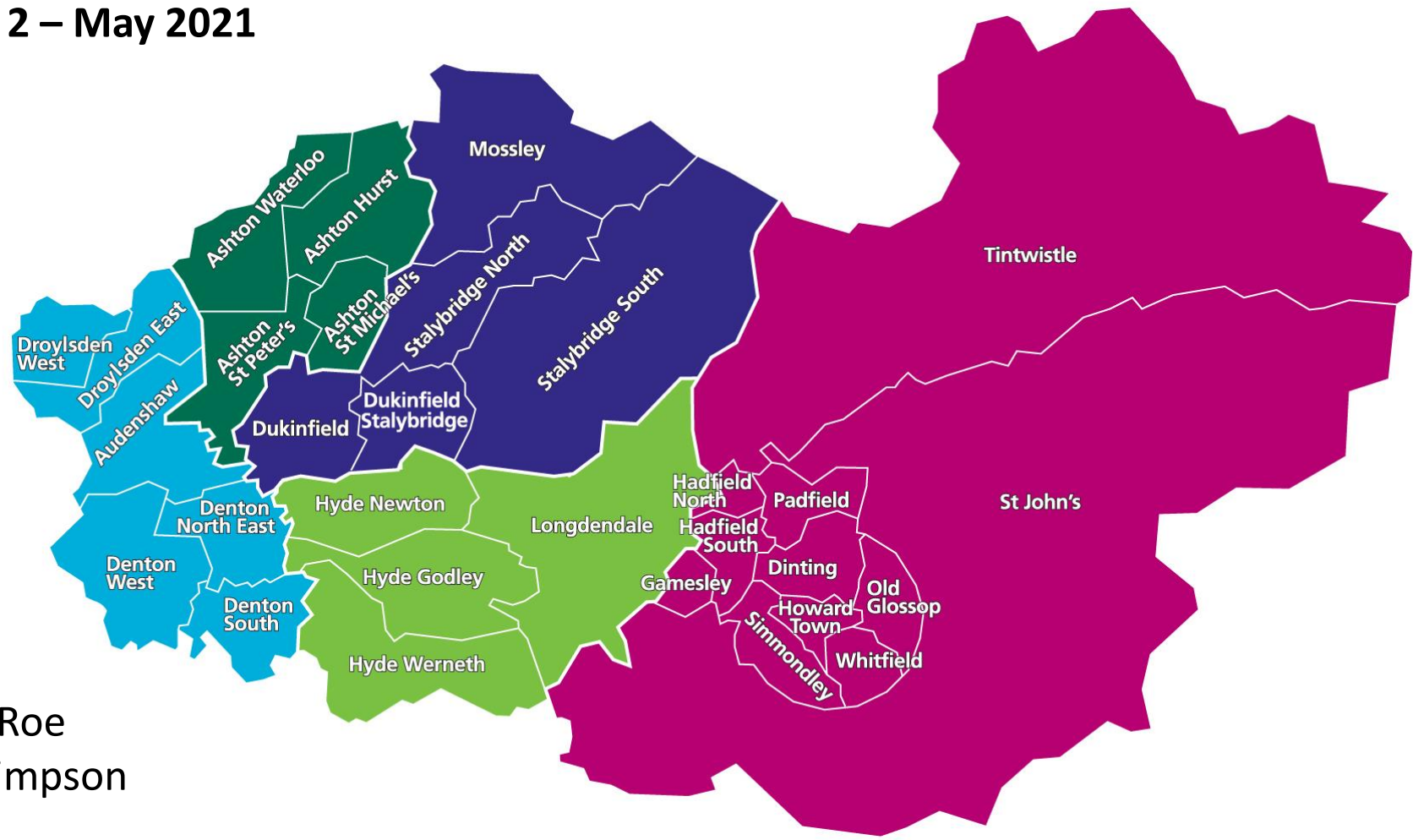


# Tameside and Glossop Strategic Commission

Finance Update Report  
Period Ending 31st March 2022  
Month 2 – May 2021



Kathy Roe  
Sam Simpson

## Period 2 Finance Report

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*This report covers the Tameside and Glossop Strategic Commission (Tameside & Glossop Clinical Commissioning Group (CCG) and Tameside Metropolitan Borough Council (TMBC)). It does not capture any Local Authority spend from Derbyshire County Council or High Peak Borough Council for the residents of Glossop.*

*Forecasts reflect a full 12 months for TMBC, but only 6 months for the CCG*

# Finance Update Report – Executive Summary

This is the first financial monitoring report for the 2021/22 financial year, reflecting actual expenditure to 31 May 2021.

Budgets continue to face significant pressures across many service areas. COVID pressures remain as a meaningful factor in this, with pressures arising from additional costs or demand (including the elective recovery programme), and shortfalls of council income.

