Strategy unlocking land and development

opportunities. The relocation of the Council offices into new modern accommodation is a key strand of this programme.

20.28 The proposed saving was reviewed in 2023/24 in respect of deliverability and potential savings. The table below shows the revised profile indicating a significant slippage to later years and a reduction in the overall quantum of savings. This reflects a delay in disposing of certain assets and review of the costs associated with the new office accommodation.

Table 26 – Creating a Better Place Savings

Creating a Better Place	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Projected Savings reported on 01 March 2023	(5,400)	(1,050)	(100)	(6,550)
Current Projection	(2,083)	(2,980)	(841)	(5,904)
Difference	3,317	(1,930)	(741)	646

Theme 4 - Place Based Integration to create stronger communities

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

20.30 The Programme aims to take a community-centred, preventative approach to public services which benefits residents. It is better to help people stop smoking than treat the consequences of smoking both from a public expenditure perspective but also from an individual perspective. The Council expects residents to be happier and healthier with an appropriate support network including the dedicated local team within the district.

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

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

20.33 The programme aims to deliver, amongst other things, the following outcomes:

- Improved engagement, resilience and outcomes for adults with long term challenges.
- Better informed processes and service re-design influenced by learning from those with lived experience through a co-production approach. Opportunities for earlier intervention identified.
- Mapping of the current system across Oldham and an improved understanding across partners of where complexity prevents client engagement.
- An established peer support network for former cared for younger women to provide community level support and self-help.
- Strengthened relationships with the community and voluntary sector, particularly in providing support for high-risk individuals.
- A more targeted and evidence-based approach to the commissioning of services.

-
- A tested and improved early intervention offer for adults based on a whole system, holistic and a personalised response.

Theme 5 - Commissioning, Procurement and Contract Management

- 20.34 This programme will take forward a forensic review of all current contracts within the Council supported by a reconstituted Commissioning Board (currently under development) aiming to save on average a minimum of 5% on current contracted spend. This theme is to some degree cross cutting in nature as its also supports savings on the four core themes as set out above.
- 20.35 Using a team of subject matter experts, the work undertaken through this programme will provide challenge and independent review. It will utilise benchmarking and other key comparative information to ensure that economy, efficiency and effectiveness is delivered through the Council's commissioning, procurement and contract management arrangements.

Theme 6 – Income Maximisation

- 20.36 The Council will refresh its Income Maximisation Strategy and a review of Traded Services will continue to pursue key objectives within this strategy. This Strategy is supporting the Council's budget through increased income projections in 2024/25 and for the remainder of the MTFS period in both business rates and Council Tax.
- 20.37 In 2024/25, the Council will:
- Adopt a more commercial approach to all of its chargeable activities. This will be based around to the annual review of fees and charges but individual reviews will be undertaken as required. The fees and charges for 2024/25 outlined at Section 18 and **Appendix 10** have been prepared so that increases in many areas reflect prevailing levels of inflation as measured by the CPI;
 - Revisit and update existing policies and ways of working: particularly with regard to income collection practices and the recovery of arrears (further updates are to be presented at March Council);
 - Continue to Improve collection rates for Council Tax and Business Rates as well as strengthen and grow tax bases underpinning these major revenue streams;
 - Undertake a Traded Services review to ensure such services are being delivered efficiently and effectively, minimising any adverse impact on the Council's budget;
 - Review and rationalise the existing property holding across the Council linked into the Creating a Better Place Programme;
 - Maximise the opportunity to utilise revenue grant funding to support the operational activities of the Council;
 - Maximise the opportunity to utilise external capital grants to reduce the levels of prudential borrowing required to finance capital expenditure and thereby alleviate pressure on the revenue budget;
 - Maximise the income/funding it can access from its membership of the Manchester City Region; and
 - Lobby for the fair future reform of Local Government Finance to ensure Oldham receives its appropriate share of national funding.

Service Reviews

20.38 Underpinning all transformation workstreams will be:

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

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

On-going Budget Review

20.40 Given the importance of delivering budget reductions and embedding the programme of transformational change, during 2024/25, there will be a regular review of the progress of existing change programmes against delivery milestones with a view to determine financial targets. It will also ensure that there is continuous emphasis on the delivery of change and the achievement of all budget reductions required in line with the Medium Term Financial Strategy.

