

Present: Councillor Shah (in the Chair)
Councillors Ali, Brownridge, Dean, Goodwin, F Hussain, Jabbar,
Mushtaq and Taylor

1 **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**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions for this meeting of the Cabinet
to consider.

5 **MINUTES**

Resolved:

That the Minutes of the meeting of the Cabinet held on 22nd
January 2024, be approved as a correct record.

6 **DRAFT MINUTES OF THE GOVERNANCE, STRATEGY
AND RESOURCES SCRUTINY PANEL HELD 25TH
JANUARY 2024**

The Cabinet considered the draft minutes of the Governance,
Strategy and Resources Scrutiny Board, held on 25th January
2024. It was noted that the Scrutiny Board, in terms of the report
relating to the Revenue Budget 2024/25 and 2025/26 and the
Medium-Term Financial Strategy 2025/26 through to 2028/29,
was asking that Council approve the recommendations
contained in the Director of Finance's report.

Resolved:

That the deliberations and comments of the Governance,
Strategy and Resources Scrutiny Board, held on 25th January
2024 be noted.

7 **DRAFT MINUTES OF THE GOVERNANCE, STRATEGY
AND RESOURCES SCRUTINY PANEL HELD 8TH
FEBRUARY 2024**

Consideration was given to the Draft Minutes of the
Governance, Strategy and Resources Scrutiny Board's meeting
held on 8th February 2024, of the proposed Opposition budgets
as presented by the Liberal Democrat and Conservative groups.

The Governance, Strategy and Resources Scrutiny Board had
recommended that the Cabinet review the following three
budget reduction proposals that had been submitted by the
Liberal Democrat Group and to reject the Conservative
proposals:

- a. OPP-BR1-201 – Reconstruction of Council priorities with regards to the communications and Research Service (£0.365m).
- b. OPP-BR1-202 – Reduction in mileage budgets to reflect change in work practices (£0.055m)
- c. OPP-BR1-204 – review of car allowances to reduce the amount paid as a lump sum to staff doing zero or minimal mileage.

Cabinet considered the proposals and summarised information in relation to the Liberal Democrat proposals.

Resolved:

1. That the deliberations and comments of the Governance, Strategy and Resources Scrutiny Board's meeting held on 8th February 2024, be noted.
2. That the alternative budget proposals presented by the Liberal Democrats and Conservatives Groups be not accepted.

8

REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2023/24 (MONTH 8 - NOVEMBER 2023)

The Cabinet considered a report of the Director of Finance which provided members with 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 30th 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 report advised that the forecast outturn position for 2023/24 was 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 is forecasting a pressure of £13.386m;
- 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.

These pressures will continue to be closely monitored for the remainder of the financial year with action taken to address variances and mitigating action to be taken as appropriate and as detailed in the submitted report. Favourable variances across the remaining portfolios totalling £3.318m were offsetting these pressures in these three areas.

The forecast pressure of £16.194m at Month 8 was 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 would hopefully have an impact on the anticipated the outturn deficit position. This should be demonstrated in the update report that will be presented to Cabinet at month 9. Information on the Month 8 position of the

Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund were also outlined in the submitted report.



As reported to previous Cabinet meetings, the position on the DSG continued to improve and as at month 8 it was forecasting an in-year surplus of £2.117m, with an estimate that the year-end position will 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 was forecasting an in-year surplus of £0.805m. The Collection Fund was reported as being particularly volatile, whilst currently in surplus the position would continue to be closely monitored throughout the year as any surplus or deficit at the end of the financial year would have a direct budgetary impact in 2024/25.

The report outlined 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, representing a net decrease of £31.672m from the original budget of £110.305m. The actual expenditure to 30 November 2023 was £46.267m (58.84% of the forecast outturn). It is likely that the forecast position would continue to change as the year draws to a close with additional re-profiling into future years.

The Month 8 Revenue Monitor and the Capital Investment Programme 2023/24 report was presented to the Governance, Strategy and Resources Scrutiny Board on 25th January 2024, to accompany the suite of 2024/25 budget reports. The Scrutiny Board was content to note the report and commend it to this Cabinet meeting for approval.

Options/alternatives considered:

The options available to Cabinet were:

- a. To consider the forecast revenue and capital positions presented in the report including proposed changes; and
- b. To propose alternative forecasts.

Resolved:

That the Cabinet approves and commends to Council:

1. The forecast revenue outturn for 2023/24 at Month 8 being a £16.194m adverse variance.
2. The forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund.
3. The revised capital programme for 2023/24 and the forecast for the financial years to 2027/28 as at Month 8.

