

Report to: EXECUTIVE CABINET

Date: 25 July 2018

**Executive Member/
Reporting Officer** Cllr Fairfoull – Executive Member (Performance and Finance)
Kathy Roe – Director of Finance
Tom Wilkinson – Assistant Director of Finance

Subject: **STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST – CONSOLIDATED 2018/19 REVENUE MONITORING STATEMENT AT 31 MAY 2018 AND FORECAST TO 31 MARCH 2019**

Report Summary: This report has been prepared jointly by officers of Tameside Council, NHS Tameside and Glossop Clinical Commissioning Group and NHS Tameside and Glossop Integrated Care Foundation Trust (ICFT).
The report provides a consolidated forecast for the Strategic Commission and ICFT for the current financial year.

Recommendations: Executive Cabinet is recommended:

- (i) To note the report content.
- (ii) Acknowledge the significant level of savings required during 2018/19 to deliver a balanced recurrent economy budget together with the related risks.
- (iii) To approve the payment of up to £ 4.65 million to the ICFT. Up to £4.4 million relates to Delayed Transfers Of Care (DTC) and will be financed via the Council's improved Better Care Fund (iBCF) grant allocation in accordance with the associated grant allocation guidance. It is evident that since the initial DTC payment was made to the ICFT in 2017/18, there has been a significant improvement in DTC performance alongside a reduced impact on Adult Social Care services. The payment of up to £4.4 million relating to Delayed Transfers of Care (DTC) will require approval by Strategic Commissioning Board members as the budget is within the Section 75 of the Integrated Commissioning Fund.
- (iv) That a sum of up to £0.25 million be paid as an agreed share of the anticipated additional car parking income from the expansion of car parking around the hospital (details are referenced in section 4.1 of the report).

Links to Community Strategy: Budget is allocated in accordance with the Community Strategy.

Policy Implications: Budget is allocated in accordance with Council Policy.

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

Integrated Fund Section	Commissioning	Section 75
------------------------------------	----------------------	------------

Decision Required By	Strategic Commissioning Board
Organisation and Directorate	Tameside MBC – Adult Services
Budget Allocation	£ 4.4 million
Integrated Commissioning Fund Section	Aligned
Decision Required By	Executive Cabinet
Organisation and Directorate	Tameside MBC – Operations and Neighbourhoods
Budget Allocation	£ 0.25 million
Additional Comments	
<p>This report provides the 2018/19 consolidated financial position statement at 31 May 2018 for the Strategic Commission and ICFT partner organisations.</p> <p>The report emphasises that there is a clear urgency to implement associated strategies to ensure the projected funding gap in the current financial year is addressed and closed on a recurrent basis across the whole economy.</p> <p>It should be noted that the Integrated Commissioning Fund (ICF) for the Strategic Commission is bound by the terms within the Section 75 and associated Financial Framework agreements.</p> <p>It should also be noted that the Council agrees to increase the value of Council resources within the ICF by a maximum sum of £5.0 million in 2018/2019, should this be necessary, on the condition that Tameside and Glossop Clinical Commissioning Group agrees a reciprocal arrangement in 2020/21.</p> <p>A key section of the Financial Framework agreement is the risk sharing arrangements. The associated variance to the total net budget allocation at the end of each financial year will be financed in proportion to the percentage of the net budget contribution of each organisation to the ICF. However, the variance will be initially adjusted to exclude any CCG net expenditure associated with residents of Glossop as the Council has no legal powers to contribute to such expenditure. Details of the risk sharing arrangements are provided within the financial framework and the values are additional to the £5.0 million contribution explained in the previous paragraph.</p> <p>Recommendation three to support the payment of up to £ 4.65 million to the ICFT will be financed from two funding sources. Up to £4.4 million relates to Delayed Transfers Of Care</p>	

(DTCO) and will be financed via the Council's improved Better Care Fund (iBCF) grant allocation within Adult Services. This requires approval by the Strategic Commissioning Board as the funding is within the Section 75 of the Integrated Commissioning Fund. Members should note the Council has been allocated a total improved Better Care Funding allocation of £ 10.3 million for the period 2017/18 to 2019/20. This was announced in March 2017.

In addition a sum of up to £0.25 million (within Operations and Neighbourhoods) will be paid as an agreed share of the anticipated additional car parking income from the expansion of car parking around the hospital (details are referenced in section 4.1 of the report). This payment requires approval by the Executive Cabinet of the Council as the funding is within the Aligned section of the Integrated Commissioning Fund.

