

**Report To:** EXECUTIVE CABINET

**Date:** 28 April 2021

**Executive Member / Reporting Officer:** Councillor Oliver Ryan – Executive Member (Finance and Economic Growth)  
Dr Ash Ramachandra – Lead Clinical GP  
Kathy Roe – Director of Finance

**Subject:** STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE REPORT 2020/21 - AS AT MONTH 11

**Report Summary:** This is the eleventh financial monitoring report for the 2020/21 financial year, reflecting actual expenditure to 28 February 2021 and forecasts to 31 March 2021. New funding continues to be announced by Government to support the impacts of the COVID pandemic, and whilst confidence in the year end position is much greater at this time of year, forecasts remain subject to change in the event of new or changed government guidance and funding over the remaining few weeks of the year.

**APPENDIX 1** summarises the integrated financial position on revenue budgets as at 28 February 2021 and forecast to 31 March 2021. As at Month 11, the Strategic Commission is forecasting a net overspend of £0.204m by 31 March 2021. This is a small overall deterioration on the position reported at month 10 and reflects the reduced surplus on CCG budgets which was previously offsetting a larger overspend on Council Budgets. As further COVID funding continues to be made available to the Council in the final month of the year, this position may improve before the end of the financial year.

Whilst the overall forecast position remains broadly positive compared to the position earlier in the year, there remain significant variances in some service areas which are not attributed to COVID and which present ongoing financial risks for future years.

**Recommendations:** Members are recommended to note the forecast outturn position and associated risks for 2020/21 as set out in **Appendix 1**.

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

**Financial Implications:**  
**(Authorised by the Section 151 Officer & Chief Finance Officer)** The Council set a balanced budget for 2020/21 but the budget process in the Council did not produce any meaningful efficiencies from departments and therefore relied on a number of corporate financing initiatives, including budgeting for the full estimated dividend from Manchester Airport Group, an increase in the vacancy factor and targets around increasing fees and charges income.

The budget also relied on drawing down £12.4m of reserves to allow services the time to turn around areas of pressures. These areas were broadly, Children's Services placement costs, Children's Services prevention work (which was to be later mainstreamed and funded from reduced placement costs), shortfalls on car parking and markets income. Each of these services required on-going

development work to have the impact of allowing demand to be taken out of the systems and additional income generated.

There was additional investment around the IT and Growth Directorate Services, to invest in IT equipment, software and capacity and to develop strategically important sites for housing and business development, including key Town Centre masterplans. A delay in delivering the projects that the reserves were funding is likely to mean more reserves will be required in future years, placing pressure on already depleting resources.

The NHS was operating under a command and control financial regime for the first six months of 2020/21. Under command and control there was no requirement or expectation that the CCG would deliver efficiency savings. Since October the NHS has entered phase 3 of the COVID recovery process. Under phase 3, financial envelopes have been issued on a Sustainability and Transformation Plan (STP) footprint. In T&G this means that a financial envelope exists at a Greater Manchester level. This report shows that local control totals required to deliver against the envelope will be met, however there is risk associated with this.

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.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

A sound budget is essential to ensure effective financial control in any organisation and the preparation of the annual budget is a key activity at every council.

Every council must have a balanced and robust budget for the forthcoming financial year and also a 'medium term financial strategy' (MTFS). This projects forward likely income and expenditure over at least three years. The MTFS ought to be consistent with the council's work plans and strategies, particularly the corporate plan. Due to income constraints and the pressure on service expenditure through increased demand and inflation, many councils find that their MTFS estimates that projected expenditure will be higher than projected income. This is known as a budget gap.

Whilst such budget gaps are common in years two-three of the MTFS, the requirement to approve a balanced and robust budget for the immediate forthcoming year means that efforts need to be made to ensure that any such budget gap is closed. This is achieved by making attempts to reduce expenditure and/or increase income. In times of austerity, it is tempting for a council to run down its reserves to maintain day-to-day spending. However, this is, at best, short sighted and, at worst, disastrous. Reserves can only be spent once and so can never be the answer to long-term funding problems. However, reserves can be used to buy the council time to consider how best to make efficiency savings and can also be used to 'smooth' any uneven pattern in the need to make savings.

**Risk Management:**

Associated details are specified within the presentation.

Failure to properly manage and monitor the Strategic Commission'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 Council 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.

**Background Papers:**

Background papers relating to this report can be inspected by contacting :

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## **1. BACKGROUND**

- 1.1 Monthly integrated finance reports are usually prepared to provide an overview on the financial position of the Tameside and Glossop economy.
- 1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total gross revenue budget value of the ICF for 2020/21 is in excess of £992 million.
- 1.3 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)

## **2. REVENUE BUDGET SUMMARY**

- 2.1 **Appendix 1** summarises the integrated financial position on revenue budgets as at 28 February 2021 and forecast to 31 March 2021.
- 2.2 As at Month 11, the Strategic Commission is forecasting a net overspend of £0.204m by 31 March 2021. This is a small overall deterioration on the position reported at month 10 and reflects the reduced surplus on CCG budgets which was previously offsetting a larger overspend on Council Budgets. As further COVID funding continues to be made available to the Council in the final month of the year, this position may improve further by the end of the financial year.
- 2.3 Whilst the overall forecast position is looking broadly positive when compared to the position earlier in the year, there remain significant variances in some service areas, which are not attributed to COVID and which present ongoing financial risks for future years.

## **3. RECOMMENDATIONS**

- 3.1 As stated on the front cover of the report.