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



The Cabinet considered a report of the Director of Finance which provided members 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.

The submitted presented 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 MTFS 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 had been presented to the Governance, Strategy and Resources Scrutiny Board's meeting on 25th January 2024. The Board scrutinised the report and the other reports on the agenda that formed a core part of the Council's strategic financial planning framework.

Section 1 presented an introduction to the report and explained 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 of the report presented Local Government Finance developments which have an impact on 2024/25 and future years budgets. It also highlighted the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index, the CIPFA Financial Management Code.

Section 4 presented the Local Government Finance Policy Statement 2024 to 2025 which set out the Government's intentions to assist financial planning for Councils. It also detailed the impact of the 2024/25 PLGFS which had been 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 presented the 2023/24 revised budget and year end forecasts. The 2023/24 revenue budget forecast outturn position (detailed at Table 5 in the report) highlighted a current unfavourable projected variance of £16.2m; which would need to be financed from reserves. This represented an 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 meant that the total contribution from reserves in 2023/24 would be in the order of £34m: a situation that was not sustainable and

which had significantly reduced the financial resilience of the council.

Section 6 of the report presented a range of expenditure pressures that contributed 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 2023. The expenditure pressures for 2025/26 were 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 showed a reduction in expenditure of £2.1m in the 2024/25 budget forecast compared to the March 2023 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 presented the impact of the PLGFS announced on 18th December 2023 in respect of central Government Grants. It also provides a commentary on the grants announced by or derived from the PLGFS. There was, it was noted, 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:

- A. 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.
- B. The Council Tax position for 2024/25, advising that:
 - i. 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. o A 2.99% increase in general purposes Council

- Tax increase is proposed together with a 2% increase for the Adult Social Care Precept.
- ii. 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.
 - iii. The Council proposes to continue to provide no Council Tax Empty Property Discount and increase the Empty Property Premium from 1st April 2025.
 - iv. 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.
 - v. 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. o The Greater Manchester Mayoral General Precept (including Fire Services) will be confirmed on 9 February 2024.
 - vi. 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 of the report outlined 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 produced a net surplus of £0.75m of which the vast majority was Oldham Council's share and would be available to support the 2024/25 revenue budget.

Section 11 outlined 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 detailed 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 of the report looked at the revision to estimates for the financial years 2024/25 to 2025/26 compared to the position previously reported to Council on 1st March 2023. This presented 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 presented the Administration's approach to balancing the budget for 2024/25 via the budget reduction process. There were a total of 34 proposals presented in accordance with Political Portfolios. These were expected to deliver savings

totalling £11.0m and to impact approximately 90 FTEs in 2024/25. The proposals also had an impact on 2025/26 of £4.8m. All the proposals were presented in summary at Appendix 5 and in more 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 of the report advised how the budget for 2024/25 would be balanced and the final position for 2025/26 as follows:

- a. The first step in balancing 2024/25 was, 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.
- b. 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); and additional general reserves of £8.3m to balance the 2024/25 budget.
- c. 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 presented 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 were recommended to be increased from £19m to £30m reflecting the increasingly volatile expenditure pressures that 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 2024/2025 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, to the report.

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

Sections 19 and 20 of the report 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 consideration and approval.



Sections 22 and the remainder 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 is intended to 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's meeting on 25th 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 Director of Finance advised that one major announcement awaited was 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 the Council on 28th February 2024.

Options/alternatives considered:

- a. 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.
- b. Option 2 – Cabinet proposes amendments to the financial forecasts which will change the resulting budget reduction requirement.
- c. 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.
- d. Option 4 – Cabinet approves the fees and charges for 2024/25 as set out at Appendix 10 of the report.
- e. 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.

Resolved:

That the 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.
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).

10

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2024/25 TO 2028/29 AND MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Cabinet considered a report of the Director of Finance which set 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 report set out the Council's Capital Strategy and capital programme over a five-year timeframe. The proposed Capital Strategy and programme for 2024/25 to 2028/29 took the essential elements of the 2023/24 to 2027/28 and previous years' strategies and programmes and moved them forward in the context of the financial and political environment for 2024/25. The Strategy did include a longer-term vision, a forward look at those projects that were likely to run beyond the five-year strategy and programme period or be initiated subsequently.

This covered a timeframe for the 10 years from 2029/30 to 2038/39.



