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GOVERNANCE, STRATEGY AND RESOURCES SCRUTINY BOARD
25/01/2024 at 6.00 pm



Present: Councillor McLaren (Chair)
Councillors Al-Hamdani, J. Hussain, Moores, Surjan and Woodvine

Also in Attendance:

Cllr A Shah	Leader of the Council and Cabinet Member for Reform & Regeneration
Cllr M Ali	Cabinet Member for Education & Skills
Cllr B Brownridge	Cabinet Member for Health & Social Care
Cllr P Dean	Cabinet Member for Communities & Culture
Cllr C Goodwin	Cabinet Member for Neighbourhoods
Cllr F Hussain	Cabinet Member for Business, Employment & Enterprise
Cllr A Jabbar MBE	Cabinet Member for Finance & Corporate Resources
Cllr S Mushtaq	Cabinet Member for Children and Young People
Matthew Bulmer	Director Education Early Years and Skills
Emma Barton	Deputy Chief Executive (Place)
Paul Clifford	Director of Economy
Neil Consterdine	Assistant Director Youth, Leisure and Communities
Andy Cooper	Senior Finance Manager
Nasir Dad	Director of Environment
Julie Daniels	Director of Children's Services
Jonathan Downs	Strategy, Partnerships and Policy
Paul Entwistle	Director of Legal Services
Rebecca Fletcher	Director of Public Health
Steve Hughes	Assistant Director for Strategy & Performance
Gerard Jones	Managing Director Children and Young People
Sarah Johnston	Director of Finance
Chris Kelsall	Assistant Director of Finance (Capital & Transformation)
Shelley Kipling	Assistant Chief Executive
Andrew Mather	Constitutional Services
Jayne Ratcliffe	Director of Adult Social Care
Lee Walsh	Finance Manager - Capital and Treasury

APOLOGIES FOR ABSENCE

There were no apologies for absence received.



2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

Councillor Surjan declared a non-prejudicial pecuniary interest in Item 7, Revenue Budget 2024/25 in relation to the funding of voluntary organisations.

4 **PUBLIC QUESTION TIME**

No public questions were submitted.

5 **MINUTES OF PREVIOUS GOVERNANCE, STRATEGY AND RESOURCES SCRUTINY BOARD MEETING**

In relation to Minute 13 the Assistant Director of Finance (Capital & Transformation) reported that the reason that there had been no Board meetings for Oldham Economic Development Association (OEDA was that OEDA is a dormant Company and has been so for several years.

The OPP shares are nominally owned by Southlink Developments Limited. However, they are held in trust on behalf of the Council. Therefore the Council holds all beneficial interest. Whilst OEDA owns 100% of the shares in Southlink, it does not have any interest in the shares of OPP. This is important in relation to tax liability. Therefore, it is not proposed that OEDA has any part in the decision to sell the shares and importantly is seen not to have any part in it.

RESOLVED that the information in relation to minute 13 is noted and that the minutes of the meeting held on 14th December 2023 be approved as a correct record.

6 **REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2023/24: MONTH 8 - NOVEMBER 2023**

Introductory Statement

The Cabinet Member for Finance and Corporate Resources made an introductory statement setting out the background and context for pressures faced in the current year and developing the budget for 2024. It had been an extremely challenging year with the Council facing an overspend of £16m. Particular pressures had resulted from Government policies, austerity, cost of living and benefit changes.

2024/25 would be the sixth year that the Government had made a one year final settlement making long term planning challenging. The Government had recently announced that a £500 million fund would be available for children's' services and social care but it was unclear what the authorities share would be or when it would be available. The Household Support Grant and Council tax Support Grant would end in March and no announcement had been made as to what funding would then be available.

In order to produce a balanced budget for 2024/2025 it was necessary to achieve savings of £22.8 m. In putting forward

proposals for cuts in services, increases in Council Tax, the uses of Reserves and increases in service charges the Administration was putting forward a balanced and robust budget



Report

Consideration was given to a report of the Director of Finance an update on the Council's 2023/24 forecast revenue budget position at Annex 1 and the financial position of the capital programme as at 30 November 2023 (Month 8) together with the revised capital programme 2023/24 to 2027/28, as outlined in section two of the report at Annex 2.

The Cabinet Member for Finance and Corporate Resources and the Director of Finance presented the report and addressed enquiries of the Committee.

With regard to the Revenue position, The forecast outturn position for 2023/24 is a projected adverse variance of £16.194m after allowing for approved and pending transfers to and from reserves. There are significant variances contained within the projected net overspend within three areas forecasting pressures: Children's Services a pressure of £13.386m; Place and Economic Growth a pressure of £5.312m; and Community Health and Adult Social Care a pressure of £0.815m. The report set out action taken to address variances and take mitigating action. Favourable variances across the remaining portfolios totalling £3.318m are offsetting these pressures in these three areas.

