Report to:	**STRATEGIC COMMISSIONING BOARD**
Date:	20 March 2018
Officer of Strategic Commissioning Board	Kathy Roe – Director of Finance – Tameside & Glossop CCG and Tameside MBC
Subject:	**TAMESIDE & GLOSSOP CARE TOGETHER ECONOMY – 2017/18 CONSOLIDATED FINANCIAL MONITORING STATEMENT AT 31 JANUARY 2018 AND PROJECTED OUTTURN TO 31 MARCH 2018**
Report Summary:	This is a jointly prepared report of the Tameside & Glossop Care Together constituent organisations on the consolidated financial position of the Economy. The report provides a 2017/2018 financial year update on the month 10 financial position (at 31 January 2018) and the projected outturn (at 31 March 2018). The Tameside and Glossop Care Together Strategic Commissioning Board are required to manage all resources within the Integrated Commissioning Fund. The Clinical Commissioning Group and the Council are also required to comply with their constituent organisations' statutory functions. A summary of the Tameside and Glossop Integrated Care NHS Foundation Trust financial position is also included within the report. This is to ensure members have an awareness of the overall financial position of the whole Care Together economy and to highlight the increased risk of achieving financial sustainability in the short term whilst also acknowledging the value required to bridge the financial gap next year and through to 2020/21.
Recommendations:	Strategic Commissioning Board Members are recommended to note: (i) The 2017/2018 financial year update on the month 10 financial position (at 31 January 2018) and the projected outturn (at 31 March 2018). (ii) The significant level of savings required during the period 2017/18 to 2020/21 to deliver a balanced recurrent economy budget. (iii) The significant amount of financial risk in relation to achieving an economy balanced budget across this period.

Financial Implications:

(Authorised by the statutory Section 151 Officer & Chief Finance Officer)

Budget Allocation (if Investment Decision)	Details contained within the report
CCG or TMBC Budget Allocation	Details contained within the report
Integrated Commissioning Fund Section – S75, Aligned, In-Collaboration	Details contained within the report
Decision Body – SCB, Executive Cabinet, CCG Governing Body	Details contained within the report

	Value For Money Implications – e.g. Savings Deliverable, Expenditure Avoidance, Benchmark Comparisons	Details contained within the report
	Additional Comments This report provides the consolidated financial position statement of the 2017/18 Care Together Economy for the period ending 31 January 2018 (Month 10 – 2017/18) together with a projection to 31 March 2018 for each of the three partner organisations. The report explains that there is a clear urgency to implement associated strategies to ensure the projected funding gap is addressed and closed on a recurrent basis across the whole economy. A risk share arrangement is in place between the Council and Clinical Commissioning Group relating to the residual balance of net expenditure compared to the budget allocation at 31 March 2018, the details of which are provided within the report. It should be noted that the Integrated Commissioning Fund for the partner Commissioner organisations will be bound by the terms within the Section 75 agreement and associated Financial Framework agreement which has been duly approved by both the Council and Clinical Commissioning Group.	
Legal Implications: **(Authorised by the Borough Solicitor)**	Given the implications for each of the constituent organisations this report will be required to be presented to the decision making body of each one to ensure good governance.	
How do proposals align with Health & Wellbeing Strategy?	The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Health and Wellbeing Strategy	
How do proposals align with Locality Plan?	The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Locality Plan	
How do proposals align with the Commissioning Strategy?	The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Strategic Commissioning Strategy	
Recommendations / views of the Health and Care Advisory Group:	A summary of this report is presented to the Health and Care Advisory Group for reference.	
Public and Patient Implications:	Service reconfiguration and transformation has the patient at the forefront of any service re-design. The overarching objective of Care Together is to improve outcomes for all of our citizens whilst creating a high quality, clinically safe and financially sustainable health and social care system. The comments and views of our public and patients are incorporated into all services provided.	
Quality Implications:	As above.	

How do the proposals help to reduce health inequalities?	The reconfiguration and reform of services within Health and Social Care of the Tameside and Glossop economy will be delivered within the available resource allocations. Improved outcomes for the public and patients should reduce health inequalities across the economy.
What are the Equality and Diversity implications?	Equality and Diversity considerations are included in the re-design and transformation of all services
What are the safeguarding implications?	Safeguarding considerations are included in the re-design and transformation of all services
What are the Information Governance implications? Has a privacy impact assessment been conducted?	There are no information governance implications within this report and therefore a privacy impact assessment has not been carried out.
Risk Management:	Associated details are specified within the presentation
Access to Information :	Background papers relating to this report can be inspected by contacting :

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1. INTRODUCTION

1.1 This report aims to provide an update on the financial position of the care together economy as at month 10 in 2017/18 (to 31 January 2018) and to highlight the increased risk of achieving financial sustainability. Supporting details are provided in **Appendix 1**.