Reserves and Balances

20.41 The delivery of the transformation programme does will require further use of reserves. The financial resilience of the Council has been reduced as outlined above and this makes it even more imperative that the programme delivers the requisite savings. To this end it is proposed that the management of the transformation programme will be closely embedded with financial management in 2024/25. Reserve balances and projected use are outlined in Section 19 above:

21 Pay Policy Statement

21.1 Included at **Appendix 12** is the Council's Pay Policy Statement. This Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011, which requires approval of the Statement through full Council. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees, with particular emphasis on the level of remuneration for the Council's most senior staff.

22 Options/Alternatives

22.1 The options as follows:

- Option 1 – Cabinet accepts the 2024/25 Council Tax and ASCP increases, the 2024/25 and 2025/26 budget assumptions and resulting financial forecasts presented within the report and the budget position at Appendix 7.
- Option 2 – Cabinet proposes amendments to the financial forecasts which will change the resulting budget reduction requirement.
- Option 3 – Cabinet approves and commends to Council all the 2024/25 and 2025/26 budget proposals included in this report and the approach to the use of reserves and balances.
- Option 4 – Cabinet approves the fees and charges for 2024/25 as set out at Appendix 10 of the report.
- Option 5 - Cabinet requests that further work is undertaken on some or all of the budget proposals and fees and charges and the approach to balancing the budget and that Cabinet considers a revised position.

23 Preferred Option

23.1 Options 1 and 3 are the preferred options. Assumptions are based on objective research and the latest available information. The Council has a statutory duty to set a balanced budget and the budget reductions included in this report along with the proposed use of reserves fulfil that requirement.

24 Consultation

24.1 Members of the public and stakeholders will be consulted on our proposals and invited to submit their feedback. A proactive approach to communications will be taken, with a multi-channel communications strategy incorporating digital, social and traditional media, ensuring that residents and businesses across Oldham are aware of our budget proposals and are able to have their say.

24.2 An interim analysis of the results from this consultation is included at **Appendix 13** and a fuller report will be presented at the Cabinet meeting and thereafter at full Council, after the consultation closes.

(Jeni Harvey, Head of Communications and Research)

24.3 Presentation of the Revenue Budget 2024/25 and 2025/26 and Medium Term Financial Strategy 2024/25 to 2028/29 to the Governance, Strategy and Resources Scrutiny Board was a key stage in the budget consultation process and it considered a version of this report at its meeting on 25 January 2024. The members of the Board questioned and challenged assumptions and issues outlined in the report. There was also detailed scrutiny of the budget reduction proposals and proposed changes to fees and charges. The Committee accepted the budget proposals and was content to commend the report to Cabinet for consideration.

25 Financial Implications

25.1 Financial Implications are dealt with in full within the detail of the report.

26 Legal Services Comments

26.1 Legal issues are addressed in the body of the report. The Council has a legal obligation to pass a resolution to agree its budget and Council Tax resolutions before 11 March 2024.

(Paul Entwistle, Director of Legal Services)

27 Co-operative Agenda

27.1 As a Co-operative Council, Oldham is committed to reforming public services and encouraging innovation, leading to better outcomes and delivery. The revenue budget projections have been prepared so that they support the Council's co-operative agenda with resources being directed so that the aims, objectives and co-operative ethos of the Council are delivered.

(Jonathan Downs, Corporate Policy Lead)

28 Human Resources Comments

28.1 The FTE reductions detailed within the budget proposals comprise mainly of vacant, agency and fixed term positions, however, there is some potential for staff in posts to be affected by the proposals. As the number of posts proposed for potential change or deletion may take us over the legally set threshold of 20 or more redundancies in a 90 day period, there could be a requirement for the issuance of a formal Section 188 notice. Collective consultation with recognised Trade Unions will form a part of these processes, with the view to mitigating or seeking alternatives to any compulsory redundancies. Where staff are displaced as a result of service redesign the Council's redeployment process will be applied and redundancies mitigated as far as possible.

(Vikki Morris, Assistant Director of HR & Organisational Development)

29 Risk Assessments

29.1 There are a wide range of issues which could impact on the assumptions and projections. A regular review of these will ensure that any key changes are highlighted immediately.

Victoria Gallagher (Head of Insurance & information Governance)

30 IT Implications

30.1 Any specific IT implications associated with the proposals included in the report are detailed within the individual budget reduction proformas included at **Appendix 6**.

31 Property Implications

31.1 Any specific property implications associated with the proposals included in the report are detailed within each individual budget reduction proformas included at **Appendix 6**.