The NHS financial regime has still not fully normalised following the command and control response to the pandemic last year and NHS funding has only been confirmed for April to September 2021; as such we are only able to report 6 months of CCG budgets. The ICFT has a financial plan for the first 6 months of 2021/22, although there is uncertainty in forecasting expenditure due to the operational challenges of restoring elective services, whilst facing the ongoing uncertainty of the impact of responding to the pandemic. A full 12 month forecast is in place for the council. Forecasts are inevitably subject to change over the course of the year as more information becomes available, and there is greater certainty around NHS funding from October and other assumptions.

As at Period 2, the Council is forecasting an overspend against budget of £5.8m, with monitoring focused on the highest risk areas of the budget. £5.3m of the total pressure does not relate to COVID, but reflects underlying financial issues that the Council would be facing regardless of the ongoing pandemic. Children's Services are still the biggest area of financial concern.

A 7 point plan has been put in place to address issues in children's services. While a new financial turnaround process is being implemented across all budget areas to address financial pressures on a recurrent basis.

While the CCG is reporting an overspend of £194k, this relates to reimbursable COVID expenses for which we should receive a future allocation increase. The ICFT are operating within the agreed financial envelope.

Forecast Position £000's	Outturn Position					Net Variance		Net Variance	
	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance	Previous Month	Movement in Month
CCG Expenditure	221,305	0	221,305	221,499	(194)	(194)	0	0	(194)
TMBC Expenditure	545,697	(351,203)	194,494	200,300	(5,806)	(490)	(5,316)	0	(5,806)
<b>Integrated Commissioning Fund</b>	<b>767,002</b>	<b>(351,203)</b>	<b>415,799</b>	<b>421,798</b>	<b>(5,999)</b>	<b>(684)</b>	<b>(5,315)</b>	<b>0</b>	<b>(5,999)</b>

# Integrated Commissioning Fund Budgets

Forecast Position £000's	YTD Position			Forecast Position			Variance	
	Budget	Actual	Variance	Budget	Forecast	Variance	COVID Variance	Non-COVID Variance
Acute	37,420	37,399	21	114,637	112,259	2,378	0	2,378
Mental Health	7,170	7,128	42	22,473	22,473	0	0	0
Primary Care	15,434	15,271	163	47,032	47,569	(537)	0	(537)
Continuing Care	2,652	2,548	105	7,538	7,781	(243)	0	(243)
Community	5,704	5,891	(187)	17,276	17,289	(13)	0	(13)
Other CCG	3,508	3,882	(375)	10,071	11,849	(1,778)	(194)	(1,584)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0
CCG Running Costs	736	699	38	2,278	2,278	(0)	(0)	0
Adults	6,702	7,816	(1,114)	40,214	40,214	0	0	0
Children's Services - Social Care	8,680	8,361	319	53,510	58,227	(4,717)	0	(4,717)
Education	868	4,733	(3,865)	7,239	7,239	0	0	0
Individual Schools Budgets	795	(7,345)	8,140	0	0	0	0	0
Population Health	2,566	1,031	1,535	15,397	15,397	0	0	0
Operations and Neighbourhoods	6,318	31,757	(25,438)	51,234	52,125	(891)	(346)	(545)
Growth	1,570	1,481	89	9,420	9,618	(198)	(144)	(54)
Governance	1,326	1,165	161	9,067	9,067	0	0	0
Finance & IT	1,334	1,947	(614)	8,318	8,318	0	0	0
Quality and Safeguarding	32	(66)	98	142	142	0	0	0
Capital and Financing	(166)	(92)	(74)	4,775	4,775	0	0	0
Contingency	(1,646)	143	(1,788)	(9,873)	(9,873)	0	0	0
Contingency - COVID Costs	0	2,088	(2,088)	0	630	(630)	(630)	0
Corporate Costs	840	682	159	5,051	5,051	0	0	0
LA COVID-19 Grant Funding	0	(20,278)	20,278	0	(630)	630	630	0
Other COVID contributions	0	(220)	220	0	0	0	0	0
<b>Integrated Commissioning Fund</b>	<b>101,844</b>	<b>106,019</b>	<b>(4,176)</b>	<b>415,799</b>	<b>421,798</b>	<b>(5,999)</b>	<b>(684)</b>	<b>(5,315)</b>
CCG Expenditure	72,624	72,818	(194)	221,305	221,499	(194)	(194)	0
TMBC Expenditure	29,220	33,202	(3,982)	194,494	200,300	(5,806)	(490)	(5,316)
<b>Integrated Commissioning Fund</b>	<b>101,844</b>	<b>106,019</b>	<b>(4,176)</b>	<b>415,799</b>	<b>421,798</b>	<b>(5,999)</b>	<b>(684)</b>	<b>(5,315)</b>