1.2 The report includes the details of the Integrated Commissioning Fund (ICF) and the progress made in closing the financial gap for the 2017/18 financial year. The total ICF is £487m in value, however it should be noted that this value is subject to change throughout the year as new Inter Authority Transfers (IATs) are actioned and allocations are amended.

1.3 The Tameside & Glossop Care Together Strategic Commissioning Board are required to manage all resources within the Integrated Commissioning Fund and comply with both organisations' statutory functions from the single fund.

1.4 It should be noted that the report includes details of the financial position of the Tameside and Glossop Integrated Care NHS Foundation Trust. This is to ensure members have an awareness of the projected total financial challenge which the Tameside and Glossop Care Together economy is required to address during 2017/18.

1.5 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations within the Care Together programme, namely:

- Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT);
- NHS Tameside and Glossop CCG (CCG);
- Tameside Metropolitan Borough Council (TMBC).

2. FINANCIAL SUMMARY

2.1 **Table 1** provides details of the summary 2017/18 budgets, net expenditure and forecast outturn of the ICF and Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT). Supporting details of the forecast outturn variances are explained in sections 2 and 3 of **Appendix 1**. Members should note that there are a number of risks that have to be managed within the economy during the current financial year, the key ones being:

- Significant budget pressures for the CCG relating to Continuing Care related expenditure of £4.2m.

- Children's Services within the Council is managing unprecedented levels of service demand which is currently projected to result in additional expenditure of £7.8m when compared to the available budget.

- The ICFT are working to a planned deficit of £23.7m for 2017/18. However it should be noted that efficiencies of £10.4m are required in 2017/18 in order to meet this sum.

2.2 **Table 2** provides details of the Strategic Commission risk share arrangements in place for 2017/18. Under this arrangement the Council has agreed to resource up to £5.0m in each of the next two financial years (2017/18 and 2018/19) in support of the CCG's Quality, Innovation, Productivity and Prevention (QIPP) programme savings target which is conditional upon the CCG agreeing to a reciprocal arrangement in 2019/20 and 2020/21. Any variation from budget is shared in the ratio 80:20 for CCG:Council. A cap is placed on the shared financial exposure for each organisation (after the use of £5.0m) in 2017/18 which is a maximum £0.5m contribution from the CCG towards the Council year end position and a maximum of £2.0m contribution from the Council towards the CCG year end position. The CCG year end position is adjusted prior to this contribution for costs relating to the residents of Glossop (13% of the total CCG variance) as the Council has no legal powers to contribute to such expenditure.

The projected Strategic Commission net funding gap of £7.12m in 2017/18 primarily relates to demand pressures within the Council's Children's Social Care service. This net funding gap within the Council will be resourced via a £0.5m additional contribution to the ICF from the Tameside and Glossop Clinical Commissioning Group as per the terms of the Integrated Commissioning Fund risk share agreement, with the residual balance financed via a combination of Council in year revenue and existing general reserve balances.

Table 1 – Summary of the Tameside and Glossop Care Together Economy – 2017/18

	Forecast Position			Forecast Position	
Organisation	**Budget**	**Forecast**	**Variance**	**Previous Month**	**Movement in Month**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Strategic Commission	487,247	494,363	-7,116	-11,219	4,103
ICFT	-23,730	-23,730	0	0	0
Total	**463,517**	**470,633**	**-7,116**	**-11,219**	**4,103**

Table 2 – Risk Share

Risk share contributions transacted in Month 10

Risk Share		**£000's**
CCG Reduction to Risk Share	Continuing Healthcare	3,700
	Mental Health - Individualised Commissioning	500
Sub Total		**4,200**
TMBC Increase to Risk Share	Children's Services	500

There are a number of additional risks which each partner organisation is also managing during the current financial year, the details of which are provided within **Appendix 1.**

