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## **Report to the Governance, Strategy & Resources Scrutiny Board**

# **Revenue Budget 2025/26 and 2026/27 and Medium Term Financial Strategy 2025/26 to 2029/30**

**Portfolio Holder:** Cllr Abdul Jabbar MBE, Deputy Leader & Cabinet Member for Value for Money & Sustainability

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**29 January 2025**

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### **Reason for Decision**

To provide the Governance, Strategy & Resources Scrutiny Board with the budget reduction requirement and the Administration's budget proposals for 2025/26 and a forecast of the 2026/27 position having regard to the Provisional Local Government Finance Settlement (PLGFS) published on 18 December 2024. The report also presents the financial forecasts for the remainder of the Medium-Term Financial Strategy (MTFS) period 2026/27 to 2029/30.

### **Executive Summary**

This report presents the Council's Revenue Budget for 2025/26 together with the budget reduction requirement and the Administration's budget proposals for 2025/26 including Council Tax intentions. It also provides a forecast of the 2026/27 position and the financial forecasts for the remainder of the MTFS period, 2027/28 to 2029/30.

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 the Local Government Finance Policy Statement which set out the Government's intentions to assist financial planning for Councils. It also details the impact of the 2025/26 PLGFS which was the seventh consecutive one-year Settlement. This included key information in relation to overall funding levels, Council Tax referendum limits and grants for 2025/26.

Section 4 presents the 2024/25 revised budget and year end forecasts. The starting point for preparing the 2025/26 revenue budget estimates is the underlying base budget of £289.1m. The 2024/25 revenue budget forecast outturn position highlights a current unfavourable projected variance of £14.2m; which will need to be financed from reserves. This is in addition to the general contribution from reserves of £10.8m towards the 2024/25 budget approved by Council in February 2024, plus contributions from other Earmarked Reserves for specific projects/initiatives of some £4.6m. This means the total contribution from reserves in 2024/25 will be some £29.5m: a situation that is not sustainable and which has significantly reduced the financial resilience of the Council.

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Section 5 summarises the proposed budget for 2025/26 and provides the context for the strategy adopted. It forecasts a budget forecast whereby £1.05m can be used to replenish reserves.

Section 6 presents a range of expenditure pressures that contribute to the budget gap. In total they contribute £40.2m to the 2025/26 position, an increase of £17.1m compared to the forecast presented to Full Council on 28th February. The expenditure pressures for 2026/27 are projected at a further £25.3m. The main pressures arise from pay, expenditure on Council buildings, increased demand and prices for Children's and Adults' Social Care service provision and an increased demand for temporary accommodation. The section also outlines the forecast impact of the payment of levies and contributions to the Greater Manchester Combined Authority (GMCA) and the Environment Agency (EA).

Section 7 presents the impact of the PLGFS announced on 18 December 2024 in respect of central Government Grants. This has resulted in a net increase of some £13m in resources from that forecast at Budget Council in February 2024.

Section 8 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 2025 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 2025. 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 marginally from a forecast £55.2m to £56.2m as the Council continues to benefit from the GMCA Business Rates Retention Scheme. The GMCA is entitled to part of this benefit, currently estimated at £1.2m. The Business Rates income figure will be revised as it is only finalised when the Council submits its NNDR1 Government return by 31 January 2025. The Business Rates figure must therefore be considered provisional at this time.
- the Council Tax position for 2025/26, advising that:
  - The Council Tax Base is 59,501, up from 58,380 in 2024/25 and slightly under the position assumed in February 2024.
  - A 2.99% increase in general purpose 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 1<sup>st</sup> 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 £122.5m in 2025/26.
  - Note that the Council Tax levels for precepting Authorities or Parish Councils' respective Council Tax levels for 2025/26 will be confirmed during January or February 2025.
- the impact of the Collection Fund (the ringfenced account within which Council Tax and Business Rates are managed). The 2024/25 Collection Fund forecast outturn projection as outlined in the Month 9 financial monitoring report produces a net deficit of £1.2m of which the vast majority is Oldham Council's share and must be financed from the 2025/26 revenue budget.

Section 9 outlines the proposed savings that are required to balance the 2025/26 budget. There are a total of 25 savings proposals presented in accordance with Political Portfolios. Overall, approximately 120 FTE posts are affected, of which over 80% are currently vacant. The proposals

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also have a marginal impact on 2026/27 of £0.8m. It also confirms the use of capital receipts flexibly to finance expenditure leading to transformation in the sum of £2.6m for 2025/26 and a further £2.6m in 2026/27. All the proposals are presented in summary at **Appendix 3** and in detail at **Appendix 4**.

Section 10 outlines the risks and uncertainties inherent in the budget forecast.

Section 11 presents the expected level of Earmarked Reserves at the end of 2024/25 at £40.4m, which can support the 2025/26 budget including the Balancing Budget and Fiscal Mitigation reserves for 2025/26.

Section 12 sets out the proposed fees and charges for the financial year 2025/26.

Section 13 sets out the Medium-Term Financial Strategy covering the financial years 2026/27 to 2029/30.

Section 14 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. It remains the recommendation that general reserves are increased from £20m to £30m over the MTFS period, reflecting the increasingly volatile expenditure pressures the Council faces and the low tax base from which the Council is able to raise additional income. The planned replenishment of £1.05m towards reserves in 2025/26 together with the return of an estimated £3m in respect of the GM Waste Disposal Authority's reserves is a welcome first step in this direction. However, the strategy will need to be developed further in 2025/26 to continue to raise the level of general reserves over the MTFS period and improve the financial resilience of the Council. The Director of Finance is able to provide Members with the necessary assurances in respect of the 2025/26 but the Council's financial position in later years remains uncertain. A more detailed commentary is provided in Section 14 and at **Appendix 5**.

Sections 15 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 2025/26, there will be a regular 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.

Presentation of this report to the Governance, Strategy & Resources Scrutiny Board for consultation is a key stage in the budget process. Once the Board has had the opportunity to scrutinise this budget report and the other reports on the agenda that form a core part of the Council's strategic planning framework, any recommendations will be included in the reports that are presented to Cabinet and Council.

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## Recommendations

That the Governance, Strategy & Resources Scrutiny Board considers and comments upon as appropriate:

- 1 The policy landscape and context in which the Council is setting its revenue budget for 2025/26;
- 2 The financial forecasts for 2025/26 and 2026/27 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 2025/26 and 2026/27;
- 4 A proposed overall 2025/26 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 The 2025/26 Budget Reduction proposals at a value of £8.8m;
- 6 The proposed transfer of reserves of £1.05m to improve the financial robustness of the Council;
- 7 The proposal to draw on the Collection Fund for major preceptors of £137.0m for Borough Wide services and £122.5 m for Council services (subject to confirmation);
- 8 The proposed net revenue expenditure budget for 2025/26 for the Council, set at £320.8m;
- 9 The proposed fees and charges as set out in the schedule included at **Appendix 6**;
- 10 The level of general fund balances supporting the 2025/26 budget of £18.9m underpinned by the agreed policy on Earmarked Reserves; and

**Revenue Budget 2025/26 and 2026/27 and Medium Term Financial Strategy 2026/27 to 2029/30**

**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 2025/26 to 2029/30. The first part of this report focuses on the first two years of the MTFS period and at section 13 sets out a forecast for the final three years, 2026/27 to 2029/30.
- 1.2 Members will recall that when the 2024/25 budget was agreed, it included an estimate of the likely budget reduction requirement for 2025/26 at a net £11.3m and at a net £11.9m for 2026/27. However, as would be expected, these estimates have been subject to a constant review throughout 2024/25. This report sets out the forecast budget for 2025/26 using the 28 February 2024 position as a starting point.
- 1.3 The PLGFS and associated funding announcements were received on 18 December 2024 and the forecasts for 2025/26 have been updated using actual funding information (where available) and the 2026/27 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 2025/26 and future years were prepared, this financial year has seen further financial challenges. The challenges include:
- Continued increase in costs and the number of placements within Children's Services;
  - Continued increase in costs and demand for Adult Social Care services;
  - Temporary accommodation for the homeless; and
  - Increased costs of maintaining the Council's property portfolio.
- 1.5 When the initial 2025/26 MTFS was prepared, the forward estimates took account of the ongoing demand pressures detailed above, however as reported widely throughout the year, demand from residents for support from the Council in respect of temporary accommodation and social care services has continued to surge and place significant additional pressures on the budget in 2024/25 and subsequently beyond. The in year overspend will impact on the level of reserves available to support the budget on an ongoing basis and the reserves available by 2025/26 are outlined in Section 11.
- 1.6 The information in the PLGFS together with the other Government announcements has enabled the preparation of detailed budget estimates for 2025/26 together with the Administration's proposals for balancing the 2025/26 budget, including Council Tax intentions. An indicative budget for 2026/27 is also presented, highlighting that, should nothing change between now and 2026/27 budget setting, budget reductions of some £8million will be required.
- 1.7 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

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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.

- 1.8 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**

- 1.9 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 2025/26 and 2026/27, the way in which the challenge has been addressed. It also highlights the balance still to be addressed for 2026/27.

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 the key points of the Policy Statement issued in November 2024 and the PLGFS issued on 18 December 2024.
- Section 4 outlines the month 9 financial monitoring position for both the revenue budget (a forecast £14.2m adverse variance) and the capital programme. This highlights the on-going financial pressures which influence or require addressing in 2025/26.

Sections 5 to 15 set out the budget and how it been determined:

- Section 5 summarises the proposed budget for 2025/26, on the assumption that the associated recommendations are accepted.
- Section 6 outlines expenditure pressures that the Council face in 2025/26.
- Section 7 presents the impact of the PLGFS announced on 18 December 2024.
- Section 8 sets out how the Locally Generated Income from both Business Rates and Council Tax will support the Council budget, together with the impact of the Collection Fund.
- Section 9 details the review of budget reductions that required to balance the budget together with confirmation of the ability to use capital receipts to support transformation.
- Section 10 outlines the risks and uncertainties inherent in the budget forecast.
- Section 11 presents the expected level of Earmarked Reserves at the end of 2024/25 that can support, if required, 2025/26 expenditure.
- Section 12 sets out the proposed fees and charges for the financial year 2025/26. The detailed schedule is contained at **Appendix 6**.
- Section 13 sets out the Medium Term Financial Strategy covering the financial years 2026/27 to 2029/30.
- Section 14 presents 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. A more detailed Statement is attached at **Appendix 5**.