# Integrated Commissioning Fund Budgets

Forecast Position £000's	Forecast Position					Net Variance		Net Variance	
	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance	Previous Month	Movement in Month
Acute	114,637	0	114,637	112,259	2,378	0	2,378	0	2,378
Mental Health	22,473	0	22,473	22,473	0	0	0	0	0
Primary Care	47,032	0	47,032	47,569	(537)	0	(537)	0	(537)
Continuing Care	7,538	0	7,538	7,781	(243)	0	(243)	0	(243)
Community	17,276	0	17,276	17,289	(13)	0	(13)	0	(13)
Other CCG	10,071	0	10,071	11,849	(1,778)	(194)	(1,584)	0	(1,778)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0	0
CCG Running Costs	2,278	0	2,278	2,278	(0)	(0)	0	0	(0)
Adults	90,811	(50,597)	40,214	40,214	0	0	0	0	0
Children's Services - Social Care	64,110	(10,600)	53,510	58,227	(4,717)	0	(4,717)	0	(4,717)
Education	33,020	(25,781)	7,239	7,239	0	0	0	0	0
Individual Schools Budgets	123,192	(123,192)	0	0	0	0	0	0	0
Population Health	15,647	(250)	15,397	15,397	0	0	0	0	0
Operations and Neighbourhoods	78,839	(27,605)	51,234	52,125	(891)	(346)	(545)	0	(891)
Growth	44,283	(34,863)	9,420	9,618	(198)	(144)	(54)	0	(198)
Governance	71,454	(62,387)	9,067	9,067	0	0	0	0	0
Finance & IT	10,141	(1,823)	8,318	8,318	0	0	0	0	0
Quality and Safeguarding	383	(241)	142	142	0	0	0	0	0
Capital and Financing	8,964	(4,189)	4,775	4,775	0	0	0	0	0
Contingency	(500)	(9,373)	(9,873)	(9,873)	0	0	0	0	0
Contingency - COVID Costs	0	0	0	630	(630)	(630)	0	0	(630)
Corporate Costs	5,352	(301)	5,051	5,051	0	0	0	0	0
LA COVID-19 Grant Funding	0	0	0	(630)	630	630	0	0	630
Other COVID contributions	0	0	0	0	0	0	0	0	0
<b>Integrated Commissioning Fund</b>	<b>767,002</b>	<b>(351,203)</b>	<b>415,799</b>	<b>421,798</b>	<b>(5,999)</b>	<b>(684)</b>	<b>(5,315)</b>	<b>0</b>	<b>(5,999)</b>

# CCG Budgets and the Integrated Commissioning Fund

With the outbreak of COVID-19 last year, emergency planning procedures were instigated by NHSE and a national 'command and control' financial framework was introduced. While national controls have been relaxed over time, normal NHS financial operating procedures have still not yet been fully reintroduced.

A financial envelope for the first 6 months of the year has been agreed at a Greater Manchester level, from which the CCG has been allocated £221.3m of resource. Nationally calculated contract values remain in place, while the CCG are still able to claim top up payments for vaccination related costs and for the Hospital Discharge Programme.

It is not yet clear what the financial regime will look like in the second half of the year. As such it is impossible to accurately estimate what our full year allocation will ultimately become.

Because of this uncertainty and on the basis that submitted plans and national reporting of CCG spend focus on a six month period only, the ICF position included in this report includes only 6 months of NHS data.

This ensures consistency with CCG data reported nationally through the Integrated Single Financial Environment. But by combining 12 months of council data with only 6 months of CCG spend, we must be aware of the planning differences and be careful about drawing firm conclusions from face value data. It also means the Integrated Commissioning Fund totals in this report are not directly comparable to ICF spend reported in previous years. Potential factors which will need to be built into H2 allocations include:

- Elective recovery plan
- Non recurrent spend/allocation adjustments (including impact of any cross year benefit)
- Winter and other seasonal expenditure
- Requirement to deliver increased efficiency in H2

But in the absence of any better information, if we were to assume that allocations and spend in the second half of the year were equal to H1, the total ICF would be:

Theoretical 12 Month ICF	Expenditure Budget	Income Budget	Net Budget	Section 75	Aligned	In Collab	Total
CCG Expenditure	442,610	0	442,610	290,156	114,631	37,823	442,610
TMBC Expenditure	545,697	(351,203)	194,494	54,565	110,315	29,614	194,494
<b>Integrated Commissioning Fund</b>	<b>988,307</b>	<b>(351,203)</b>	<b>637,104</b>	<b>344,721</b>	<b>224,946</b>	<b>67,437</b>	<b>637,104</b>

The annual indicative net resource for the 2021-22 combined Integrated Commissioning Fund with effect from the 1st April 2021 is £637.1m comprising £442.6m from the CCG [£221.3m x 2 to annualise] and £194.5m from the Council.