The forecast pressure of £16.194m at Month 8 is an increase of £1.605m on the adverse position of £14.589m reported at quarter 2. Management actions that have been approved to review and challenge planned expenditure, control recruitment and to maximise income was hoped to have an impact on the anticipated outturn deficit position.

Information on the Month 8 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report. As previously reported, the position on the DSG continues to improve and as at month 8 it is forecasting an in-year surplus of £2.117m, with an estimate that the year-end position would be a surplus of £3.561m. Action will continue to be taken with the aim of mitigating cost pressures and delivering and maintaining a surplus position. To assist, Oldham is taking part in the Department for Education sponsored Delivering Better Value in SEND (Special Educational Needs and Disabilities) which will provide dedicated support for the SEND Review reforms to 55 Local Authorities with historical DSG deficit issues with the aim of putting the DSG of participating Authorities on a more financially sustainable footing There are currently no significant issues of concern in relation to the HRA. The Collection Fund is forecasting an in-year surplus of £0.805m. The Collection Fund is particularly volatile, whilst currently in surplus the position will continue to be closely monitored throughout the year as any surplus or deficit

at the end of the financial year will have a direct budgetary impact in 2024/25.



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In Relation to the Capital Budget the report outlines the most up to date capital spending position for 2023/24 to 2027/28 for approved schemes. The revised capital programme budget for 2023/24 is £78.633m at the close of month 8, a net decrease of £31.672m from the original budget of £110.305m. Actual expenditure to 30 November 2023 was £46.267m (58.84% of the forecast outturn). It is likely that the forecast position will continue to change as the year draws to a close with additional re-profiling into future years.

RESOLVED: that the Report be accepted and commended to Cabinet

1. Forecast revenue outturn for 2023/24 at Month 8 being a £16.194m adverse variance having regard to the action being taken to manage expenditure;
2. Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund; and
3. Revised capital programme for 2023/24 and the forecast for the financial years to 2027/28 as at Month 8.

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REVENUE BUDGET 2024/25 AND 2025/26 AND MEDIUM-TERM FINANCIAL STRATEGY 2025/26 THROUGH TO 2028/29

Consideration was given to a report of the Director of Finance which provide the Overview and Scrutiny Committee 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.

It was reported that the starting point for preparing the 2024/25 revenue budget estimates is the underlying base budget of £275.5m. The 2023/24 revenue budget forecast outturn position 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 £10.8m towards the 2023/24 budget 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.

A range of expenditure pressures had contributed to the budget gap. 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.



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The report advised that the Council Tax position for 2024/25, was:

- 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.
- No adjustment has been made to Council Tax levels for precepting Authorities or Parish Councils. Respective Council Tax levels for 2024/25 will be confirmed during January or February 2024.

Having regard to the proposed increase in Council Tax, Section 14 of the report presented 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 would also have an impact on 2025/26 of £4.8m. The proposals were presented in summary at Appendix 4 and in detail at Appendix 5 of the report.

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 £9.7m and 2025/26 to £11.5m.

The Committee examined the budget reduction proposals.

The Leader of the Council and Cabinet Member for Reform and Regeneration and The Director of Finance were in attendance to introduce the following proposals:

PEG-BR1-701 Capitalisation of Staffing Costs in Project
PEG-BR1-729 Catering Service Review
COR-BR1-731 Senior Leadership Team
COR-BR1-732 Communications and Research Service Redesign

Referring to a question as to whether proposed changes to the Senior Leadership team would affect service delivery Members

were informed that the Chief Executive believed that a flatter management structure would not affect service delivery.



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The Cabinet Member for Finance & Corporate Resources was in attendance to introduce the following proposals:

COR-BR1-709 Efficiencies in Support services.
COR-BR1-710 Exceptional Hardship Payment Scheme
COR-BR1-711 Review of financial support and advice services
COR-BR1-712 Reduction in Staff - ICT
COR-BR1-713 Reduction in IT Application Services & Licensing
COR-BR1-714 Reduction in Mobile Phone Savings
COR-BR1-730 Centralisation of Business Intelligence functions
COR-BR1-733 Reduction of corporate funding for Chief Executive Apprenticeships Programme
COR-BR1-734 Introduction of a Vacancy Factor

The Cabinet Member for Health & Social Care was in attendance to introduce the following proposals:

ASC-BR1-715 Commissioning and Contracts
ASC-BR1-716 Operational restructure
ASC-BR1-717 Focussed Transitions Team – invest to save
ASC-BR1-718 Assistive Technology
ASC-BR1-719 Operating Model Implementation
PHT-BR1-720 Reduce funding for sexual health provision
PHT-BR1-721 Public Health Team

In response to questions regarding the potential

The Deputy Leader and Cabinet Member for Children and Young People was in attendance to introduce the following proposals:

CHS-BR1-706 Social Work and Children's Services Integration
CHS-BR1-707 Children's Safeguarding
CHS-BR1-708 Social Work Services

In response to Members questions regarding whether a reduction in the number of posts would be detrimental to service delivery Members were informed that a greater emphasis on early intervention and prevention would result in improved services.