Sections 15 to the end of the report include options to consider, consultation comments and Legal and Procurement comments in accordance with standard practice.

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## 2 Oldham Council Policies and Strategies

- 2.1 Framing budget setting for 2025/26 and future years are the Co-operative Council ethos, the Corporate Plan and Oldham 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.

### The Council's Corporate Plan

- 2.2 Oldham Council's Corporate Plan for 2024 to 2027, was approved by Council on 6th November 2024. It describes how the Council will maximise the impact of our efforts and resource to improve the lives of residents in the borough over the next three years. The plan, which aligns with the Oldham Partnership's vision document (Pride, Progress, Partnership), focuses specifically on responding to the needs and aspirations of our communities. The plan outlines how the Council will contribute to the Oldham Plan missions, our organisational values and behaviours, and how we will create the right conditions for success.
- 2.3 Alongside the development of the Corporate Plan, the Council is working with partners to update the new Oldham Partnership's vision document, Our Future Oldham. This was last endorsed at the Council meeting of 7 September 2022 and has subsequently been approved by members of the Oldham Partnership.
- 2.4 The Council's Corporate Plan and Our Future Oldham were initially 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 Oldham's residents' broader vision for the future. This ensures the most effective and efficient use of resources to support the improvement of our residents' lives.
- 2.5 The plan centres around the three missions in the Oldham Plan:
- i. **Healthier, Happier Lives:** In Oldham, every individual matters. To build a community where everyone has access to the care, support, and opportunities they need to live a good life. The Council is committed to tackling poverty, improving health and well-being, providing high-quality social care, and promoting lifelong education.
  - ii. **Great Place to Live:** Oldham is a place where people love to live, and the Council is committed to building on that pride by providing more affordable, quality homes, improving public spaces, and creating a strong local economy with vibrant communities that get on well.
  - iii. **Green and Growing:** Oldham will be a place where economic growth benefits all residents, creating opportunities for businesses to succeed while ensuring Oldham's community and environment thrive. Attracting new investment, supporting local businesses, and leading in green technologies will generate quality job opportunities and equip people with the skills they need to succeed.
- 2.6 To achieve the Council's missions and deliver the best outcomes for the people of Oldham, the Council must create the right conditions for success. The four pillars of change will support the implementation of the Council's strategy, driving change and improvement programme forward. These tools and approaches ensure that the Council remains dynamic and responsive, as it navigates the complex and evolving landscape of local government in the UK. The four pillars of change are:
- i. Efficiency and Value for Money
  - ii. Capacity Building
  - iii. Prevention and Early Help
  - iv. Digital
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- 2.7 These pillars are crucial to the successful delivery of the Corporate Plan, helping turn our ambitions into reality. By focusing on these, the Council will build a strong foundation that allows it to adapt, innovate, and lead the way in local government.
- 2.8 The 2025/26 budget process has been framed around the Corporate Plan and Oldham Plan with the preparation of the 2025/26 revenue budget (including budget reduction proposals), the MTFs and the capital strategy having regard to the three priorities and four missions and how these can be delivered.

#### Constitution and Rules of Procedure

- 2.9 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 2025/26 Revenue Budget.

#### Budget and Policy Framework Procedure Rules

- 2.10 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 Autumn Budget, Local Government Finance Policy Statement and Provisional Settlement**

- 3.1 On 30 October 2024, the Chancellor of the Exchequer, The Rt Hon Rachel Reeves MP delivered her first budget. This provided information on Local Government funding in totality but limited information as to how this might be calculated.
- 3.2 The Autumn Statement was followed on 5<sup>th</sup> December 2024 by a Local Government Finance Policy Statement which outlined further the Government's aspirations for the Local Government financing in the future. However, no details were provided and therefore, unlike previous years, the information in the Policy Statement did not assist in the preparation of financial estimates for both 2025/26 and 2026/27.
- 3.3 The 2025/26 PLGFS was released on 18<sup>th</sup> December 2024. It was announced by the Minister of State for Local Government & English Devolution, the Rt. Hon Jim McMahon MP and set out the Government's formal proposals for the funding of English Local Authorities in 2025/26.
- 3.4 This is the seventh consecutive one-year Local Government Finance Settlement. The new government has promised a three-year settlement for the period covering 2026/27 to 2028/29 and whilst the 25/26 PLGFS has provided a direction of travel it is not yet possible to predict funding levels for this period with any certainty. This uncertainty is further exacerbated by the unknown timing and implications of the proposed reset to business rates referred to in Section 13 of this report.
- 3.5 Included in the PLGFS is key funding information for Local Authorities in relation to:
- Baseline funding levels for 2025/26.
  - Council Tax referendum limits.



- Grants for 2025/26.

3.6 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 2025. The Council submitted a response by the deadline.

3.7 The PLGFS provided further information on the following:

*Provisional Settlement*

3.8 The Settlement Funding Assessment (SFA) is a government calculated figure which assesses the net funding a Council should have at its disposal. It includes government grants together with an assessment of the business rates and Council Tax that each Council should have at its disposal.

3.9 The PLGFS outlined a national increase in SFA of 6.54% for upper tier authorities across England. The average increase for metropolitan authorities is 8.37%.

3.10 For Oldham the overall increase was 8.63% as outlined below:

**Table 3-1: Core Spending Power**

<b>Core Spending Power for Oldham</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>Change £000</b>
Core Spending Power	268,518	291,682	23,066
<i>Increase %</i>			<i>8.63%</i>

3.11 This is analysed as follows:

Authority:	Oldham		
	2024/25	2025/26	Change %
Council Tax	116.155	122.860	5.77%
Settlement Funding Assessment	90.917	92.061	1.26%
Under-indexing the BR multiplier	13.885	14.589	5.07%
New Homes Bonus	0.205	0.402	96.72%
Improved Better Care Fund	11.188	13.802	23.37%
Social Care Grant	27.500	32.202	17.10%
Market Sustainability Fund	4.910	4.910	0.00%
ASC Discharge Fund	2.614	0.000	-100.00%
Rural Services Delivery Grant	0.000	0.000	-
Lower Tier Services Grant	0.000		-
Services Grant	0.452		-100.00%
DA Safe Accommodation Grant	0.603	0.751	24.63%
Children's Social Care Prevention Grant		2.093	-
Recovery Grant		8.010	-
Rolled in Grants	0.089	0.000	-100.00%
Funding Guarantee	0.000	0.000	-
<b>Spending Power</b>	<b>268.518</b>	<b>291.682</b>	<b>8.63%</b>

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- 3.12 Whilst the settlement Core Spending Power implies the Council has £23.066m more resources than in 2024/25, 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. Overall, the Settlement was more favourable to Oldham than in previous years, particularly in respect of the resources allocated to Oldham through the (new) Recovery Grant and Children's Social Care Prevention Grants.
- 3.13 The above analysis excludes some previously ringfenced grants that are now rolled into general grants. Once this is taken into account, the net benefit to the Council is less than the benefit indicated above.
- 3.14 Confirmation on some grants remain to be provided, including a grant to meet the costs of the increased Employer's National Insurance contribution announced in the Autumn Budget and effective from 1<sup>st</sup> April 2025. Officers believe that this grant will be in the region of £2.0m, which is less than the estimated direct cost to the Council of £2.7m. Moreover, this additional cost will also impact upon Council partners including care providers, Miocare and Oldham Community Leisure and this may further increase the financial pressures on the Council, indirectly or otherwise.
- 3.15 Also included within the PLGFS was information regarding Referendum Limits for Council Tax increases.

#### Council Tax Increases

- 3.16 With regard to General Council Tax increases, the referendum limit for 2025/26 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.
- 3.17 Current budget estimates for 2025/26 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.
- 3.18 The threshold for Adult Social Care (ASC) Precept increases is at a maximum of 2% for 2025/26. There remains a requirement to evidence that the funds generated from this precept are used for Adult Social Care expenditure.

#### Mayoral Combined Authorities

- 3.19 The Government has not set Council Tax referendum principles for Mayoral Combined Authorities in 2025/26. The Greater Manchester Combined Authority has advised the Council of the proposed changes and these are incorporated into the forecasts contained within this report. It is expected that these will be confirmed in the coming weeks.

#### Police and Crime Commissioners

- 3.20 The Government intends to set a referendum principle of £14 for Police and Crime Commissioners (PCCs).

#### Mayoral General Precept (including Fire Services)

- 3.21 The Mayor will also propose the Mayoral General Precept in February 2025 (this will incorporate funding for Fire and Rescue Services as well as other Mayoral functions). The PLGFS advised that there is a £14 cap on a Mayoral General Council Tax increase and increases to the precept for Fire Services are capped at £5 for a Band D property without a referendum. Again, the Mayor's intention has yet to be determined so at this stage the only position that has been assumed is an unchanged precept from 2024/25, at a value of £112.95.

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### Detailed Grant Funding Implications of the PLGFS for Oldham

- 3.22 There has been a significant increase in unringfenced grant funding compared to the report presented to Cabinet on 28 February 2024, as outlined in Section 8 of this report. The position in respect of certain ringfenced grants is yet to be determined with the announcement with respect to some significant grants remain outstanding.

### Final Local Government Finance Settlement

- 3.23 It is expected that the Final Local Government Finance Settlement will be received in early February 2025. 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.

## 4 2024/25 Revised Budget and Year End Forecasts

4.1 The Authority's 2024/25 revenue budget was approved by Council on 28 February 2024 with a net revenue budget of £299.818m funded through a combination of government grants, Council Tax, Business Rates, and the use of General Earmarked Reserves.

4.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year. As part of this process, forecasts of the year-end position are prepared by all services. The latest forecast is based on a comparison of profiled budgets as at the end of Month 9 which in turn forecasts a potential year end position. The services forecasts include all known commitments, issues, and planned management actions.