**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.

Risk Management:

Associated details are specified within the presentation.

Failure to properly manage and monitor the Council's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position. The Council is facing significant risks, especially in relation to Children's Services and demographic pressures in Adults Services, which has been absorbed by using one off Government Grant funding in the short term.

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

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




Telephone:0161 342 5626



e-mail: 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

1. INTRODUCTION

- 1.1 This report aims to provide an overview on the financial position of the Tameside and Glossop economy in 2018/19 at the 31 May 2018 with a forecast projection to 31 March 2019. Supporting details are provided in **Appendix 1**.
- 1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total net revenue budget value of the ICF for 2018/19 is currently £581 million.
- 1.3 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 economy position.
- 1.4 Reference to Glossop solely relates to health service expenditure as Council services for Glossop are the responsibility of Derbyshire County Council.
- 1.5 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations namely:
- Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT)
 - NHS Tameside and Glossop CCG (CCG)
 - Tameside Metropolitan Borough Council (TMBC)
- 1.6 The report also requests a payment of up to £ 4.65 million from the Council to the ICFT. The rationale is provided in section 4.1 of the report.

2 FINANCIAL SUMMARY

- 2.1 Table 1 provides details of the summary 2018/19 budgets and net expenditure for the ICF and Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT) projected to 31 March 2019. Supporting details of the projected variances are explained in **Appendix 1**.
- 2.2 The Strategic Commission risk share arrangements remain in place for 2018/19. Under this arrangement the Council has agreed to increase its contribution to the ICF by up to £5.0m in 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 2020/21.
- Any variation beyond is shared in the ratio 68 : 32 for CCG : Council. A cap is placed on the shared financial exposure for each organisation (after the use of £5.0m) in 2018/19 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.

Table 1 – Summary of the ICF and ICFT – 2018/19

Organisation	Net Budget	Projected Outturn	Variance
	£'000	£'000	£'000
Strategic Commission	580,554	589,235	-8,681

ICFT	-25,668	-25,668	0
Total	554,886	563,567	-8,681

- 2.3 A summary of the financial position of the ICF analysed by directorate is provided in Table 2. The projected variance has been sub analysed into two categories : the value of savings that are projected not to be realised and the value of emerging cost pressures in 2018/19. The supporting analysis is provided within slide 5 of **Appendix 1**.

Table 2 – 2018/19 ICF Financial Position.

Service	Budget £'000	Projected Outturn £'000	Variance £'000
Acute	206,088	206,065	23
Mental Health	33,013	33,013	0
Primary Care	86,319	86,301	18
Continuing Care	15,003	17,993	-2,990
Community	30,040	30,040	0
Other	18,402	15,453	2,949
CCG TEP Shortfall (QIPP)	0	3,741	-3,741
CCG Running Costs	5,175	5,175	0
Adult Services	40,492	40,705	-213
Children's Services	47,015	50,230	-3,215
Population Health	16,298	16,210	88
Operations and Neighbourhoods	50,379	51,144	-765
Place	7,858	9,422	-1,564
Governance	9,136	9,136	0
Finance & IT	4,450	4,450	0
Quality and Safeguarding	67	67	0
Capital and Financing	9,638	9,638	0
Contingency	- 2,660	-3,389	729
Corporate Costs	3,841	3,841	0
Integrated Commissioning Fund	580,554	589,235	-8,681
CCG Net Expenditure	394,040	397,781	-3,741
TMBC Net Expenditure	186,514	191,454	-4,940
Integrated Commissioning Fund	580,554	589,235	-8,681
A: Section 75 Services	264,331	267,382	-3,051
B: Aligned Services	241,961	247,152	-5,191
C: In Collaboration Services	74,262	74,701	-439
Integrated Commissioning Fund	580,554	589,235	-8,681

- 2.4 There are estimated savings proposals of £ 5.1 million which are currently at risk of non delivery in 2018/19. Slide 8 of **Appendix 1** provides details of the key proposals unlikely to be realised.

2.5 These include :

£ 0.5 million – Darnton Road Car Park Income

2.5.1 New Car parking provision around the hospital was expected to generate additional income of £0.5million per annum. Delays in the construction of the spaces has resulted in the non delivery of the saving in 2018/19. Construction is now under way and the car parks should be fully operational shortly. The income generated in 2018/19 will offset the overall shortfall in car park income budgets.