2.3 A summary of the financial position of the ICF, broken down by directorate is provided in **Table 3.**

Table 3 – 2017/18 ICF Financial Position

Service	Forecast Position			Forecast Position	
	Budget	Forecast	Variance	Previous Month	Movement in Month
	£000's	£000's	£000's	£000's	£000's
Acute	203,143	205,376	- 2,233	- 1,990	- 243
Mental Health	29,502	29,698	- 196	- 697	501
Primary Care	82,839	81,647	1,192	1,188	4
Continuing Care	13,623	14,334	- 712	- 4,256	3,544
Community	27,473	27,581	- 108	- 108	- 0
Other	29,385	27,333	2,053	5,862	- 3,809
QIPP	-	-	-	- 3,798	3,798
CCG Running Costs	5,197	5,193	4	-	4
Adult Social Care	44,185	43,659	526	196	330
Children's Social Care	35,192	43,004	- 7,812	- 7,800	- 12
Public Health	16,708	16,538	170	184	- 14
Integrated Commissioning Fund	**487,247**	**494,363**	**- 7,116**	**- 11,219**	**4,103**
CCG Expenditure	391,162	391,162	- 0	- 3,799	3,799
TMBC Net Expenditure	96,085	103,201	- 7,116	- 7,420	304
Integrated Commissioning Fund	**487,247**	**494,363**	**- 7,116**	**- 11,219**	**4,103**
A: Section 75 Services	266,778	266,906	- 128	- 3,748	3,620
B: Aligned Services	187,268	194,770	- 7,502	- 7,754	252
C: In Collaboration Services	33,201	32,687	513	283	230
Integrated Commissioning Fund	**487,247**	**494,363**	**- 7,116**	**- 11,219**	**4,102**

2.4 **Acute** - Against a full year budget of £203.1m, expenditure is forecast to be £205.4m. This represents an overspend of £2.3m. The acute position has deteriorated by £0.2m since month 9, mainly driven by the removal of the Sepsis rebate the CCG was expecting in 2017/18 due to the coding change within HRG4+. Other major movements have been seen in the increase activity for non-contracted activity and in particular high cost cases. The acute cost centre represents 52% of the CCGs overall allocation, of which 34% is contracted with the ICFT. As this is block, there is no risk associated with the ICFT in the reported positon. Other areas within the acute cost centre include NHS associate contracts, independent sector, emergency ambulances and out of area Non-contracted activity. A summary by each sector is provided below with a further breakdown of associate performance by point of delivery:

- Associate provider contracts (over by £2.3m) with the key providers being Manchester Foundation Trust (combined) and the Christie Foundation Trust within medical oncology. Very high cost patients in critical care and emergency admissions are the main causes behind this financial pressure;

- Associate Contracts Performance by Point of Delivery;

    - A&E (£0.2m)
    - Planned Care £0.2m
    - Outpatients (£0.5m)
    - Urgent Care (£1.2m)
    - Excess Bed days (£0.1m)

- Critical Care (£0.6m)
- Other £0.1m

- Independent Sector (over by £0.8m), where activity has grown in real terms, particularly for diagnostic procedures where the independent sector are able to offer treatment with a shorter wait and at lower cost than the ICFT.

- Non Contracted Activity (over by £0.5m), this is an adverse movement of £0.2m in the position this month due to the continued increase in out of area treatment and high cost cases.

2.5 **Mental Health** - Against Core budgets a £0.2m overspend is forecast. This is a £0.5m improvement on the position reported last month due to the CCG's reduced contribution to the ICF risk share being agreed and transacted in month 10. The key drivers remain with high cost individualised commissioning placements, offset by slippage on implementation of new services and a reduced number of patients on step down units at Pennine Care. It is likely that additional slippage will happen on the implementation of business cases that support the five year forward view. However the CCG is working with Providers and GM to ensure the resources are managed accordingly and money is secured for the local economy.

The CCG continues to meet the parity of esteem for mental health which is currently 2.89% at month 10 and on track to meet the Mental Health Investment Standard (MHIS) in 2017/18. A paper went to the strategic commissioning board this month looking at achievement of MHIS in future years and how this links to the five year forward view for mental health.

2.6 **Primary Care** – Currently forecast at £1,2m underspend. This is an overall improvement of £0.004m since last month. Prescribing has seen a favourable movement of £0.2m this month which means the full QIPP expected target of £1.2m has been achieved in full.

Other pressures have emerged this month regarding the level of increased activity within the walk-in centre. The data is currently being verified with Go-To-Doc and commissioners. As there is clear indication this is genuine, we have prudently included an additional £0.2m into the forecast at month 10.