### Forecast Position

4.3 The current net revenue budget is £302.6m, unchanged from that reported at Month 9.

4.4 The forecast position at Month 9 (Qtr 3) is detailed in the table below. Whilst management actions continue to have a positive impact on the projected position, the demand for services continues to rise which is having an impact on the projected position. Officers continue to seek out and implement further actions to reduce this gap however there still remains a significant projected budget overspend which will impact on the size of the budget gap in the Medium-Term Financial Strategy for 2025/26 and the level of Earmarked Reserves.

**Table 4-1: Summary of Quarter 3 Profiled Budget Position**

Directorate	Profiled Budget at Qtr 3 £000	Profiled Forecast at Qtr 3 £000	Profiled Variance at Qtr 3 £000	Outturn based on Qtr 3 Variance £000
Community Health and Adult Social Care	57,610	64,585	6,975	9,300
Children's Services	55,578	64,500	8,923	11,897
Public Health	17,702	17,643	(59)	(78)
Place and Economic Growth	51,726	57,247	5,521	7,361
Corporate Services	25,748	23,470	(2,278)	(3,038)
<b>NET DIRECTORATE EXPENDITURE</b>	<b>208,364</b>	<b>227,444</b>	<b>19,081</b>	<b>25,441</b>
Capital, Treasury and Technical Accounting	18,643	10,795	(7,848)	(10,464)
<b>NET COUNCIL EXPENDITURE</b>	<b>227,007</b>	<b>238,240</b>	<b>11,233</b>	<b>14,977</b>
<b>Financed by Locally Generated Income and Government Grants</b>	<b>(227,007)</b>	<b>(227,606)</b>	<b>(599)</b>	<b>(799)</b>
<b>NET VARIANCE</b>	<b>0</b>	<b>10,634</b>	<b>10,634</b>	<b>14,178</b>

As reported throughout the year, there are currently three areas which are forecasting significant pressures:

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- Adult Social Care is reporting a pressure of £6.975m at Quarter 3 with an estimated adverse year end position of £9.300m (£8.052m at Month 8).
  - Children's Services is reporting a pressure of £8.923m and is forecast to be overspent by £11.897m at the year-end (£12.788m at Month 8), this continues to be the most significant contributing factor to the Council's adverse variance.
  - Within Place and Economic Growth, Strategic Housing and in particular Temporary Accommodation is reporting a pressure of £4.368m for Quarter 3 and an outturn forecast of £5.823m (£5.952m at Month 8).

4.5 The projected budget overspend of £14.2m at Month 9 represents a reduction in the projected overspend of £5.8m, down from £20m at Month 8. Management have taken proactive steps throughout the year to reduce the overspend, including a recruitment freeze and programme of voluntary redundancies. Actions will continue to be implemented through the final quarter of the year to further reduce the overspend, however, it is clear that the Council will need to make a further call on reserves in order to balance the 2024/25 budget. Use of the reserves to balance the in-year budget gap will consequently reduce the reserves available to support future expenditure and thus the financial resilience of the Council.

## 5 Summary Budget Position for 2025/26

- 5.1 It was acknowledged at Budget Council in February 2024, that the continued use of reserves was not sustainable going forward and it remains imperative that the 2025/26 budget can be financed from annual revenue. This has been an overriding consideration when setting the budget along with the requirement, as approved at Budget Council on 28 February, to commence the process of replenishing the Council's overall level of reserves.
- 5.2 The proposed budget seeks to meet these financial objectives whilst at the same time ensuring that services to residents are impacted as little as possible.
- 5.3 An extensive series of challenging savings proposals are proposed, which together with the increased resources announced in the PLGFS has enabled the Council to take a first step to replenish reserves.
- 5.4 If the budget proposals in this report are approved, it results in a balanced revenue budget position for 2025/26 and a forecast Net Gap / Budget Reduction Requirement for 2026/27 at a value of £7.8m as summarised in the table below and set out in more detail at **Appendices 3 and 4.**

**Table 5-1: Summary Budget Position**

	As at Feb 2024 2025/26 £000	2025/26 Revisions £000	Proposed Budget 2025/26 £000	Proposed Budget 2026/27 £000
<b>Prior Year Net Revenue Budget</b>	<b>289,065</b>	<b>14</b>	<b>289,079</b>	<b>320,781</b>
Adjustments to the Base Budget	13,353	0	13,353	2,600
Total Expenditure Adjustments	23,111	17,068	40,179	25,364
Total Impact of Levies, the Statutory Charge and Contributions	1,198	(353)	845	1,090
<b>Total Expenditure</b>	<b>326,727</b>	<b>16,729</b>	<b>343,456</b>	<b>349,835</b>
Savings Proposals	(11,140)	(9,985)	(21,125)	(820)
Flexible Capital Receipts	(2,600)	0	(2,600)	(2,600)
Transfer to / (from) Reserves	0	1,050	1,050	0
<b>Net Expenditure Budget</b>	<b>312,987</b>	<b>7,794</b>	<b>320,781</b>	<b>346,415</b>
Total Government Grant Funding	(123,104)	(19,968)	(143,072)	(151,277)
Total Locally Generated Income	(178,574)	865	(177,709)	(187,574)
<b>Total Funding</b>	<b>(301,678)</b>	<b>(19,103)</b>	<b>(320,781)</b>	<b>(338,851)</b>
<b>Budget Reduction Requirement</b>	<b>11,309</b>	<b>(11,309)</b>	<b>(0)</b>	<b>7,564</b>
<b>Net Gap/Budget Reduction Requirement</b>	<b>11,309</b>	<b>(11,309)</b>	<b>(0)</b>	<b>7,564</b>
<b>Cumulative Budget Gap</b>	<b>11,309</b>	<b>(11,309)</b>	<b>(0)</b>	<b>7,564</b>

- 5.5 As highlighted throughout the report, levy and precept figures are still subject to confirmation and there are still a number of grant notifications yet to be received, however it is not expected that there will be any significant changes to the overall position presented. The Budget Council report will therefore present the final position and the Council Tax charges for 2025/26.
- 5.6 The next iterations of this report that will be presented to Cabinet and Council will be amended in line with any notifications received.
- 5.7 Details of the key adjustments are set out in sections 7 to 10 below.

## 6 Expenditure Adjustments

- 6.1 A range of budget adjustments and pressures and have been identified during the preparation of the 2025/26 budget and 2026/27 forecasts. For 2025/26, these now total £40.2m, an increase of £17.1m compared to the 28<sup>th</sup> February Council report. For 2026/27, the total is £25.3m. The table below presents the changes for 2025/26 and 2026/27, with explanations contained in the following narrative.

**Table 6-1: 2025/26 and 2026/27 Expenditure Adjustments**

	2025/26 Budget £000	Previous Revisions £000	2025/26 Forecast £000	2026/27 Forecast £000
<b>Expenditure Adjustments</b>				
Pay Inflation	4,772	2,250	7,022	7,229
Service Inflation	1,000	(300)	700	1,000
Energy Inflation	0	800	800	500
Fees and Charges	(500)	0	(500)	0
ASC Demand Pressures - Demographics	4,500	(63)	4,437	4,107
Impact of Foundation Living Wage commitment	4,000	(61)	3,939	4,000
Children's Services Demand	2,000	8,095	10,095	2,000
Housing / Homelessness	0	3,000	3,000	0
Development Fund / Political Priorities	1,000	(1,000)	0	0
Home to School Transport - Additional Costs	250	750	1,000	0
Capital Charges & Technical Adjustments	5,500	(4,400)	1,100	1,304
Treasury Management Income	500	0	500	0
24/25 Budget Reductions not delivered	0	1,318	1,318	0
Expenditure previously Funded from Grants	0	6,754	6,754	4,910
Other	89	(75)	14	314
<b>Total Expenditure Adjustments</b>	<b>23,111</b>	<b>17,068</b>	<b>40,179</b>	<b>25,364</b>

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

a) **Pay Inflation**

The pay increase for 2025/26 is estimated at 3% and results in a pressure of £4.3m in that year. However, the estimated increase in wages and salaries increases to £7.0m once the impact of the increase in Employer's National insurance, as announced in the autumn budget, is included.

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- b) **Service Inflation**  
As part of the budget reduction measures to be implemented, the 2025/26 budget assumes a limited increase of £0.7m.
  - c) **Energy Price Inflation**  
Energy prices reduced in 2024/25 in line with budget assumptions. The Council fixes costs in advance using its block purchasing arrangement with Crown Commercial and the budgeted cost for 2025/26 reflects known increases that will take effect in next year.
  - d) **Fees and Charges**  
As noted in Section 12 and detailed at **Appendix 6**, most fees and charges are proposed to increase by 4.5% in 2025/26. 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.
  - e) **Adult Social Care – Demand Pressures/ Demographics**  
An increase of £4.4m is earmarked for 2025/26, in line with original budget assumptions.
  - f) **Adult Social Care – Foundation 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 1<sup>st</sup> May 2025 from £12:00 to £12.60 per hour, an increase of 5% that is factored into the above calculations.
  - g) **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 2024/25 will continue into 2025/26.
  - h) **Temporary Accommodation for the Homeless**  
This is as a result of the 2024/25 overspend within the Strategic Housing Service of £3m due to continuing demand pressures for Temporary Accommodation as referred to in Section 5.
  - i) **Home to School Transport**  
The continuing increase in both demand and the cost of the Home to School Transport Service means an increase from £0.75m to £1.0m.
  - j) **Capital Charges and Technical Adjustments**  
This is now projected to increase less in 2025/26 than originally forecast reflecting slippage in the capital programme and the change to the Council’s policy change in respect of its Minimum Revenue Provision (MRP) as approved by Council on 20<sup>th</sup> January 2025.
  - k) **Treasury Management Income**  
Income is forecast to reduce by £0.5m as reserves are utilised in 2024/25.
  - l) **2024/25 Budget Reductions Not Delivered**  
The vast majority of budget reduction proposals totalling £19.5m put forward for 2024/25 are expected to be delivered. The exception is the proposed savings put forward as part of the Creating a Better Place Programme. The knock-on impact to 2025/26 is factored into the cost projections.
  - m) **Expenditure Previously Funded from Grants**
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This expenditure has previously funded from ringfenced grants, however the PLGFS has changed this to Core Funding. It is primarily a change in accounting treatment – there is a corresponding increase in council income. There is no direct impact on overall resources other than the Council has more flexibility in determining how this resource is allocated. It comprises:

- Adult Care Discharge Fund £2.614m
- Children’s & Families Grant £2.625m
- Domestic Abuse Safe Accommodation Grant £0.751m
- Rough Sleeping, drug & alcohol treatment Grant £0.707m
- Others £0.057m

## Levies

- 6.3 Members will be aware that 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 such levies and statutory charges.
- 6.4 The revised forecast follows budget proposals put forward by GMCA for consideration by the ten Districts in December 2024. There is a reduction of £357k from the February 2024 forecast.
- 6.5 The estimated increase to levies/contributions for 2026/27 includes funding of £1.432m for the Mayoral Bus Reform initiative which is to be funded on a one-off basis by the use of reserves. This payment was previously forecast for 2025/26.

