

**Report to:** STRATEGIC COMMISSIONING BOARD

**Date:** 17 April 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 28 FEBRUARY 2018 AND PROJECTED OUTTURN TO 31 MARCH 2018

**Report Summary:** This is a jointly prepared report of the Tameside and 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 11 financial position (at 28 February 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 the 2017/2018 financial year update on the month 11 financial position (at 28 February 2018) and the projected outturn (at 31 March 2018).
- Acknowledge the significant level of savings required during the period 2017/18 to 2020/21 to deliver a balanced recurrent economy budget.
- Acknowledge 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)

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

<b>Value For Money Implications – e.g. Savings Deliverable, Avoidance, Comparisons Expenditure Benchmark</b>	Details contained within the report
<p><b>Additional Comments</b></p> <p>This report provides the consolidated financial position statement of the 2017/18 Care Together Economy for the period ending 28 February 2018 (Month 11 – 2017/18) together with a projection to 31 March 2018 for each of the three partner organisations.</p> <p>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.</p> <p>A risk share arrangement is in place between the Council and CCG 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.</p> <p>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 CCG.</p>	

<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	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.
<b>How do proposals align with Health &amp; Wellbeing Strategy?</b>	The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Health and Wellbeing Strategy
<b>How do proposals align with Locality Plan?</b>	The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Locality Plan
<b>How do proposals align with the Commissioning Strategy?</b>	The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Strategic Commissioning Strategy
<b>Recommendations / views of the Health and Care Advisory Group:</b>	A summary of this report is presented to the Health and Care Advisory Group for reference.
<b>Public and Patient Implications:</b>	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.
<b>Quality Implications:</b>	As above.
<b>How do the proposals help to reduce health inequalities?</b>	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 :

Stephen Wilde, Finance Business Partner, Tameside Metropolitan Borough Council

 Telephone:0161 342 3726

 e-mail: [stephen.wilde@tameside.gov.uk](mailto:stephen.wilde@tameside.gov.uk)

Tracey Simpson, Deputy Chief Finance Officer, Tameside and Glossop Clinical Commissioning Group

 Telephone:0161 342 5626

 e-mail: [tracey.simpson@nhs.net](mailto:tracey.simpson@nhs.net)

David Warhurst, Associate Director Of Finance, Tameside and Glossop Integrated Care NHS Foundation Trust

 Telephone:0161 922 4624

 e-mail: [David.Warhurst@tgh.nhs.uk](mailto:David.Warhurst@tgh.nhs.uk)

## 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 A**.
- 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 and 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 provided in **Appendix A**. 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:-
  - Following transaction of the ICF risk share the CCG is able to show a balanced financial position in 2017/18. However this ignores significant underlying pressures in individualised commissioning of approximately £6.4 million compared to the opening budget.
  - Children's Services within the Council is managing unprecedented levels of service demand which is currently projected to result in additional expenditure of £8.2m 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) savings target which is conditional upon the CCG agreeing to a reciprocal arrangement in 2019/20 and 2020/21. For 2017/18 an increased Council contribution of £4.2m has been transacted in line with this agreement. 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 £ 7.43m 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**

Organisation	Forecast Position			Forecast Position	
	Budget	Forecast	Variance	Previous Month	Movement in Month
	£000's	£000's	£000's	£000's	£000's
<b>Strategic Commission</b>	487,381	494,810	-7,429	-7,116	-313
<b>ICFT</b>	-23,730	-23,730	0	0	0
<b>Total</b>	<b>463,651</b>	<b>471,080</b>	<b>-7,429</b>	<b>-7,116</b>	<b>-313</b>

**Table 2 – Risk Share**

Risk share contributions transacted in 2017/18.

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

- 2.3 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 A**.
- 2.4 A summary of the financial position of the ICF, analysed by directorate is provided in **Table 3**.

**Table 3 – 2017/18 ICF Financial Position**

	Budget	Forecast	Variance	Previous Month	Movement in Month
	£'000	£'000	£'000	£'000	£'000
Acute	203,170	205,736	- 2,566	- 2,233	- 333
Mental Health	29,754	29,995	- 240	- 196	- 45
Primary Care	83,109	81,775	1,334	1,192	142
Continuing Care	13,623	14,340	- 717	- 712	- 5
Community	27,473	27,501	- 28	- 108	80
Other	28,970	26,760	2,210	2,053	157
QIPP	-	-	-	-	-
CCG Running Costs	5,197	5,189	8	4	3
Adult Services	44,185	43,660	525	526	- 1
Children's Social Care	35,192	43,400	- 8,208	- 7,812	- 396
Population Health	16,708	16,454	254	170	84
<b>Integrated Commissioning Fund</b>	<b>487,381</b>	<b>494,810</b>	<b>- 7,429</b>	<b>- 7,116</b>	<b>- 313</b>
CCG Expenditure	391,296	391,296	- 0	- 0	0
TMBC Net Expenditure	96,085	103,514	- 7,429	- 7,116	- 313
<b>Integrated Commissioning Fund</b>	<b>487,381</b>	<b>494,810</b>	<b>- 7,429</b>	<b>- 7,116</b>	<b>- 313</b>
A: Section 75 Services	266,791	266,929	- 138	- 128	- 10
B: Aligned Services	187,296	195,161	- 7,865	- 7,502	- 363
C: In Collaboration Services	33,294	32,720	574	513	60
<b>Integrated Commissioning Fund</b>	<b>487,381</b>	<b>494,810</b>	<b>- 7,429</b>	<b>- 7,116</b>	<b>- 313</b>