Oldham
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The format of the Capital Strategy reflected the requirements of the Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The strategy therefore presented:

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

The Capital Strategy was presented at Appendix 1, to the report. It was prepared in 14 sections and ensured that Members were presented with the overall long-term capital investment policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. The sections were:

1. The aims of the Capital Strategy and its links to the Council's Corporate Plan and the Oldham Plan (Our Future Oldham), Creating a Better Place (CaBP) Programme, Medium Term Property Strategy (MTPS), Housing Strategy (HS) and Budget and Policy Framework
2. The Principles of the Capital Strategy
3. Priority Areas for Investment
4. Affordability, Delivery and Risk Associated with the Capital Strategy
5. Knowledge and Skills
6. Treasury Management
7. Long Term Loans
8. Other Non-Treasury Investments
9. Capital Resources to Support Capital Expenditure
10. Capital Investment and Disposal Appraisal
11. The Prioritisation of Capital Requirements
12. The Procurement of Capital Projects
13. The Measurement of the Performance of the Capital Programme
14. The Capital Investment Programme Board (CIPB).

The Strategy was aligned with the Creating a Better Place programme which was focused on building more homes for the borough's residents, creating new jobs through regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. This also incorporated 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.

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

2024/25 to 2028/29. Annex C of Appendix 1 set out the proposed capital expenditure and financing for the period covered by the Capital Strategy, 2024/25 to 2028/29.



The Strategy also advises that the Council is proposing to continue the use of the flexibility provided by the Government to use capital receipts to fund the revenue cost of transformation. The 2024/25 revenue budget will utilise up to £2.600m of such funding from capital receipts.

The 2023/24-month-8 capital monitoring position presented alongside this report included expenditure projections that were a key determinant of the 2024/25 programme. The projected outturn spending position for 2023/24 is £78.633m. The Place and Economic Growth Directorate, which managed all of the major regeneration projects, constitutes the main area of expenditure. Prudential Borrowing provides the main source of financing (£40.644m) followed by Grants and Other Contributions (£29.069m).

Actual expenditure, to 30th November 2023, was £46.267m (58.84% of the forecast outturn), a higher spending profile than that in previous years. The position will be kept under review and budgets will continue to be managed in accordance with forecasts.

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 were influenced by the level of resources considered available. The level of prudential borrowing included reflects the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at the time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

As at the month 8 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 Government is continuing to provide significant levels of grant funding. The main sources of grant income are the Towns Fund at £11.808m, Levelling Up Fund Grant of £18.273m, along with Future High Street Fund grant of £7.656m over the life of the programme. There are also considerable resources allocated to the Council via the Greater Manchester Combined

Authority (GMCA) including the Mayors Cycling and Walking Challenge Fund (£6.847m) and estimated Local Transport Programme - Highway Maintenance Grant which totals £14.292m over the strategy period.



The grant funding provided by Government can be split into two categories: un-ringfenced and ringfenced resources, as explained in Section 9 of the Capital Strategy. The majority of capital Government Grant funding is ringfenced. Resources classified as ringfenced must be utilised to finance categories of expenditure and therefore are restricted in their use. The 2023/24 capital programme relies on £33.506m of ringfenced and £10.145m of un-ringfenced grants.

As in previous years, a major source of financing remains prudential borrowing. The amount required in 2024/25 (£49.638m) includes borrowing attributed to schemes that have slipped from prior years as well as new borrowing associated with the regeneration programme. The timing of the borrowing is linked to the cash position of the Council and may therefore not mirror the spending/financing profile set out above.

There was to 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 was, however, possible that the capital position may change prior to the start of 2024/25 and during the year:

- a. The outcome of specific grant bids may be announced during the last quarter of 2023/24.
- b. The outcome of specific grant bids announced during 2024/25.
- c. It is also likely that there will be new initiatives announced in 2024/25.
- d. There may also be the opportunity to bid for additional funding.
- e. The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.

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

There had been consultation with the members of the Capital Investment Programme Board on the proposed Capital Strategy and Capital Programme for 2024/25 to 2028/29. The proposed Capital Strategy and Capital Programme for 2024/25 to 2028/29 was presented to, and considered by the Governance, Strategy and Resources Scrutiny Board's meeting on 25th January 2024, which formed a key element of the consultation process. The Board was content to commend the report to Cabinet. Any, subsequent comments from Cabinet members will be incorporated into the report presented to Council on 28th February 2024.

Options/Alternatives considered:

1. That Members accept the proposed recommendations of Capital Strategy and Capital Programme for 2024/25 to 2028/29, Treasury Management indicators and MRP policy.
2. That Members suggest an alternative approach to capital investment for 2024/25 to 2028/29, including the revision of capital priority areas.