### Summary of Levies/Contributions

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

**Table 6-2: Impact of Levies**

	2025/26 Council (28 Feb 24)	2025/26 Revisions	2025/26 Position	2026/27
	£000	£000	£000	£000
Projected Change to GMCA Levy budgets	2,629	(1,784)	840	2,518
Forecast use of Earmarked Reserves	(1,432)	1,432		(1,432)
Environment Agency Levy	5	(1)	5	4
<b>Total Impact of Levies, the Statutory Charge and Contributions</b>	<b>1,202</b>	<b>(357)</b>	<b>845</b>	<b>1,090</b>

- 6.7 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 2025.
- 6.8 The Board should also note that there are draft proposals to return a significant proportion of the reserves held in respect of the GM Waste Disposal Authority. The benefit to Oldham could be as much as £3m. It is proposed that this money be transferred to reserves in line with previous such distributions and in order to replenish reserves in accordance with the approved MTFs Strategy.
- 7 Main Government Grants Announced in or Derived from the Provisional Local Government Finance Settlement**

7.1 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 2025/26. However, from the information received to date the Council expects to receive an increase in unringfenced grant funding of some £19m, offset by a reduction in ringfenced grants of some £6m providing a net increase of approximately £13m.

### Summary of Unringfenced Government Grants

7.2 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 £143m, some £20m higher than the forecasts presented to Council on 28 February 2024.

**Table 7-1: Summary of Unringfenced Government Grants**

	2025/26 Budget Council £000	Previous Revisions £000	2025/26 Forecast £000	2026/27 Forecast £000
Business Rates Top Up Grant	(48,378)	(178)	(48,556)	(50,013)
Grant in Lieu of Business Rates (S31)	(31,069)	1,553	(29,516)	(30,401)
Social Care Grants	(41,513)	(1,877)	(43,390)	(54,494)
Recovery Grant	0	(8,010)	(8,010)	(8,250)
EPR Grant	0	(1,708)	(1,708)	(1,500)
Children's Services Prevention Grant	0	(2,093)	(2,093)	(2,135)
Grant Towards NI costs	0	(2,000)	(2,000)	(2,000)
Grants Previously Ringfenced	0	(6,697)	(6,697)	(1,469)
Other Grants	(2,057)	955	(1,102)	(1,014)
<b>Total Funding</b>	<b>(123,017)</b>	<b>(19,877)</b>	<b>(143,072)</b>	<b>(151,277)</b>

7.3 The unringfenced Government Grants notified or expected for 2025/26 and 2026/27 are detailed below:

**a) Business Rates Top Up Grant**

Business Rates top up grant for 2025/26 is as notified in the PLGFS. It is expected that there will be an allocation of Public Health Grant which, due to the 100% Business Rates Retention Scheme, will have the impact of increasing the Business Rates Top Up grant. For 2026/27, it is expected that the Government will 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.

**c) Social Care Support Grant**

The PLGFS also confirmed the value of the Social Care Support Grant (including the Better Care Fund) at £32.2m, some £2m above the original forecast. This provides Councils with financing the increased expenditure pressures for both Adult and Children's Social Care.

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**d) Recovery Grant**

This is a new grant to compensate those authorities that received a reduced share of government funding during the previous government's funding allocations. It is in effect a reallocation of resources towards those authorities with high needs and lower tax bases. There are no new expenditure obligations over and above the costs currently incurred by the Council and allowed for in current expenditure forecasts.

**e) Extended Producer responsibility Grant (EPR)**

This is a new grant to compensate authorities for the costs associated with the recycling of packaging. At this stage it is assumed there are no new expenditure obligations over and above the costs currently incurred by the Council - such as costs associated with single recycling bins and green food collection - are already being met and allowed for in current expenditure forecasts. This funding is linked to income received by central government from producers and is forecast to diminish over future years as producers become compliant with the new requirements.

**f) Children's Services Prevention Grant**

This is a new grant to compensate those authorities experiencing unincreased demand for children's social care, based on a new Children's Needs formula. At this stage it is assumed there are no new expenditure obligations over and above the costs currently incurred by the Council and allowed for in current expenditure forecasts.

**g) Grants Previously Ringfenced**

This represents grants previously allocated for specific services. The total offsets the additional expenditure outlined in 6.2 (m) above).

**h) Other Grants**

These comprise:

- Housing Benefit Administration grant £0.700m (yet to be confirmed)
- New Homes Bonus (£0.402m)

## **Ringfenced Grants**

- 7.1 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, 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)

- 7.2 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 2025/26 was approved by the School Forum on 15 January 2025.
- 7.3 The overall DSG allocation is confirmed at £382.8m, an increase of £32.3m. The ringfenced DSG account is predicted to move to a deficit position of £3.3m by the end of 2024/25.
- 7.4 It is an important element of the financial management of the Authority that the DSG, wherever possible is not in a deficit position, notwithstanding which, clearly the financial position of the DSG has worsened with a deficit now being forecast for 2024/25 (£0.537m) and 2025/26 (£3.347m). Implementation of the programme of work funded under the

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Delivering Better Value in SEND combined with the complimentary work undertaken in the North West Change Partnership Programme (NWCPP) and the Early Language Support for Every Child initiative (ELSEC) will be pivotal in the consolidation and future sustainability of the of the DSG in Oldham. Work will continue during the remainder of 2024/25, throughout 2025/26 and beyond to ensure that the currently forecast deficit is mitigated as far as is possible going forward.

- 7.5 Further details regarding the DSG and allocation are included at **Appendix 1**.

#### Housing Benefit Scheme / Housing Benefit Subsidy Grant

- 7.6 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.
- 7.7 In 2025/26 the Council is currently forecasting £41.7m of funding for Housing Benefit from the DWP. This allocation is likely to be reduced during 2025/26 as Housing Benefit caseloads continue to fall as more people switch from housing benefit to Universal Credit. The estimated 2025/26 position will be revised following the Council's submission of updated information in accordance with the statutory deadline of 01 March 2025.

#### Discretionary Housing Payments (DHP)

- 7.8 The Council is awaiting notification of DHP grant allocations for 2025/26. For the 2024/25 financial year, the amount received by the Council was £0.4m and it is expected that the allocation for 2025/26 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

- 7.9 The Government has announced continuation of a ringfenced grant to tackle homelessness and rough sleeping. As advised in the PLGFS the allocation to Oldham has increased from £0.781m to £1.584m.

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

- 7.10 This allocation remains at £4.9m.

#### Household Support Fund Grant

- 7.11 The allocation remains at £4.8m. The funding runs from October 2024 to September 2025 and as in previous years this is a one year allocation with no funding guaranteed beyond this year's allocation.

## 8 Locally Generated Income

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

**Table 8-1: Locally Generated Income**

	2025/26 Budget £000	Previous Revisions £000	2025/26 Forecast £000	2026/27 Forecast £000
	£000	£000	£000	£001
<b>Funded By:</b>				
<b>Government Grant</b>				
Council Tax	(122,979)	780	(122,199)	(129,236)
Retained Business Rates	(55,231)	(945)	(56,176)	(57,960)
Collection Fund surplus / deficit	0	1,030	1,030	0
Parish Precepts	(364)	0	(364)	(378)
<b>Total Locally Generated Income</b>	<b>(178,574)</b>	<b>865</b>	<b>(177,709)</b>	<b>(187,574)</b>

### Council Tax

8.2 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*

8.3 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.

8.4 The 2024/25 budget was set based on a Council Tax Base of 59,380, increasing to 59,880 in 2025/26. Updated projections taking account of actual growth have led to a slight revision downward to the Council Tax Base for 2025/26 to 59,501. This was approved by Cabinet for approval on 16 December 2024. The Tax Base calculations are outlined in **Appendix 2**

#### *Council Tax Policy*

8.5 Members will recall that in 2024/25, the Council increased its Council Tax by 4.99% which was comprised of 2.99% for general purposes and 2% for the ASCP.

8.6 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 2025/26 and 2026/27 is 4.99%. The Government assumes in its calculations that Authorities will increase Council Tax by the maximum allowed.

8.7 Consideration has been given to this in the approach to Council Tax for 2025/26 and 2026/27 having regard to the Council's overall financial position. Members are therefore proposing to increase Council Tax by 4.99% reflecting:

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- An increase of 2.99% to Council Tax for general purposes
  - An increase of 2% for the ASCP

8.8 This increase is still provisional at this stage and will only be finalised at the Budget Council meeting of 06 March 2025.

*Council Tax Income – General Purposes*

8.9 Taking account of the proposed levels of Council Tax increase and movement in Tax Base, estimated Council Tax income is £102.5m for 2025/26 and £107.0m for 2026/27.

*Council Tax Income - Adult Social Care Precept*

8.10 It is proposed that the precept, will be increased by the Council by 2% for 2025/26 and 2026/27. This increase will generate an additional £2.3m Council Tax income for 2025/26.

8.11 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). In total the Council expects to collect a cumulative sum of £19.6m from the ASCP in 2025/26 rising to £25.0m in 2026/27.