32 Procurement Implications

- 32.1 Any proposals that impact on the procurement of goods, services etc. will be undertaken in full liaison with the Procurement Service and in compliance with all necessary Council and statutory requirements.

33 Environmental and Health & Safety Implications

- 33.1 Environmental and Health and Safety implications will be considered when dealing with the individual proposals as appropriate.

34 Equality, community cohesion and crime implications

- 34.1 In taking financial decisions, the Council must demonstrate that it has given “due regard” to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

- 34.2 Demonstrating that “due regard” has been given involves:

- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process - so that it informs the development of policy and is considered before a decision is taken; and
- ensuring that decision makers are aware of the equality duties and any potential equality issues when making decisions.

NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that the Council must be clear where this is the case and must be able to demonstrate that it has consulted, understood and mitigated the impact.

- 34.3 The Equality Act 2010 extends the public sector equality duties to cover nine protected characteristics, namely:

- age,
- disability,
- gender,
- gender reassignment,
- marriage and civil partnership,
- pregnancy and maternity,
- race,
- religion and belief and
- sexual orientation.

- 34.4 In December 2010, the Government announced that it would not be taking forward the socio-economic duty for public bodies. Despite this the Council has continued to consider people on low incomes as part of its equality impact assessment process.

- 34.5 Assessing the potential equality impact of proposed changes to policies procedures and practices is one of the key ways in which public authorities can show ‘due regard’. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.

- 34.6 Oldham’s EIA process was refreshed in 2022, with the launch of a new Impact Assessment Tool to improve our decision making, putting equality and our wider priorities at the heart of the process. The new tool mandates that decisions are screened against the nine protected

equality characteristics, Oldham's Corporate Plan priorities (including the socio-economic duty), and the Oldham Plan priorities.

34.7 The Impact Assessment Tool provides an easy-read infographic, clearly showing how any decision will impact on Equality Characteristics, Corporate Plan priorities, and Oldham Plan priorities. Supporting narrative is provided against any positive or negative impact, helping explain the impact of the decision and asking what action can be taken to mitigate potential negative impacts.

34.8 The equality impact assessment process undertaken for the Council's budget process involves:

- 1) An initial equality impact screening – The budget proposal action plan forms completed by each Director / Service Manager incorporate an initial equality screening to identify whether any proposal has the potential for significant disproportionate adverse impact in respect of any protected characteristic i.e. whether the impact of the proposal falls disproportionately on any particular group – such as people with a disability.

The key aims of this review process are to:

- assess the potential equality impact of each proposal using the information provided; and
- provide challenge to those where the initial screening does not accurately identify those equality groups potentially affected and that a further screening process needs to be completed.

- 2) Full Equality Impact Assessment tool completed – An equality impact assessment is carried out if the initial screening identifies that the proposal could have a potential significant, disproportionate adverse equality impact.

(Jonathan Downs, Corporate Policy Lead)

35 Key Decision

35.1 Yes

36 Key Decision Reference

36.1 FLC-13-23

37 Background Papers

37.1 The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as defined by that Act.

File Ref: Background papers are contained in Appendices 1 - 13
Officer Name: Sarah Johnston / Chris Kelsall
Contact: sarah.johnston@oldham.gov.uk (0161 770 4902)
chris.kelsall@oldham.gov.uk

- Appendix 1 - Dedicated Schools Grant 2024/25
- Appendix 2 - Calculation of Council Tax Base 2024/25
- Appendix 3 - Council Tax 2024/25
- Appendix 4 - Budget Position 2024/25 and 2025/26 previously reported to members in March 2023.
- Appendix 5 - Summary of Budget Reductions by Cabinet Member Portfolio
- Appendix 6 - Budget Reduction Proposals and Draft EIA's
- Appendix 7 - Budget Position 2024/25 and 2025/26 post Budget Proposals
- Appendix 8 - 2024/25 Indicative Budget Presentation
- Appendix 9 - Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments
- Appendix 10 - Proposed 2024/25 Fees and Charges Schedules
- Appendix 11 - 2025/26 to 2028/29 MTFS Summary
- Appendix 12 - Pay Policy Statement 2024/25
 - 12a – Staff earning in excess of £50,000 per annum
 - 12b – Table 1 – Senior Management Remuneration
 - 12c – Table 2 - Salaries expressed as a ratio of the Chief Executive as at December 2022
- Appendix 13 - Big Oldham Conversation: Budget 2024/25 – Interim Update