2.7 **Continuing Care** – Against Core budgets we are reporting a £0.7m overspend. This is a £3.5m improvement on the position reported last month due to CCG's reduced contribution to the ICF risk share being agreed and transacted in month 10.

Growth in individualised packages of care remains the CCGs biggest financial risk. From the reported £6.0m financial pressure, £4.2m reduced contribution to the risk share has been used to mitigate some of this risk in month 10.

The financial recovery plan was updated and presented to the finance and QIPP group in January. A significant amount of work is underway to look at service redesign with the ICFT around Fast Track patients and moving away from spot purchasing to block contracts for individualised commissioning packages across both CCG and Local Authority.

There is now a clear and established process for accessing the Dowry fund as part of the transforming care strategy. The CCG has submitted its claims for 3 cases at the end of January and waiting on the outcome. To mitigate some of the risk associated with this, the CCG is only assuming 50% back at this stage.

2.8 **Community** - The majority of spend within this directorate is within the block contract for the ICFT. There is an adverse variance of £0.09m that relates to VAT on the wheelchairs contract. The position includes this as the worst case scenario as there are still ongoing discussions with the Inland Revenue about a reclaim of this tax.

2.9 **Other** – This directorate includes Better Care Fund (BCF), estates, transformation funding and reserves. BCF and transformation funding are both on track to spend in line with plan. There is some risk around estates as we have still not received accurate schedules from Propco. The BCF forecast spend has increased in month 10 by £0.5m. This is for the additional risk share contribution that was transacted in month from the CCG to Local Authority to support financial pressures within children services.

The underspend within the directorate relates to reserves where we have budget to offset the overspend reported elsewhere and ensure the CCG meets financial control totals.

2.10 **QIPP** – Against an annual savings target of £23.9m, all £23.9m has been fully banked in month 10.

The CCG's reported net risk last month was £2.0m. The post mitigation risk reported to NHSE this month is zero.

2.11 **CCG Running Costs** – On track to remain within running cost allocation and have now delivered £1.2m QIPP savings against a target of £1.1m. This has now been fully banked for 2017/18.

2.12 **Adult Social Care –** Increase of £0.2m in Fairer Charging income received for community based services, this is income based on the individual client financial assessments of approximately 1000 clients (this number varies throughout the year).

Employee related spend is forecast to be £0.4m less than budget. The number of assessed hours required for the Council provided Learning Disabilities Homemaker Service are less than budgeted due to services being delivered by the independent sector.

There has been an increase in Homecare hours delivered throughout December 2017 and January 2018, this has resulted in a forecast expenditure increase of £0.2m
Nursing bed capacity in Care Homes remains stretched with vacancy levels of approximately 5% (28 beds) across the borough.

2.13 **Children's Services** – Pressure of £7.8m due to increased expenditure on children's placements and social workers as a result of the increased demand being experienced in this area and in line with OFSTED recommendations.

The number of Looked After Children has increased from 519 at April 2017 to 590 in January 2018. The current budget allocation will finance approximately 450 placements, assuming average weekly unit costs for placements.

Forecast expenditure on employee related costs forecast to be £1.4m in excess of budget. The service continues to recruit Social Workers to support the additional caseload demands since the 2017/18 budget was approved. The ongoing strategy is to transition agency employees onto permanent contracts within the service as this is a lower cost alternative and also improves the quality and stability of service delivery.

Alongside the recruitment of agency Social Workers, there is also additional estimated expenditure to the approved budget on a number of additional senior positions as the Council and its partners take action to make the required improvements to the service, including the appointment of a new Director and Assistant Director of Children's Services.

2.14 **Public Health –** Consistent with the position reported in previous months.

3. 2017/18 EFFICIENCY PLAN

3.1 The economy has an efficiency sum of £35.1m to deliver in 2017/18, of which £24.7m is a requirement of the Strategic Commissioner.

3.2 **Appendix 1** provides supporting analysis of the delivery against this requirement for the whole economy. It is worth noting that there is a forecast £0.4m under achievement of this efficiency sum by the end of the financial year. It is worth noting that there was a gap of £3.6m reported last month of which has since been resolved through the risk share contribution that has been transacted non-recurrently in month 10.

3.2 It is therefore essential that additional proposals are considered and implemented urgently to address this gap and on a recurrent basis thereafter.

4. RECOMMENDATIONS

4.1 As stated on the report cover