£ 0.3 million – Re provision of Facilities Management and Estates Contract

2.5.2 The Additional Services contract with the Local Education Partnership (LEP) was due to end at the end of October 2018, it was anticipated that savings as a result of a new provision would be achievable. As a result of the collapse of Carillion the existing contract with the LEP has been extended until July 2019 to enable a full review of the Service. Savings anticipated will therefore not materialise in 2018/19.

£ 3.7 million – CCG Targeted Efficiency Plan

2.5.3 The CCG has a Targeted Efficiency Plan (TEP) also known as Quality, Innovation, Productivity and Prevention (QIPP) target for 2018/19 of £19.8 million. At this reporting period end savings of £ 4.442 million have been achieved. Significant contributors to this total include :

- **£2.000 million - Release of reserves.**

Resources set aside during budget setting to account for uncertainty in contract negotiation and other areas, which can now be released.

- **£0.608 million - Mental Health Slippage.**

There is a commitment to invest a further £2.5 million on a recurrent basis to meet five year forward view, however there will be some slippage in year as schemes are not yet fully operational.

- **£8.864 million - Running Costs.**

Full year impact of savings made in 2017/18 (e.g. New Century House, Chief Operating Officer and Shared Services).

- **£0.436 million - Budget Management.**

Ad hoc savings and slippage identified since budget setting (e.g. Air Liquide, Weight Management, VAT on wheelchairs and programme staffing).

- **£0.413 million - ICFT Contract.**

Year to date savings built into the contract as a result of neighbourhoods absorbing any demographic growth.

2.5.4 These year to date savings, together with green rated schemes which relate to savings in future months, mean there is certainty that at least £11.794 million savings will be achieved, which represents 60% of the total target.

2.5.5 If optimism bias is applied to the amber and red rated schemes, the total expected achievement in 2018/19 is £16.059 million. This leaves a gap of £ 3.741 million for savings to identify. There a number of 'emerging pipeline schemes', which are currently unquantified. These, together with new schemes identified through a series of meetings held by the Finance Director and Chief Executive with all budget holders will be used to further reduce the gap over the intervening period.

2.6 In addition there are estimated emerging cost pressures of £ 3.6 million arising in 2018/19. Slide 9 of **Appendix 1** provides details of the key emerging issues which include :

£ 3.0 million - Children's Social Care placements.

2.6.1 The rising numbers of children in care need to be viewed in the context of the National trend seen across most Local Authorities. A recent published report (13 June 2018) "Care Crisis review, A sector led review of the rise in application of care orders and the number of Children in Care" confirmed the concerns regarding the increase in numbers. The

review stated that the reasons for the rise are complex and there are no simple solutions, however some of the solutions highlighted in the report are consistent with the plans in our Successful Families – Reducing the Number of Children in Care report. This includes relationship building practice (the service plan to implement the Signs of Safety model which is underway); development of our Edge of Care service; Family Group Conferences. The review also highlights the need for additional ring fenced funding to be made available to all English Local Authorities.

2.6.2 Analysis of those children coming into care over the last 6 months in Tameside shows that decisions to accommodate are appropriate. There is greater rigour applied to ensure that children are placed within the family wherever possible and a greater emphasis is placed on the use of alternative orders such as Child Arrangements Orders (CAO) and Special Guardianship Orders (SGO's). Legal Gateway and Placement Panel have been merged to bring a consistent approach to 'gatekeeping' and decision making for both new requests for care proceedings and looked after children (LAC) placements; a review mechanism has also been built into panel. The revised panel is beginning to impact in terms of reducing the overall numbers of care proceedings which are down from 77 sets in January 2018 to 62 sets at end of May 2018.

2.6.3 A review and analysis of those children placed at home with parents has been completed and work is underway to discharge those orders where it is in the child's best interest to do so. Children have been identified who are currently placed with long term foster carers who can transfer to SGO's and the service is working towards reducing the number of children on Placement Orders that can be progressed to permanent adoption in a more timely manner.

2.6.4 There are on-going challenges due to availability of placements in particular foster carers. This again is a national problem. As a consequence there are children going into more costly residential placement due to shortage of foster carers. The service is in the process of appointing a Recruitment Officer for Fostering to help increase the number of foster carers and reduce the need to place children with external foster carers or in children's homes. It should be noted that the 2018/19 placements budget was based on the level of Looked After Children at December 2017 (585) ; the current level at mid June 2018 is 628; a resulting increase of 43 (7%). This should also be considered alongside the current average weekly cost of placements in the independent sector with residential at £ 3,682 and foster care £ 764.