Resolved:

That Cabinet approves and commend to Council:

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 the submitted report.
3. The Flexible Use of Capital Receipts Strategy as presented at Annex D of Appendix 1, to the submitted report.
4. The Minimum Revenue Provision (MRP) Policy Statement 2024/25 and method of calculation and Prudential Indicators detailed in Appendix 2, to the submitted report.

11

TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25 - INCLUDING THE ANNUAL INVESTMENT STRATEGY, BORROWING STRATEGY AND PRUDENTIAL INDICATORS

The Cabinet considered a report of the Director of Finance that presented the Treasury Management Strategy for 2024/25.

The report outlined the Treasury Management Strategy for 2024/25, the Annual Investment Strategy, Borrowing Strategy and Prudential Indicators. 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 2024/25 Treasury Management Strategy for 2024/25 covered:

- a. Economic Update.
- b. Prospects for Interest Rates.
- c. The Current Balance Sheet and Treasury Position.
- d. Liability Benchmark.
- e. The Borrowing Strategy.
- f. Debt Rescheduling.
- g. The Borrowing Strategy.
- h. The Investment Strategy.
- i. Approved Counterparties, risk management and Investment Limits.
- j. Treasury Indicators which limit the treasury risk and activities of the Council

The submitted report outlined the implications and key factors in relation to each of the above Capital and Treasury Management issues and makes recommendations regarding the Treasury Management Strategy for 2024/25.

The report included the most recently available economic background commentary which reflected the position in December 2023. The proposed Treasury Management Strategy had previously been presented to the Audit Committee on 15th January 2024 and to the Governance, Strategy and Resources Scrutiny Board on 25th January 2024, to enable scrutiny of the report before it's further consideration, by this Cabinet meeting as part of the budget setting cycle. Any comments from Cabinet Members would be incorporated into the report that will be presented to Council on 28th February 2024.

Options/Alternatives considered:

In order to comply with the CIPFA Code of Practice on Treasury Management, the Council had no option other than to consider and approve the content of the report. Therefore, no options/alternatives were presented.

Resolved:

The Cabinet commends the following to Council:

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

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HOUSING REVENUE ACCOUNT ESTIMATES FOR 2024/25 TO 2028/29 AND PROPOSED OUTTURN FOR 2023/24

The Cabinet considered a report of the Director of Finance that set out, for the Housing Revenue Account (HRA), the detailed budget estimates for 2024/25, the strategic estimates for the four years 2025/26 through to 2028/29 and the outturn estimate for 2023/24. The report also sets out the recommended dwelling, non-dwelling rents and service and concierge charges to be applied from April 2024.

The Director of Finance's report set out the HRA 2024/25, the proposed original budget and the forecast outturn for 2023/24. The opportunity was also taken to present the provisional strategic budgets for 2025/26 through to 2028/29. HRA activities were a key element of the Council's Housing Strategy (approved by Council on 10 July 2019) which aimed 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 was estimated to be a £0.032m favourable variance when compared to the original budget forecast for 2023/24 approved at the Budget Council meeting on 1st 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 was 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 has been 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. 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. The HRA detailed budget for 2024/25 and strategic estimates for the four years 2025/26 to 2028/29 and the outturn estimate for 2023/24 were presented to the Governance, Strategy and Resources Scrutiny Board on 26 January 2024. The Committee was content to commend the report to Cabinet without amendment.

Options/alternatives considered:

The report advised that for the Council to comply with legislative requirements, it must consider and approve a budget for the HRA for 2024/25.

Two options regarding rent levels were presented in the submitted report. These options showed the comparison in rental income levels against the proposed option of a 7.7% increase:

- a. A proposed rent increase of 5%
- b. Rents to be frozen for 2024/25

Compared to a 7.7% increase, the loss to the HRA for 2024/25 in terms of rental income would be £0.262m at a 5% rent increase and £0.746m with no rent increase. This was compounded when taken over the life of the PFI contract with rental losses of £4.162m and £11.870m respectively.

Resolved:

That the Cabinet endorses and commends to Council:

1. The Forecast HRA outturn for 2023/24, as detailed at Appendix A, to the submitted report.
2. The Proposed HRA budget for 2024/25, as detailed at Appendix B, to the submitted report.
3. The Strategic estimates for 2024/25 to 2028/29, as detailed at Appendix D, to the submitted report.
4. The proposed increase to dwelling rents for all properties of 7.7%.
5. The proposed increase to non-dwelling rents as per individual contracts.
6. The proposal that service charges are increased by 2%.
7. The proposal to set Extra Care Housing concierge charges to fully recover actual costs.

The meeting started at 6.00pm and ended at 6.35pm