*Council Tax Levels for 2025/26*

8.12 As Members will only be making decisions in relation to Council Tax levels for 2025/26, this section of the report only presents 2025/26 Council Tax information.

8.13 Taking into account the proposals above, Oldham Council Band D Council Tax for 2025/26 is therefore proposed at £2,053.74 of which £330.65 relates to the Adult Social Care Precept. This represents an overall increase of 4.99% in Council Tax for Oldham Council services. Table 9-1 highlights the general purposes Council Tax this will generate together with the ASCP.

8.14 As advised previously, the Council Tax for 2025/26 will not be finally determined until the Budget Council meeting on 6 March 2025.

8.15 Any changes to the Parish Precepts will be for the respective Parishes to agree.

*Relevant Basic Amount of Council Tax*

8.16 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.

8.17 This "excessiveness" is determined annually and for 2025/26 was detailed in 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2025/26 (draft)' which was published as part of the PLGFS for 2025/26. 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.

8.18 For Oldham, the 2025/26 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.

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### *Council Tax Reduction (CTR) Scheme*

- 8.19 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 2025/26 is unchanged from the 2024/25 scheme. The financial impact of the Council's proposed scheme is reflected in the Council Tax Base estimates which were presented to Cabinet on 16 December 2024. The Tax Base, in turn, underpins the budget estimates included within this report.

### *Council Tax Empty Property Discount*

- 8.20 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*

- 8.21 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*

- 8.22 Earlier in the year, the previous Government passed the Levelling-up and Regeneration Bill which gave 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 100% on second homes. This affected approximately 375 properties in Oldham. The Bill confirmed that these amendments had effect for financial years 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 comes into force.
- 8.23 As approved at Budget Council last February, it remains proposed to introduce this charge from 1 April 2025.

### **Impact of Decisions of Precepting Authorities**

- 8.24 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

- 8.25 The PLGFS allows a Mayoral Police and Crime Commissioner Council Tax precept increase of up to £14 for a Band D property for 2025/26 without a referendum. As the Mayor's approach will not be announced until February, for reporting purposes, the precept is shown as remaining at the 2024/25 value of £256.30.

#### Mayoral General Precept (including Fire Services)

- 8.26 The Mayor will also propose the Mayoral General Precept in February 2025 (this will incorporate funding for Fire and Rescue Services as well as other Mayoral functions). The PLGFS advised that there is a £14 cap on a Mayoral General Council Tax increase and increases to the precept for Fire Services are capped at £5 for a Band D property without a referendum. Again, the Mayor's intention has yet to be determined so at this stage the only

position that has been assumed is an unchanged precept from 2024/25, at a value of £112.95.

### Parish Precepts

- 8.27 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.
- 8.28 Saddleworth and Shaw & Crompton Parish Councils are due to agree their budgets and precepts imminently. At present no change is assumed in the level of precept.
- 8.29 The Parish Precept income will however marginally increase as a result of an increase in respective Council Tax Bases.

### **Council Tax to be Used to Support the 2025/26 Budget**

#### Council Tax

- 8.30 Subject to confirmation from all precepting bodies, taking account of the Council Tax Base of 59,501 for 2025/26 and the Council Tax and Adult Social Care Precept proposals, the sums anticipated to be drawn from the Collection Fund for Council Tax in 2025/26 are as shown in the table below.

**Table 8-2: Draw down on Collection Fund**

Precepting Body - ALL SUBJECT TO CONFIRMATION	2025/26 £000
Oldham Council including Social Care Precept	122,200
Mayoral Police and Crime Commissioner Precept	15,250
Mayoral General Precept (including Fire Services)	6,721
Saddleworth Parish Council	256
Shaw & Crompton Parish Council	111
<b>TOTAL</b>	<b>144,538</b>
Less: contribution from Parish Taxpayers	(367)
<b>TOTAL Draw on Collection Fund for Major Preceptors</b>	<b>144,171</b>

The 2025/26 Band D Council Tax is shown in the table below at anticipated levels for Oldham Council services, Mayoral Precepts and Parish Precepts. These will clearly change as the budget setting processes of each organisation develop.



**Table 8-3: Anticipated Band D Council Tax**

Council Tax Raising Body	2024/25 £	2025/26 £	Change %
Oldham Council (subject to confirmation)	1,956.13	2,053.74	4.99%
Mayoral Police and Crime Commissioner Precept (subject to confirmation)	256.30	TBC	TBC
Mayoral General Precept (including Fire Services) (subject to confirmation)	112.95	TBC	TBC
<b>TOTAL BAND D COUNCIL TAX</b>	<b>2,325.38</b>	<b>2,053.74</b>	
Saddleworth Parish Council (subject to confirmation)	27.01	TBC	TBC
Shaw & Crompton Parish Council (subject to confirmation)	18.78	TBC	TBC

**Retained Business Rates**

- 8.31 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 remains the broad range of reliefs and discounts which has generated Grant in Lieu of Business Rates as explained at 10.3 (b).
- 8.32 As presented to Council on 28 February 2024, the anticipated Retained Business Rates income for 2025/26 was shown at £55.2m. This has increased marginally to £56.2m.
- 8.33 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 was presented to Cabinet on 16 December 2024. 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 is still underway, therefore, the Cabinet report of 16 December 2024 gave delegation for the decision to vary the final Business Rates forecast and hence the Business Rates Tax base, to the Cabinet Member for Finance and Resources in consultation with the Director of Finance. There may, therefore, be a further change to the estimates.
- 8.34 The final Business Rates forecast for 2025/26 will be confirmed when preparing the submission of the Council's NNDR 1 return in late January 2025.
- 8.35 The Council has been part of the Greater Manchester pilot scheme for the 100% local retention of Business Rates since 2017. 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).
- 8.36 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 2025/26. 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.

### Collection Fund

- 8.37 The budget approved on 28 February forecast a Council Tax base of 59,380 for 2024/25. The number of new properties being built has been less than forecast meaning the actual value is 59,085. This is the primary reason for the Collection Fund income being below forecast in 24/25. Council Tax collection rates have remained close to the target rate of 96.75% and business rates income has been broadly in line with projections. Overall, a deficit position of £1.2m is forecast by the end of the financial year.
- 8.38 The deficit of £1.2m is to be recovered from the Collection Fund in 2025/26, with the Council element totalling £1.030m (the Council deficit was made up of a deficit of £1.0m for Council Tax and £0.03m for Business Rates).
- 8.39 The Collection fund position is summarised below:

**Table 8-5: Collection Fund Summary**

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Balance Brought Forward	190	(1,140)	(950)
Release of estimated (deficit) / surplus carried forward from 2023/24	(332)	1,039	707
<b>Prior Year Balance Brought Forward</b>	<b>(142)</b>	<b>(101)</b>	<b>(243)</b>
Deficit for the Year	1,329	131	1,460
<b>Net Deficit Carried Forward</b>	<b>1,187</b>	<b>30</b>	<b>1,217</b>

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
Share - Oldham Council	1,000	30	1,030
Share – Greater Manchester Combined Authority - Mayoral Police and Crime Commissioner	130	-	130
Share – Greater Manchester Combined Authority - Mayoral General Precept (including Fire and Rescue Services)	57	0	57
<b>Total Deficit</b>	<b>1,187</b>	<b>30</b>	<b>1,217</b>

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## 9 2025/26 Budget Reduction Proposals

9.1 Recognising that Budget Reductions would be required to address the 2025/26 and 2026/27 budget position, Cabinet Members have undertaken an in-depth review of their respective Portfolios. The savings required to balance the budget for 2025/26 build on a significant level of savings proposed or already in train to balance the budget from previous budget setting rounds.

### *Delivery against 2024/25 savings proposals*

9.2 In February 2024, the Council approved savings of £19.5m with a further £11.1m identified for 2025/26. It was recognised that delivery would be extremely challenging and in 2024 the Council established a Delivery Board, led by the Council Leader, to robustly monitor the approved savings for the 2024/25 budget and develop a process and procedure to ensure delivery of future savings proposals.

9.3 In terms of performance as at Month 9, £17.6m of the £20.4m approved budget reduction targets are either delivered or on track to be delivered (Green & Amber), representing 86% of the total savings target with the remaining 14% or £2.847m with a high risk of not being achieved within this financial year. The impact of this non delivery has been factored through into the updated budget projections for 2025/26.

### *Savings proposed for 2025/26*

9.4 The savings requirement for 2025/26 comprises three main elements:

- i. Approved budget proposals brought forward from previous years;
- ii. Measures taken during this financial year to address the forecast overspend for 2024/25;
- iii. New proposals.

#### **i. Proposals brought forward from previous years.**

9.5 The brought forward savings have been reviewed with respect to deliverability and the estimated saving in 2025/26 has been amended to £6.2m as outlined in the Table below:

9.6 **Table 9-1: savings approved in previous years.**

Portfolio	Approved Saving £000	Revised Estimate £000
Value for Money & Sustainability	452	490
Building a Better Oldham	3,491	1,617
Children & Young People	3,458	1,192
Adult, Health & Wellbeing	3,450	2,900
Enterprise	289	0
	<b>11,140</b>	<b>6,199</b>

9.7 The decrease is predominantly due to a reassessment of:

- the savings resulting from the Creating a Better Place programme
- the Children's Investment Programme whereby anticipated savings have been offset by the increased costs of children's placements.

## ii. Measures taken during the Financial Year

9.8 The Month 3 revenue Monitoring Report identified a potential overspend of some £26m. To address this, early work began on containing the increase in expenditure with a view to bridging the forecast gap for 2025/26. As part of the management actions, the Council's Senior Leadership worked within their service areas to review ways of working, structures and costs to reduce spend based on a thematic approach:

- Centralising, restructuring and reducing corporate and support services;
- Reviewing and reducing management and administration;
- Reviewing service operations and processes;
- Income maximisation; and
- Reviewing placements, contracts and commissioned services.

9.9 As part of these actions, the Council undertook a consultation with employees around voluntary options for redundancy, retirement and changes to working hours. Applications were assessed and approved providing it could be shown that any adverse impact on residents could be mitigated. The proposals and the resultant saving take into account the outcome of this exercise and the applications that were subsequently approved.