£ 0.2 million – SEN Transport

2.6.5 SEN Transport Costs have increased due to the number of pupils with Education, Health, Care Plans (EHCP's) who are eligible for transport; pupils travelling out of borough to named provision; increasing levels of permanent exclusions leading to increased travel costs for pupils attending the Pupil Referral Service; more complex behaviours and conditions resulting in more taxis going to the same school to ensure the safety of pupils, escorts and drivers. A review will take place to ensure that transport is provided in the most cost effective way.

£ 0.8 million – Carillion Liquidation

2.6.6 Following the liquidation of Carillion the appointed liquidator PWC have been managing the contracts to enable the smooth transfer to other providers. The costs of this service were not budgeted for, and will continue to be incurred until everything is finalised.

£ 3.0 million – Continuing Health Care

2.6.7 Growth in the cost and volume of individualised packages of care is amongst the biggest financial risks facing the Strategic Commissioner. Expenditure growth in this area was 14% in 2017/18, with similar double digit growth rates seen over the previous two years. When benchmarked against other CCGs in GM on a per capita basis spend in Tameside & Glossop spends significantly more than average in this area. A continuation of historic growth rates is not financially sustainable and should not be inevitable that T&G is an

outlier against our peers across GM in the cost of individualised commissioning. Therefore budgets which are reflective of this and assume efficiency savings have been set for 2018/19.

2.6.8 Against core continuing health care (CHC) budgets there is a current forecast £3 million overspend in 2018/19. A financial recovery plan is now in place and progress against this is reported to the Finance and QIPP Assurance Group on a regular basis. Significant work is underway to look at potential savings and schemes which are being actively pursued include:

- Moving away from spot purchasing to block contracts for individualised commissioning packages across both the CCG and Council
- Management of fast track (end of life patients expected to live less than 90 days) placements
- Efficiencies through use of 'Broadcare' – a new IT system to manage CHC patients
- Changes to the governance of MDT meetings
- Dowry Income
- Renegotiation of contract rates

2.6.9 Further work is required to develop and realise the savings associated with these schemes. However there is clear evidence that progress is being made on fast track placements where marked reductions in both the number of active packages and the duration of each package can be seen.

£ (3.0) million – Risk Reserve

2.6.10 The £3 million movement against the risk reserve is to be considered alongside the continuing health care (CHC) pressure. The CHC pressure was anticipated during budget setting and some non-recurrent contingency was built into the overall position. However, this does not address the medium to long term risk associated with CHC, but means that the increasing CHC forecast has not resulted in a greater TEP target for 2018/19.

£ (0.7) million – Adult Social Care Grant

2.6.11 The grant has been allocated to the Council's contingency budget pending decisions on utilisation

3 2018/19 EFFICIENCY PLAN

3.1 The economy has an efficiency sum of £35.7 million to deliver in 2018/19, of which £22.9 million is a requirement of the Strategic Commissioner.

3.2 Slide 7 of **Appendix 1** provides a summary of the associated risks relating to the delivery of these savings for the Strategic Commissioner with slide 12 providing an overview for the ICFT. It is worth noting that there is a risk of under achievement of this efficiency sum across the economy at this reporting period.

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

4 ICFT INVESTMENT

4.1 A payment is proposed of up to £ 4.65 million to the ICFT. Up to £ 4.4 million relates to delayed transfers of care (DTC) and will be financed via the Council's improved Better Care Fund (iBCF) grant allocation in accordance with the associated grant allocation guidance. It is evident that since the initial DTC payment was made to the ICFT in 2017/18, there has been a significant improvement in DTC performance alongside a

reduced impact on Adult Social Care services. A payment of up to £ 0.25 million relates to the ICFT's agreed share of the anticipated additional car parking income from the expansion of car parking around the hospital. The car parking income arrangements were agreed as part of the budget process on a non recurrent basis, however, the slow progress on the laying of the car park will mean that this funding is unlikely to be achieved. The amount has been agreed as part of the contract. Members should note the Council has been allocated a total improved Better Care Funding allocation of £ 10.3 million for the period 2017/18 to 2019/20. This was announced in March 2017.

- 4.2 The payment of up to £4.4 million relating to Delayed Transfers of Care (DTC) will require approval by Strategic Commissioning Board members as the budget is within the Section 75 of the Integrated Commissioning Fund.
- 4.3 The payment of up to £0.25 million relating to car park income will require approval by the Council's Executive Cabinet members as the budget is within the Aligned section of the Integrated Commissioning Fund.

5 RECOMMENDATIONS

- 5.1 As stated on the report cover.