Members also welcomed the opening of new children's homes in the district which would provide a better experience for children and reduce the costs associated with out of district placements. The Delivery Board would be monitoring the delivery of the children's homes.

The Cabinet Member for Education & Skills was in attendance to introduce the following proposals:

CHS-BR1-704 Home to School

CHS-BR1-705 Staffing and Dedicated Schools Grant

The Cabinet Member for Neighbourhoods was in attendance to introduce the following proposals:

PEG-BR1-723 Public Protection Service Review
PEG-BR1-724 Environmental Services - Service Delivery
Changes to Parks and Cleansing
PEG-BR1-725 Highways & Engineering Service Review

The Leader (on behalf of Cabinet Member for Housing & Licensing) was in attendance to introduce the following proposal:

PEG-BR1-722 Strategic Planning and Information - Service Restructure

The Cabinet Member for Communities & Culture was in attendance to introduce the following proposals:

COM-BR1-702 Priority Programme
COM-BR1-703 District Team re-organisation

The Cabinet Member for Business, Employment & Enterprise was in attendance to introduce the following proposals:

PEG-BR1-726 Get Oldham Working Service Restructure
PEG-BR1-727 Get Oldham Working Delivery Model
PEG-BR1-728 Strategic Investment - Reduced account management

With regard to a Members comments regarding Commissioning and Contacts Members were informed that it was no longer possible for the Council to fund services which were the responsibility of other providers.

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

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;
8. The proposal to draw on the Collection Fund for major preceptors of £137.0m for Borough Wide services and £116.2 m for Council services (subject to confirmation);
9. The proposed net revenue expenditure budget for 2024/25 for the Council set at £287.027m;
10. The proposed fees and charges as set out in the schedule included at Appendix 8;
11. The level of balances supporting the 2024/25 budget of £19.8m underpinned by the agreed policy on Earmarked Reserves;
12. The draft pay policy statement included at Appendix 10;
13. The delegation to the Cabinet Member for Finance and 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).

8

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2024/25 THROUGH TO 2028/29

Consideration was given to a report of the Director of Finance which sets out the Capital Strategy for 2024/25 to 2028/29 and thereby the proposed 2024/25 capital programme, including identified capital investment priorities, together with the indicative capital programme for 2025/26 to 2028/29, having regard to the resources available over the life of the programme.

The Council's Capital Strategy and capital programme are set over a five year timeframe. The proposed Capital Strategy and programme for 2024/25 to 2028/29 takes the essential elements of the 2023/24 to 2027/28 and previous years' strategies and programmes and moves them forward in the context of the financial and political environment for 2024/25. The Strategy look at those projects that are likely to run beyond the five year strategy. This covers a timeframe for the 10 years from 2029/30 to 2038/39.

The Capital Strategy was presented at Appendix 1 of the report. It was noted that The Strategy is aligned with the Creating a Better Place programme. This also incorporates the Medium-Term Property Strategy and Housing Strategy, aiming to deliver

its ambition in ways that contribute to a reduction in carbon emissions in support of the Council's Green New Deal strategy.



The Council has set out its capital programme for the period 2024/25 to 2028/29 based on the principles of the Capital Strategy. The Capital Programme and Capital Strategy are influenced by the level of resources considered available. As at the month 8 the anticipated capital expenditure over the five year life of the 2023/24 to 2027/28 strategy was £332.173m, taking 2023/24 aside (£78.633m) this leaves £253.540m for the remainder of the approved 2024/25 to 2027/28 capital programme. The capital programme includes proposed expenditure for 2024/25 of £99.683m of which the largest category is £83.226m of expenditure on regeneration, schools, transport and infrastructure projects within Place and Economic Growth Directorate. Total expenditure decreases to £81.076m, £34.838m, £35.640m and £2.000m in 2025/26, 2026/27, 2027/28 and 2028/29 respectively.

The report also set out the main sources of grant funding available to support the Capital Programme. The 2023/24 capital programme relies on £33.506m of ringfenced and £10.145m of un-ringfenced government grants. As in previous years, a major source of financing remains prudential borrowing. The amount required in 2024/25 (£49.638m).

There will be a continued review of capital spending requirements as the Council has further regeneration ambitions, but affordability and deliverability will be a key consideration in this regard. It is, however, possible that the capital position may change prior to the start of 2024/25 and during the year: Therefore, the overall capital programme position will be kept under review and any new information regarding funding allocations will be presented to Members in future reports.