9.10 Management actions totalling £6.2m were identified as detailed in the table below.

9.11 **Table 9-2: Savings approved during the Year**

Portfolio	Centralising, restructuring and reducing corporate and support services	Reviewing and reducing management & administration	Reviewing placements, contracts and commissioned services	Reviewing service operations and processes	Grand Total
Building a Better Oldham	577				577
Value for Money & Sustainability	904				904
Adults, Health & Wellbeing		1,000	900		1,900
Children & Young people		225	126		351
Education & Skills		134	246		380
Don't Trash Oldham		210		706	916
Thriving Communities & culture	924		82		1,006
Enterprise		104			104
<b>Grand Total</b>	<b>2,405</b>	<b>1,673</b>	<b>1,354</b>	<b>706</b>	<b>6,138</b>

9.12 The above proposals were approved by Cabinet on 4<sup>th</sup> July 24. As outlined in Section 4 the proposals have helped mitigate the overspend this financial year and include the impact of management actions such as the voluntary redundancy programme and the recruitment freeze.

## iii. New proposals

9.13 Since early summer, Cabinet and the Council's Senior Leadership Team have worked to develop a variety of options to address a projected budget deficit. The level of gap has been subject to a significant degree of uncertainty as a result of the PLGFS. However, post PLGFS, proposals — as outlined below - have been finalised resulting in a balanced budget as outlined in Section 5.

9.14 Member support for Portfolio specific proposals has been demonstrated by each budget reduction proforma (BR1) bearing the signatures of the relevant Cabinet Member.

- 9.15 As part of the strategy to balance the budget, 25 savings proposals are identified with a cumulative value of £8.8m have been identified for 2025/26. All proposals have been discussed and agreed with the relevant Portfolio Holder and Cabinet. The budget proposals are summarised below with further detail provided in **Appendix 3** and **Appendix 4**.

**Table 9-3: Summary of New Budget Proposals**

Portfolio	Centralising, restructuring and reducing corporate and support services	Reviewing and reducing management and administration	Reviewing placements, contracts and commissioned services	Reviewing service operations and processes	Grand Total
Building a Better Oldham	146	209	250		605
Value for Money & Sustainability	1,695			200	1,895
Adults Health & Wellbeing		97	3,788		3,885
Children & Young People		18		953	971
Education & Skills				708	708
Don't Trash Oldham				545	545
Thriving Communities & Culture		93		86	179
<b>Grand Total</b>	<b>1,841</b>	<b>417</b>	<b>4,038</b>	<b>2,492</b>	<b>8,788</b>

### Flexible Use of Capital Receipts

- 9.16 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 2025/26 and 2026/27. 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 2025/26 and 2026/27. The table below summaries the proposed application.

**Table 9-4: Flexible Use of Capital Receipts**

	2025/26 £000	2026/27 £000
Flexible use of Capital Receipts 2025/26 and 2026/27	(2,600)	(2,600)

- 9.17 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.

## 10 Risks and Uncertainties

- 10.1 As in prior years there is a significant degree of uncertainty to these estimates. In particular, with respect to:

### *National Insurance Costs*

- 10.2 Whilst the government has announced that there is funding to be allocated to local government to meet the additional national insurance costs, the allocations to individual authorities have not yet been announced. The current estimate is that Oldham will receive c. £2.0m which is less than the additional direct cost to the Council, which is calculated at £2.7m. However, additional costs will also be borne by the Council's partner organisations, in particular social care providers, who may well look to the Council to meet these additional

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costs. Whilst there is some budget provision for additional NI costs incurred by partner organisations, any forecast is subject to significant uncertainty at this stage until the full implications become clear.

*Continuing increase in demand*

- 10.3 For the last two financial years the pressures on demand led services have exceeded budget forecasts. Whilst a substantial amount of work has been carried out within Children's and Adult Services to mitigate increased demand, and the budget for 2025/26 has looked to provide some headroom, there does remain a risk that costs or number or both continue to rise beyond predictions which would place pressure on the budget. A similar situation exists with respects to temporary accommodation and similarly a number of mitigations have been identified to help drive down demand. However, should numbers of residents requiring support continue to increase or mitigations not have the impact projected, then there is a risk that the additionality within the 2025/26 budget may be insufficient.

*Delivery of savings*

- 10.4 Whilst in recent years the Council has improved on its delivery of savings, challenges still persist driven by changing circumstances and other pressures within the system. Monitoring and management arrangements put in place during 2024/25 will help ensure 2025/26 proposals are delivered, however given the quantum of savings that still remain to be delivered (£21m of proposed savings in 2025/26 on top of the £19.5m being delivered in 2024/25), there remains a risk that there will be challenges in meeting all of these savings.
- 10.5 A Delivery Board, chaired by the Leader of the Council was established this year to oversee the progress of approved savings proposals. All Directorates' budget performance, savings trajectory and sustainability measures are reviewed to ensure the budget reductions can be achieved. Where non-delivery is identified, corrective actions are implemented. When looking at corrective action, the Board considers and recommends actions including the reprioritisation of activity and resource and/or remedial action to ensure that plans can be delivered in the short term (current year) and are sustainable over the medium to longer term.
- 10.6 The Board oversees and holds to account service directors - who provide an Individual Savings Plan with milestones and measures on each main proposal - and challenges assumptions to ensure they are on target to achieve the proposed reductions. The board is:
- a driver for organisational change and the development of options for a financially sustainable budget.
  - able to provide assurances to Leadership, Cabinet and Council around delivery of savings and a balanced budget that would be incorporated into the Budget Monitoring reports that are publicly reported via Cabinet.
  - a significant new element is to look at the Council's financial position over its MTFs. The board is strategically focused so as to shape and inform the development of future savings and proposals.
- 10.7 This approach helped ensure that as at the time of writing this report, over 80% of the budget reductions proposed for 2024/25 are on track to be delivered.

### *Reliance on one-off measures*

- 10.8 The financial position for 2024/25 has been supported by various, unbudgeted income receipts that are either one-off or where future receipts are not guaranteed. Whilst such an approach provides flexibility and ability to mitigate one off costs, the one-off nature means there is no longevity of funding which can create pressure in future years.

### *Costs in respect of Partner Organisations*

- 10.9 As has been widely reported, some authorities have faced financial difficulties due to a failure to manage risks in relation to external companies or partner organisations. As the report presented to the Scrutiny Board on 18 November 2024 identified, this risk is currently considered low. However, this may change future liabilities that may need to be financed through the Council's revenue account for items such as:
- Guarantees or indemnities provided in respect of costs incurred by partner organisations;
  - Reductions in investment liabilities that need to be accounted for when the statutory override in respect of IAS9 ceases.

## **11 Reserves and Balances**

- 11.1 The forecast year-end Earmarked Reserves position presented below reflects the estimated closing balance for 2024/25 (taking into account the projected Month 9 forecast deficit position as highlighted in section 5) and hence the total reserves available for the financial year 2025/26.

**Table 11-1: Reserves Position**

<b>Earmarked Reserves</b>	<b>Opening Balance 2024/25 £000</b>	<b>Projected Closing Balance 2024/25 £000</b>
Corporate Budget Strategy Reserve	(16,311)	(1,889)
Fiscal Mitigation	(2,496)	(4,087)
Supporting Budget	(12,185)	(1,432)
<b>Total Earmarked Reserves to support revenue budget</b>	<b>(30,992)</b>	<b>(7,408)</b>
Corporate Other Reserve	(9,528)	(6,311)
General Directorate Reserves	(3,227)	(3,344)
Joint Fund Reserve	(5,900)	(4,409)
<b>Total Earmarked Reserves</b>	<b>(49,646)</b>	<b>(21,472)</b>

- 11.2 As highlighted above, the estimated level of reserves at the end of 2024/25 is £21.5m after the Quarter 3 projected deficit position and represents a 57% reduction in Earmarked Reserves. As detailed in Section 5 of this report, the Council is currently projecting an adverse variance of £14.2m in 2024/25. 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 Corporate Budget Strategy Reserve as illustrated in the Table 11-1.
- 11.3 Taking account of the Council's General Fund balance of £18.9m, the total level of reserves is £40.4m.
- 11.4 Furthermore, a number of these reserves are committed to finance expenditure planned for future financial years meaning they are not available for alternative use. This includes:

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- a further £1.432m for Bus Reform required in 2026/27.
  - Joint Fund Reserve, to enable joint working with NHS partners to support health and social care integration.
  - Reserves held for regeneration to facilitate up-front expenditure linked to capital projects including the Creating a Better Place Strategy.

11.5 The Earmarked Reserves available to support the Revenue Budget is £7.4m as analysed in Table 11-1 above. Together with the General Fund balance of £18.9 this increases to £26.3m, which is less than the Council's recommended minimum level of general reserves of £30m. However, General Reserves are forecast to increase back up to £30m in 2025/26 as outlined within Section 13 below.

11.6 Having regard to the level of Earmarked Reserves, it is recommended that the level of General Fund balances are not reduced from their current level of £18.9m. 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 14 and at **Appendix 5** to this report.

## 12 Fees and Charges

12.1 Attached at **Appendix 6** is the proposed fees and charges schedule for the 2025/26 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.

12.2 The Consumer Prices Index (CPI) for November 2024 was 2.6% and RPI at 3.6% and salaries and wages are forecast to increase at c. 6% (taking into account the effects of the pay award and the increased Employer's National Insurance Costs). To address these cost pressures, for the majority of charges, Directors and Heads of Services have proposed increases of 4.5%. This is considered an appropriate increase given the need to cover cost pressures faced by the Council. Where charges are not increasing by this amount, this is predominantly for the reasons set out at paragraph 12.1 (points d and/or e) but may also be because some charges are determined under separate statutory arrangements.

12.3 The rejection of proposals to increase charges would inevitably lead to additional budget pressures and an increase in the budget reduction requirement. If charges are not increased, further above-inflation increases may be needed in future years to restore real terms income losses.

12.4 Below is a brief summary of the fees and charges proposals for each service:

### Registrars (Births, Deaths and Marriage Duties)

12.5 It is proposed that in this service area charges for most discretionary services are typically increased by 4.5%. However, to improve the uptake of weddings and civil partnerships, the suggestion is to increase charges only marginally within this specific area.