2.5. **Acute** - Against a full year budget of £203.1m, expenditure is forecast to be £205.7m. This represents an overspend of £2.6m. The acute position has deteriorated by £0.3m since month 10, mainly driven by high cost critical care patients, non contracted activity and acute oncology costs. Emergency admissions and critical care continue as the chief contributors to the overall pressure. As year-end approaches settlement positions on associate provider contracts are being agreed. The position outlined above includes settlements on the Manchester Foundation Trust, Pennine Acute and Wrightington, Wigan & Leigh contracts. While the position is fixed in terms of income & expenditure for the 2017/18 accounts, post reconciliation adjustments will be made based on actual activity when final data is available in June. In total the projected overspend on associate contracts is £2.5m analysed in table 4:

**Table 4 – Associate Contracts**

	£ m
<b>A&amp;E</b>	(0.2)
<b>Planned Care</b>	0.3
<b>Outpatients</b>	(0.5)
<b>Urgent Care</b>	(1.2)
<b>Excess Bed days</b>	(0.1)
<b>Critical Care</b>	(0.9)
<b>Other</b>	0.03

- 2.6 **Mental Health** - Against Core budgets a £0.2m overspend is forecast. This is a £0.05m adverse movement on the position reported last month due to individualised commissioning placements. The CCG received an additional allocation of £0.3m to fund services for children and young people. Liaison is ongoing with Pennine Care regarding settlement of the 2017/18 position. The CCG remains on track to meet the Mental Health Investment Standard (MHIS), at Month 11 mental health spend is 2.85% higher than last year, against a target of 2.00%
- 2.7 **Primary Care** – Currently forecast at £1.3m underspend. This is an overall improvement of £0.1m since last month. This relates to an additional allocation to fund winter pressures in primary care, which the CCG had already committed to fund from baseline allocation.
- 2.8 **Continuing Care** – Against Core budgets there will be a £0.7m overspend. This is a minimal deterioration on the position reported last month. This cost centre includes a £3.5m contribution through the ICF risk share which offsets some of the reported overspend versus the original budget.

Growth in individualised packages of care remains the CCGs biggest financial risk. Across Continuing Healthcare and individually commissioned packages in mental health and neuro rehab there is a total pressure of £6.4m, £4.2m of which is mitigated by the increased Council contribution to the risk share.

- 2.9 **Community** - The majority of spend within this directorate is within the block contract for the ICFT. There is an £0.1m favorable movement in the position at month 11 following successful resolution of query raised with HM Revenue and Customs.
- 2.10 **Other** – This area includes the Better Care Fund, estates, transformation funding and reserves. Better Care Fund 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 NHS Property Services.

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

- 2.11 **Quality, Innovation, Productivity and Prevention (QIPP)** – Against an annual savings target of £23.9m, all £23.9m has been fully achieved. Following transaction of the risk share the CCG is reporting a post mitigation risk for 2017/18 of zero to NHS England
- 2.12 **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.
- 2.13 **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.

The increase in the number of Homecare hours delivered throughout January was reflected in the previous months report and the current forecast reflects a stabilisation in the number of hours throughout February 2018.

Whilst Nursing bed capacity in Care Homes has improved slightly since the previous reporting period, vacancy levels remain low at 6.2% (33 beds) across the borough.

- 2.14 **Children's Services** – Pressure of £8.2m 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 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. There has been an increase of £0.1m to the projected employee related expenditure reported at month 11 when compared to month 10, primarily relating to agency social workers.

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.

The number of Looked After Children has increased from 519 at April 2017 to 613 in March 2018 (590 in January 2018). The projected placements related expenditure for month 11 has subsequently increased by £0.3m when compared to the month 10 projected outturn value.

The current placements budget allocation will finance approximately 450 placements, assuming average weekly unit costs for placements.

- 2.15 **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 A** provides supporting analysis of the delivery against this requirement for the whole economy. It is worth noting that there is a forecast £0.3m under achievement of this efficiency sum by the end of the financial year.
- 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.