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

1. The Capital Strategy for 2024/25 to 2028/29 at Appendix 1 of this report and summarised at section 2.1 of the report.
2. The capital programme for 2024/25 and indicative programmes for 2025/26 to 2028/29 at Annex C of Appendix 1 and summarised at sections 2.2 to 2.6 of this report.
3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1 of the report
4. The Minimum Revenue Provision (MRP) Policy Statement 2024/25 and method of calculation and Prudential Indicators detailed in Appendix 2 of the report

Consideration was given to a report of the Director of Finance which present to Policy Overview and Scrutiny Committee, the strategy for 2024/25 Treasury Management activities including the Minimum Revenue Provision Policy Statement, the Annual Investment Strategy and Prudential Indicators together with linkages to the Capital Strategy.

The Council was required through regulations supporting the Local Government Act 2003 to 'have regard to' the Prudential Code. It is required to produce an annual Treasury Strategy for borrowing and to prepare an Annual Investment Strategy setting out the Council's policies for managing its investments and for giving priority to security and liquidity of those investments. The Strategy for 2024/25 covers.

- Economic Update
- Prospects for Interest Rates.
- The Current Balance Sheet and Treasury Position
- Liability Benchmark
- The Borrowing Strategy
- Debt Rescheduling
- The Borrowing Strategy
- The Investment Strategy
- Approved Counterparties, risk management and Investment Limits
- Treasury Indicators which limit the treasury risk and activities of the Council

The report outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and makes recommendations with regard to the Treasury Management Strategy for 2024/25. The report included the most recently available economic background commentary which reflects the position at December 2023.

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

1. Capital Financing Requirement (CFR) Projections as per paragraph 2.4.1 of the report.
2. Projected Balance Sheet position as at 31 March 2024 and future years as per paragraph 2.4.1 of the report.
3. Liability Benchmark as per section 2.5 of the report.
4. Borrowing Strategy for 2024/25 as per section 2.6 of the report.
5. Annual Investment Strategy as per section 2.7 of the report, including counterparties and treasury limits
6. Treasury Management Prudential Indicators at section 2.8 of the report.

THROUGH TO 2028/29 AND PROPOSED OUTTURN FOR 2023/24



The Director of Finance submitted a report setting out the HRA 2024/25 proposed original budget and the forecast outturn for 2023/24. The provisional strategic budgets for 2025/26 through to 2028/29 were also presented.

HRA activities are a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aims to provide a diverse Oldham housing offer that is attractive and meets the needs of different sections of the population at different stages of their lives. After taking all relevant issues into account, the projected financial position for 2023/24 is estimated to be a £0.032m favourable variance when compared to the original budget forecast for 2023/24 approved at the Budget Council meeting, 1 March 2023. Of this variance, £0.273m is due to higher utility costs and increased unitary charges. This adverse variance is offset by £0.305m higher than anticipated brought forward balances from 2022/23. The estimated balance at the end of 2023/24 is projected to be £20.884m.

The closing financial position for 2024/25 shows an estimated HRA closing balance of £19.571m which is sufficient to meet future operational commitments and the potential financial pressures identified in the risk assessment.

The 2024/25 position was presented after allowing for a proposed increase in dwelling rents of 7.7%, an increase in non-dwelling rents in line with individual contracts, a nominal increase of 2% on service charges and the setting of Extra Care Housing concierge charges to fully recover costs. The majority of HRA tenants are either the recipient of Housing Benefit or Universal Credit, meaning that part or all of the increase will be covered by tenant's benefits. Coupled with the recent increase in the Local Housing Allowance, it is assumed that the proposed increase in rents will not represent an unmanageable additional financial burden to tenants. In order for the Council to finance the construction of any new build social housing through the HRA, it is essential that increased costs are covered by rent increases so that the HRA can remain financially sustainable. The financial projections for the HRA over the period 2023/24 to 2028/29 show an overall reduction in the level of balances from £22.584m at the start of 2023/24 to £16.872m at the end of 2028/29.

Resolved:

1. The forecast HRA outturn for 2023/24 (Report Appendix A) be noted
2. The proposed HRA budget for 2024/25 (Report Appendix B) be recommended to Council.
3. The Strategic estimates for 2024/25 to 2028/29 (Report Appendix D) be noted.



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4. The proposed increase to dwelling rents for all properties of 7.7% be recommended to Council.
5. The proposed increase to non-dwelling rents as per individual contracts be recommended to Council.
6. The proposal that service charges are increased by 2% be recommended to Council.
7. The proposal to set Extra Care Housing concierge charges to fully recover actual costs be recommended to Council.

The meeting started at 6.00 pm and ended at 8.15 pm