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### Libraries, Leisure and Culture

- 12.6 Most of the Libraries, Leisure and Culture discretionary charges for services are typically proposed to be increased by 4.5% or less. A small number of discretionary charges have been left unchanged due to low demand/uptake.

### Music Centre

- 12.7 Music service fees are proposed to increase by 6% as this is a service which relies on a significant proportion of fee income to cover costs. The larger increase does pose a risk that parents will withdraw their children from the service, but the increase is considered necessary in order for the service to remain financially viable.

### Outdoor Education

- 12.8 The proposal for some outdoor education services is for no price increase due to the price review 2 years ago that significantly increased prices (8.8% increase last year). Any further increase this year will result in loss of business. Other charges are proposed to be increased by 4.5% or less, with proposed increases relating to breakfasts significantly higher.

### Lifelong Learning

- 12.9 Lifelong Learning discretionary service charges are typically proposed to be increased by 4.3%. A number of the individual lines within this service have been removed following a review of the fees and charges schedule.

### Revenues & Benefits

- 12.10 Oldham currently charges £89.00 and £109.00 when summonses to the Magistrates Court are issued for Council Tax and Business Rates non-payment. This is slightly higher than the average for the Greater Manchester benchmarking group, therefore the proposal is to freeze the charges for 2025/26.

### Adult Social Care

- 12.11 A 4.5% or less increase is proposed for housing and care adult social care services. The current Helpline & Response offer is pitched at three levels (Bronze, Silver and Gold). It is proposed to move to two tiers of service: Connect and Connect Plus. This new proposal offers an enhanced service with all customers having the option of a physical response to calls, using an improved call management system. Court of Protection fees remain unchanged at present, but these will be determined in line with Statutory provisions.

### Facilities Management

- 12.12 A 4.5% increase is typically proposed for facilities management services, with the exception of room hire fees at the Honeywell Centre which were subject to an amendment on the schedule for 2024/25.

### Parking

- 12.13 A number of lines have been removed and amended within the parking section to reflect the current parking offer within the borough. Most increases in parking charges are 4.5% or less with some larger increases, for example, for the 1 day short term parking waiver. A freeze has been applied to various elements specifically around some of the shorter stay parking.

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### School Meals

- 12.14 A freeze on school meal charges is proposed with the current price of £2.90 per pupil and £3.10 per adult to continue into 2025/26. School meal charges in Oldham are amongst the highest in Greater Manchester, therefore this price freeze will help to align charges with the authority's nearest neighbours.

### Parks, Open Spaces and Outdoor Facilities

- 12.15 A general 4.5% increase is proposed for parks, open spaces and outdoor facilities.

### Cemeteries and Crematorium

- 12.16 Increases are proposed for cemeteries and crematorium charges of the order of 4.5%, subject to rounding to the nearest pound, with the exception of the direct cremation fee which will be subject to a 2% increase.

### Highways

- 12.17 A number of category amendments have been made within Highways and in general a 4.5% increase in charges is proposed.

### Planning

- 12.18 A 4.5% (subject to rounding) increase in planning charges is proposed.

### Public Protection

- 12.19 A 4.5% increase is proposed in charges associated with Food Safety, Health and Safety, Neighbourhood Enforcement, Housing, Public Health, Animal Health, Trading Standards, Street Trading, Scrap Metal, Pest Control and Security. Some increases vary from this amount due to rounding to the nearest pound or £5 as appropriate. Charges in relation to Environmental Health are proposed to be frozen.
- 12.20 The increase proposed for Building Control fees is 9%, to generate the resources needed to run the service and respond to statutory compliance.
- 12.21 A reduction in operators due to case law, together with some adjustments to the Hackney and Private Hire Licences fees and charges for 2024/25 has resulted in various reductions to the proposed 2025/26 charges. This is partly offset with some increases as well as a number of new charges within this area.
- 12.22 Betting and Adult Entertainment Licence fees remain unchanged as charges are capped by legislation.

### Waste and Fleet Management

- 12.23 Waste and Fleet Management Services are proposing to freeze their charges for 2025/26 in order to maintain an income flow and remain competitive.

### **Summary**

- 12.24 Most services are proposing fee increases by up to 4.5% for 2025/26 in order to maintain income levels in real terms. This is in the context of continuing increased costs, particularly in respect of wages and salaries. Whilst, in some instances, zero or lower increases are proposed, applying this approach across most or all services is likely to increase the existing

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budget reduction requirement. A full schedule of all proposed fees and charges for 2025/26 compared to 2024/25 is included at **Appendix 6**.

### **13 Budget Strategy and Medium Term Financial Planning for Future Years**

- 13.1 As has been outlined in earlier sections of the report, the Council has prepared a budget strategy which concentrates on the financial years 2025/26. The plans to address in full the previously reported £11.3m budget reduction requirement for 2025/26 have been outlined. A Budget Reduction requirement of £7.8m for 2026/27 remains but this is a lower magnitude than presented in recent Budget reports. Despite being subject to a decade of severe funding reductions over the last ten years, increased demand pressures and from significant inflationary pressures over the last two years, the Council has successfully managed to balance its 2025/26 budget whilst simultaneously protecting service provision as far as possible and importantly, without the requirement to make a further call on reserves.
- 13.2 However, the Council continues to face considerable financial uncertainty. Whilst the 2026/27 budget projections have been prepared based on indicative information included within the PLGFS and the Policy Statement, there is limited intelligence and 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 2029/30. 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 2026/27 to 2029/30.
- 13.3 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 2025/26 revenue budget has been finalised, the cycle of reviewing and updating the budget reduction requirement for 2026/27 and future years will begin again.
- 13.4 This section of the report highlights that 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.
- 13.5 At this point it is anticipated that increased contingencies will be built into the 2026/27 revenue budget to help absorb unexpected increases in demand without the need to call on reserves. However, the extent of this will not be confirmed until the new three-year funding proposals are announced.

#### Summary Position

- 13.6 Having regard to above, the information presented in the table below details the revised budget reduction requirement for the financial years 2026/27 to 2029/30.

**Table 13-1: MTF5 Summary 2026/27 to 2029/30**

	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
<b>Prior Year Net Revenue Budget</b>	<b>289,079</b>	<b>320,781</b>	<b>338,851</b>	<b>343,060</b>	<b>356,085</b>
Adjustments to the Base Budget	13,353	2,600	2,600	2,600	2,600
Total Expenditure Adjustments	40,179	25,364	20,724	20,625	21,038
Total Impact of Levies, the Statutory Charge and Contributions	845	1,090	1,123	1,157	1,192
<b>Total Expenditure</b>	<b>343,456</b>	<b>349,835</b>	<b>363,298</b>	<b>367,442</b>	<b>380,914</b>
Savings Proposals	(21,125)	(820)	0	0	0
Flexible Receipts	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)
Transfer to / (from) Reserves	1,050				
<b>Net Expenditure Budget</b>	<b>320,781</b>	<b>346,415</b>	<b>360,698</b>	<b>364,842</b>	<b>378,314</b>
Total Government Grant Funding	(143,072)	(151,277)	(141,128)	(144,715)	(150,716)
Total Locally Generated Income	(177,709)	(187,574)	(201,932)	(211,370)	(221,854)
<b>Total Funding</b>	<b>(320,781)</b>	<b>(338,851)</b>	<b>(343,060)</b>	<b>(356,085)</b>	<b>(372,569)</b>
<b>Budget Reduction Requirement</b>	<b>(0)</b>	<b>7,564</b>	<b>17,637</b>	<b>8,758</b>	<b>5,745</b>
<b>Net Gap/Budget Reduction Requirement</b>	<b>0</b>	<b>7,564</b>	<b>17,637</b>	<b>8,758</b>	<b>5,745</b>
<b>Cumulative Budget Gap</b>	<b>(0)</b>	<b>7,564</b>	<b>25,202</b>	<b>33,959</b>	<b>39,704</b>

*National Context*

- 13.7 The overarching challenge in preparing the MTF5 is that Government policy and on-going funding levels are difficult to predict as there will be a new Spending Review period beginning from 2026/27. The new government has already indicated that its aim would be to increase efficiency within the 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.
- 13.8 The Spending Review is set to be strategic and cover a multi-year settlement with the second stage to be detailed in Spring 2025. Responses to a funding reform consultation, which is due to end in February 2025, will inform the Spending Review reviewing how Local Authorities are funded whilst looking at ways to reduce demand and increase local flexibility.
- 13.9 As outlined above and in section 3, there remains considerable uncertainty over government grant funding in future years. A direction of travel has been provided in that new grants – in particular the Recovery Grant and Children’s Social Care Prevention Grant – indicate that more resources might be directed at those authorities with higher needs and low council tax bases. However, accurately predicting the level of resources for 2026/27 is not possible at this point. There will no doubt be strong objections from those authorities that have fared less well in 2025/26, and a deteriorating macro-economic climate may limit

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the ability for a radical reallocation of resources without impacting severe hardship on certain councils.

- 13.10 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 reset is potentially detrimental to Oldham and the impact of this is currently being assessed. The estimated Business Rates income for 2026/27 is £57.9m on the basis that the reset is likely to be delayed until beyond 2026/27.
- 13.11 Therefore, the estimates for government grant funding must be treated with extreme caution at this stage.

#### *Oldham Context*

- 13.12 The forward estimates have been developed using a number of assumptions around income and expenditure, the most significant being as detailed below:
- Pay increases of 3% per annum;
  - £1m general inflationary provision per annum acknowledging that maintaining a cash flat position is not viable in the medium term;
  - Demand funding of circa £6m per year for Childrens and Adults services;
  - A continued commitment to Fund the Foundation Living Wage;
  - Capital charges adjusted to take account of the capital programme and cash holdings;
  - Increases to levies in line with GMCA projections;
  - Growth in the Council Tax base of circa 500 properties per year;
  - Continuation of maximising increases in Council Tax for General Purpose and Adult Social Care levy;
  - Business Rates income remaining flat at circa £56m, subject to the implications of the Partial Reset;
  - Continuation of application of flexible use of capital receipts of £2.6m a year.

