Report to:	**STRATEGIC COMMISSIONING BOARD**
Date:	23 May 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 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 at 31 March 2018. The Tameside & Glossop Care Together Strategic Commissioning Board are required to manage all resources within the Integrated Commissioning Fund. The CCG 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 end position. • Acknowledge the significant level of savings required during the period 2018/19 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)

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 year end financial position statement for 2017/18 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. 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.
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 year end financial position of the care together economy in 2017/18 and to highlight the increased risk of achieving financial sustainability over the long term. 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 £485.47m in value.

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 also 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 overall Tameside and Glossop Care Together economy position.

1.5 Board members should also note that the outturn net expenditure details for the three Council services within the ICF (Adult Services, Children's Social Care, Public Health) are provisional at this stage and are subject to external audit validation.

1.6 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 and net expenditure for the ICF and Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT). Supporting details of the outturn variances are explained in **Appendix 1**. While financial control totals have been achieved by the three statutory organisations in 2017/18, members should be aware of significant pressures within the economy during the financial year, the key ones being:-

- Following transaction of the ICF risk share the CCG was able to show a balanced financial position in 2017/18. However this ignores significant underlying pressures in individualised commissioning of approximately £6.393m 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 £8.609m when compared to the available budget

2.2 **Table 2** provides details of the Strategic Commission risk share arrangements in place for 2017/18. Under this arrangement the Council agreed to increase its contribution to the ICF by up to £5.0m in 2017/18 and 2018/19 in support of the CCG's QIPP savings target. There is a reciprocal arrangement where the CCG will increase its contribution to the ICF in 2019/20 and 2020/21. For 2017/18 an increased Council contribution of £4.2m has been transacted in line with this agreement.

2.3 Any variation beyond 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.

2.4 The Strategic Commission net funding gap of £7.885m 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

	Year End				
Organisation	**Budget**	**Actual**	**Variance**	**Previous Month**	**Movement in Month**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Strategic Commission	485,466	493,351	-7,885	-7,429	-456
ICFT	-22,088	-22,054	34	0	0
Total	**463,378**	**471,297**	**-7,851**	**-7,429**	**-456**

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
Sub Total		**4,200**
TMBC Increase to Risk Share	Children's Services	500

2.5 There are a number of additional risks which each partner organisation has managed during the financial year, the details of which are provided within **Appendix 1.**

2.6 A summary of the financial position of the ICF analysed by directorate is provided in **Table 3.**

Table 3 – 2017/18 ICF Financial Position

Service	Year End Position Budget	Year End Position Actual	Year End Position Variance
	£'000	£'000	£'000
Acute	203,291	206,251	- 2,960
Mental Health	29,954	29,940	14
Primary Care	83,109	81,777	1,332
Continuing Care	13,623	14,329	- 706
Community	27,451	27,477	- 26
Other	26,756	26,138	619
QIPP	-	-	-
CCG Running Costs	5,197	3,469	1,728
Adult Services	44,185	43,642	543
Children's Social Care	35,192	43,801	- 8,609
Public Health	16,708	16,527	181
Integrated Commissioning Fund	**485,466**	**493,351**	**- 7,885**
CCG Expenditure	389,381	389,381	0
TMBC Net Expenditure	96,085	103,970	- 7,885
Integrated Commissioning Fund	**485,466**	**493,351**	**- 7,885**
A: Section 75 Services	265,511	264,721	790
B: Aligned Services	186,721	195,926	- 9,205
C: In Collaboration Services	33,234	32,704	530
Integrated Commissioning Fund	**485,466**	**493,351**	**- 7,885**

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2.7 **CCG Surplus –** The significant change to the CCG position since M11 is a change to the CCG surplus. On 20 March Paul Baumann, Chief Finance Officer, NHS England sent a letter to all CCGs which resulted in two changes:

- **System Risk Reserve**. In line with guidance The CCG retained £1.722m of resource on reserves to offset any wider system pressures across the NHS. The CCG has been asked to release this reserve and increase the value of our reported surplus. Nationally commissioner surpluses will increase by around £560m as a result of this which will be used to offset the deficit position in the provider sector.