#### *Risks and Uncertainties*

- 13.13 There are a vast range of risks and uncertainties influencing the MTFS. Some key issues are set out below:
- The MTFS is based around the reduction in cost pressures as inflation is expected to fall from the financial year 2025/26. 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 MTFS 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 assumes that beyond 2026/27 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 commence at some stage, but the MTFS assumes this will be funded by Central Government resources. The availability of Government funding is far from certain.

13.14 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.

#### *Earmarked Reserves over the MTFS Period*

13.15 The MTFS forecasts a potential £7.8m budget gap in 2026/27. This is not factored into reserve forecasts because at this stage it is assumed that the requisite savings will be made.

13.16 The projected closing balances for the first two financial years of the MTFS are included within the table below. Due to the upcoming systematic funding reforms which are due to take place over the short to medium term, the forecast reflects the use of reserves currently known and, where appropriate, included within the MTFS.

**Table 13-2: Earmarked Reserves Projected Balances over the MTFS**

Earmarked Reserves	2025/26 Projected Closing Balance £000	2026/27 Projected Closing Balance £000
Corporate Budget Strategy Reserve	(1,889)	(1,889)
Fiscal Mitigation Supporting Budget	(8,137) (1,432)	(8,137) -
<b>Total Earmarked Reserves to support revenue budget</b>	<b>(11,458)</b>	<b>(10,026)</b>
Corporate Other Reserve	(6,311)	(6,311)
General Directorate Reserves	(2,604)	(2,604)
Joint Fund Reserve	(4,409)	(4,409)
<b>Total Earmarked Reserves</b>	<b>(24,782)</b>	<b>(23,350)</b>

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13.17 The table above forecasts Earmarked Reserves available to support the General Revenue Budget increasing to approximately £11.5m at the end of the 2025/26 financial year. This together with the General Fund balance of £18.9m brings the total level of reserves available to support the budget up to £30.4m. The increase is derived from:

- The £1.05m proposed transfer to reserves build into the 2025/26 budget;
- The return of £3m of reserves from the GM Waste Disposal Authority that will be posted directly to reserves in 2025/26.

However, there are significant risks attached to this overall projection as outlined above.

13.18 The Authority will seek opportunities throughout 2025/26 to replenish reserves to improve financial resilience. This is described further within Section 14 and at Appendix 5 and will also be considered during the final accounts process.

13.19 The position will be monitored closely and reported within the revenue monitoring reports presented to Cabinet and is in line with the Council's Reserves Policy.

#### *Transformation*

13.20 Since April 2024, the current Transformation Programme has delivered service improvements and budget reductions for directorates and put in place foundations for wider transformational change. However, in line with the new Corporate Plan 2024-27, the Programme was reviewed and refreshed with a renewed focus to ensure the Council is financially sustainable and remains viable for the future.

13.21 The Transformation Programme now incorporates the four pillars for change described in the Corporate Plan to ensure the Council is 'Ready for the Future' in meeting its challenges include:

- Efficiency and Value for Money
- Capacity Building
- Prevention
- Early Help

13.22 The Ready for the Future Programme will also review the delivery of existing budget reductions and going forward the Programme will closely align with the budget-setting process and the development of the Council's Medium-Term Financial Strategy. This alignment is crucial to achieving the necessary budget reductions and efficiency savings required to ensure the organisations financial stability.

## **14 Statement of Robustness**

14.1 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.

14.2 It was recognised in the 2024/25 Budget Report in February 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 ongoing, sustainable means.

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- 14.3 Since 2016/17, over £115m of reserves has been approved by members as part of the annual budget setting process to underpin the Council's revenue budget. This is alongside other one-off measures. The 2024/25 revenue budget forecast outturn position highlights a current unfavourable projected variance of £14.1m; which will need to be financed from reserves. This is in addition to the general contribution from reserves of £10.8m towards the 2024/25 budget approved by Council in February 2024 together with contributions from other earmarked reserves for specific projects/initiatives of some £4.6m. The totality of these actions would mean applying around £29.5m of Earmarked Reserves to balance the budget in 2025/26. Whilst the level of Earmarked Reserves is sufficient to allow the Council to take this action, it is not a sustainable approach and it significantly reduces the quantum of the Council's available reserve and thus its financial resilience.
- 14.4 In the light of known financial pressures facing the Council, £11.3m was set aside as part of the 2024/25 budget to support the Council's revenue budget in 2025/26 - this was held in Balancing Budget and Fiscal Mitigation reserves. Due to the pressures on reserves highlighted above, the total reserves available to support the General Revenue Budget has now fallen to £26m. However, the balance on these reserves is forecast to increase by the end of 2025/26 as outlined in Section 11 above. As detailed within Section 5 of this report, for 2025/26 no use corporate reserves is now proposed for 2025/26.
- 14.5 When calculating the required level of reserves, 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 5. This calculation has not changed significantly from the previous year and indicates that the General Fund Balance needs to increase from the current level of £18.9m to a value of £30m over the MTFS period. This represents approximately 9% of the Council's net revenue budget and is in line with the Grant Thornton recommendation<sup>1</sup> that the minimum level of general reserves should be between 5% and 10% - given the uncertainties faced by the Council then the level of general reserves should be towards the top of this range.
- 14.6 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 2025/26 with reserves available to support the Revenue Budget totalling just over £26m as outlined in Section 11 above. This is lower than the £30m recommended. The proposed transfer to reserves in 2025/26, together with the projected return of reserves of £3m from the GM Waste Disposal Authority, means that the projected balance of reserves available to support the general revenue expenditure will increase to just above £30m by the end of 2025/26. This is a welcome first step to commence the replenishment of reserves. However, a further programme of additional, sustainable savings will need to be implemented in 2026/27 in order for reserves to rise to the recommended level over the period of the MTFS.
- 14.7 Proposals in 2025/26 include:
- The continuation 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 2025/26. This will commence as soon as the 2025/26 budget is approved.
  - Continuation of the additional controls (first introduced in January 2024) in respect of authorising expenditure and new recruitment.

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<sup>1</sup> Lessons Learned from Public Interest Reports, 2022



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

- 14.8 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.
- 14.9 The index in respect of 2024 is yet to be published. A draft index has been issued to the Council and this - unsurprisingly given the reduction in reserves during 2023/24 - does assign a reduced level of financial resilience to the Council. The Council's comparative position relative to its nearest neighbours and other metropolitan authorities remains broadly unchanged, reflecting the fact that the financial pressures it is facing are not unique to Oldham but indicative of the problems that all similar authorities to Oldham are facing. However, it is also important to note:
- The index is a lagging indicator and does not take into account the use of reserves and overspend occurring in 2024/25.
  - The list of comparator authorities are ones that are facing the same financial challenges as Oldham.
- 14.10 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 addition, 19 authorities have recently sought Exceptional Financial support from the Government, which enables them to capitalise certain elements of their revenue expenditure for a limited period of time.
- 14.11 It is important to note that the Council's External Auditor (Forvis 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. The Council has not yet received the Auditor's final report in respect of 2023/24, but an interim update will be provided to the Audit Committee of 30 January 2025.
- 14.12 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. However, 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.
- 14.13 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 2025/26. However, this is only the case provided that general balances remain at £18.9m for 2025/26 and strategies continue to be developed to increase them to a level approaching £30m over the MTFS period, as calculated and shown in **Appendix 5** to this report. Furthermore, all budget options, or in year alternatives, must be monitored closely and delivered as planned.

## **15 Options/Alternatives**

- 15.1 The options as follows:
- Option 1 – The Governance, Strategy & Resources Scrutiny Board accepts the budget assumptions and resulting financial forecasts presented within the report.
  - Option 2 – The Governance, Strategy & Resources Scrutiny Board proposes amendments to the assumptions which will change the resulting financial forecasts.

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- Option 3 – The Governance, Strategy & Resources Scrutiny Board recommends all the 2025/26 and 2026/27 budget proposals included in this report and the approach to the use of reserves and balances and as well as Council Tax and Adult Social Care Precept increases.
  - Option 4 - Governance, Strategy & Resources Scrutiny Board can request that further work is undertaken on some or all of the budget proposals and the approach to reserves and balances and that Cabinet considers a revised position.

## **16 Preferred Option**

16.1 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.

## **17 Consultation**

17.1 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.

(Gemma Killackey, Communications Manager)

## **18 Financial Implications**

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

## **19 Legal Services Comments**

19.1 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 the 11 March 2025, as per Section 30(6) of the Local Government Finance Act 1992

(Alex Bougatef, Interim Borough Solicitor)

## **20 Equality Impact, including implications for Children and Young people**

20.1 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.

20.2 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.

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

- age,

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

20.4 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.

20.5 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.

20.6 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.

20.7 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.

20.8 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)

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## 21 Human Resources Comments

- 21.1 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.

(Wendy Jackson, Assistant Director of HR & Organisational Development)

## 22 Key Decision

- 22.1 Yes

## 23 Key Decision Reference

- 23.1 FCR -23-24

## 24 Risk Assessments

- 24.1 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)

## 25 IT Implications

- 25.1 Any specific IT implications associated with the proposals included in the report are detailed within the individual budget reduction proformas included at **Appendix 4**.

## 26 Property Implications

- 26.1 Any specific property implications associated with the proposals included in the report are detailed within each individual budget reduction proformas included at **Appendix 4**.

## 27 Background Papers

- 27.1 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 - 8  
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[chris.kelsall@oldham.gov.uk](mailto:chris.kelsall@oldham.gov.uk)

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**28 Appendices**

- Appendix 1 - Dedicated Schools Grant 2025/26
- Appendix 2 - Calculation of Council Tax Base 2025/26
- Appendix 3 - Summary of Budget Reductions by Cabinet Member Portfolio
- Appendix 4 - Budget Reduction Proposals and Draft EIA's
- Appendix 5 - Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments
- Appendix 6 - Proposed 2025/26 Fees and Charges Schedule

Signed _____ Cabinet Member (specify whom)	Dated _____
Signed _____ Executive Director/Deputy Chief Executive	Dated _____