- **Category M Drugs**. As reported previously a clawback arrangement has been in operation in 2017/18, where the benefit of price reductions for Cat M drugs has sat with NHS England rather than the CCG. In light of other pressure faced by CCG (most notably around NCSO drugs), Paul Baumann has agreed that the Cat M rebate will be returned to all CCG to improve the bottom line position.

2.8 The net impact of these changes is an increase in the surplus to £9.347m. It is important to note that there is no mechanism through which the CCG would be able to draw down any of this surplus in 2018/19:

	£'000s
Planned Surplus (i.e. 1% plus carry forward from 16/17)	7,174
System Risk Reserve	1,722
Category M Drugs	451
Total 2017/18 Surplus	**9,347**

2.9 **Acute** - Against a full year budget of £203.291m, there was expenditure of £206.251m. This represents an overspend of £2.960m. The acute position has deteriorated by £0.394m since last month, driven by an increased number of out of area admissions and demand for treatment in the private sector. Emergency admissions and critical care continue as the chief contributors to the overall pressure:

	(Over) / Under Performance
POD	**£'000**
A & E	(180)
Urgent Care	(1,165)
Excess Bed Days	(85)
Outpatients	(539)
Planned Care	336
Critical Care	(588)
Other	48
Total	**(2,173)**

The year end position in includes settlement positions on associate provider contracts. For Stockport, Salford, The Christie, Pennine Acute and Bolton these are fixed final agreements which will not change to reflect actual activity in February/March. For all other providers, while the position is fixed in terms of income & expenditure for the 2017/18 accounts, we will make post reconciliation adjustments based on actual activity when final data is available in June.

2.10 **Mental Health** – There is a £0.014m underspend against core budgets. This is a £0254m favourable movement on the position reported last month due to slippage in implementation of schemes reaching a settlement with Pennine Care.

The CCG has achieved the Mental Health Investment Standard (MHIS) for 2017/18, with an increase in mental health spend over 2016/17 of 2.8% against a target of 2.00%

2.11 **Primary Care** – Total underspend in 2017/18 was £1.332m, which is broadly consistent with the position forecast at M11.

2.12 **Continuing Care** – There is a £0.706m overspend against core budgets which is broadly consistent with the position forecast at M11. This 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 Health Care and individually commissioned packages in mental health and neuro rehab there is a total pressure of £6.393m, £4.200m of which is mitigated by the increased Council contribution to the risk share.

2.13 **Community** - The majority of spend within this directorate is within the block contract for the ICFT. The final outturn was broadly consistent with the position forecast at M11.

2.14 **Other** – This area includes the Better Care Fund, estates, transformation funding and reserves. The movement of £1.590m against this directorate is largely presentational and relates to the accounting treatment required in order to increase the surplus as discussed earlier in the report, offset by the forecast QIPP reserve naturally dissipating at year end.

2.15 **QIPP** – Against an annual savings target of £23.9m, all £23.9m has been fully achieved in year. However less than half of this was achieved on a recurrent basis, leading to a 2018/19 requirement of £19.8m.

2.16 **CCG Running Costs** – While the table shows an in month movement of £1.72m against this directorate, this movement is presentational. It relates to required adjustments to ensure the correct year-end accounting for QIPP schemes (running costs and estates savings relating to New Century House).

2.17 **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 £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.

2.18 **Children's Services** – Net expenditure in excess of revenue budget of £8.61m – primarily due to increased expenditure on children's placements and agency social workers as a result of increased demand. In addition there were appointments to senior posts to the approved budget allocation which were necessary to support the implementation of required improvements within the service.

As reported in previous periods, there is an ongoing strategy within the service to transition agency social workers onto permanent contracts as this is a lower cost alternative and also improves the quality and stability of service delivery. For context, the number of Looked After Children increased from 519 at April 2017 to 613 in March 2018 (590 in January 2018).

An additional non recurrent £18m budget allocation has been approved by the Council to support the levels of unprecedented service demand, £10 million of which has been allocated in 2018/19. The details of the demand management and reduction strategy will be reported during the 2018/19 financial year ICF monitoring reports.

3 2017/18 EFFICIENCY PLAN

3.1 The economy has an efficiency sum of £35.07m to deliver in 2017/18, of which £24.67m 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 was a £0.360m under achievement of this efficiency sum at the end of the financial year and the Control Totals were delivered.

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

4 RECOMMENDATIONS

4.1 As stated on the report cover.