The existing Section 75 Agreement and the Financial Framework underpinning the joint Integrated Commissioning Fund across the Council and CCG has been rolled forward to include the updated 2021-22 budgets as noted above and to reflect the fact that 2021-22 is a transitional year for the CCG whilst we await further guidance on the emergence of a GM Integrated Care System. As a consequence the rolled forward Section 75 Agreement and Financial Framework will terminate on the 31st March 2022.

The Council legal team have supported the finance team in reviewing formal documentation to ensure the existing Section 75 Agreement and Financial Framework appropriately reflect 2021-22 as a transition year for the CCG and ensure any risk share arrangement enacted in 2021-22 by either party would be repayable to the fund by 31 March 2022.

# Integrated Commissioning Fund Highlights

## Children's Services (Social Care) (£4,717k)

The Directorate forecast position is an **overspend of £4,717K**. The overspend is predominantly due to the number and cost of external placements. At the end of May the number of Cared for Children was 682.

**Cared for Children (External Placements): (£3,035K):** As at 1st June 2021 there were 46 young people aged 18 and over in external residential placements paid for by Children Services. The combined weekly cost of these placements was £44.4K (equivalent to £2.3m per annum). There have also been a number of young people aged 18 and over who are "former relevant children" that have presented as homeless and have been accommodated into placements paid for by Children's Social Care. Further work is underway to establish the impact of the housing benefit claims, it is expected this will reduce costs in this area.

It is worth noting that the interagency adoption fees are forecasted to budget and will be reviewed in period 3. For 2021/22 there was an underspend of £270K on interagency adoption fees which partly offset the full pressure from residential placements.

**Cared for Children (Internal Placements): (£1,566K):** The forecast overspend is in relation to the payments that are made using the Softbox Payments Software and include in-house fostering allowances, adoption allowances, SGO allowances, care arrangement orders, staying-put allowances and Supported Lodging allowances.

**Child Protection & Children In Need: (£116K):** The over spend is in relation to internal transport recharges for children. Work is required to review these payments including the reason for the journeys and any cost reductions.

## Growth (£198k)

Pressure is created by (£590k) shortfall in customer and client receipts (£144k of which is COVID related), including:

- **£300k:** Income from leasing space in Tameside One
- **£204k:** Events income from room hire
- **£85k:** Land Charges, Pre-Planning, and Building Control Fees

These pressures are offset by favourable variances including staffing vacancies (£350k) and a forecast underspend on utilities (£124k)

# Integrated Commissioning Fund Highlights

## Operations & Neighbourhoods (£891k)

Pressures are forecast due to a combination of additional costs and non-recovery of income, including:

### Income shortfall on car parks - (£693k)

There has been an issue in this area for a number of years (made worse by COVID) corporate support has been provided on a tapered basis. Actual income for the first 2 months of the financial year is £132k less than the income target, this is due to a combination of COVID and the historic issue mentioned. This trend has been extrapolated forward through to the end of the current calendar year with an assumption that income levels will start to recover from that point as a result of restrictions being lifted, public confidence returning for town centre shopping and successful implementation of the car parks review.

## CCG Variances (£0 net)

On the face of things there are a number of significant CCG variances reported at M2. This is a presentational variance which has resulted from a difference between a high level, top down planning exercise to inform financial envelopes and a more detailed budget setting exercise to manage spend within this envelope.

In the top down exercise we were forced to reclassify non acute activity with acute NHS providers into the acute directorate. Reported forecasts reflect the true nature of our spend and do not vary materially from the internal H1 budget setting process completed in May.

However validation rules on the national NHS ledger at M2, have forced us to upload budgets which reconcile to the high level plan.

This validation rule has created the reported variances, which will disappear next month when we are allowed to correct our budgets in the Integrated Single Financial Environment.

## CCG COVID Spend (£194k)

In 2020/21 the CCG was able to reclaim £13,274k of COVID related additional costs. Changes to the financial regime mean that top up payments will be significantly reduced in 2021/22. But we are still allowed to claim for Hospital Discharge Programme and vaccine related costs in the first half of 2021/22.

For HDP we are allowed to claim for pre assessment placement costs of up to 6 weeks in Q1, reducing to 4 week for patients discharged in Q2. 2021/22 HDP costs to the end of May are £194k. Average length of stay was 27 days in May and we had 28 open packages at the end of the month.

These costs have been claimed in M2 and are the reason for our YTD overspend of £194k. We anticipate receipt of an allocation to match this spend.

## CCG QIPP

The CCG has a savings target of £1,768k in the first half of the year.

We are reporting that the QIPP target will be met in full, but are currently forecasting achievement of £1,635k after the application of optimism bias. Meaning we need to find additional savings of £133k to fully deliver against the target. However it should be noted that if we are able to convert amber (medium risk) rated schemes to green (low risk) and blue (achieved), we would comfortably balance the H1 position.



# ICFT Position

	Month 2			YTD		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
<b>Total Income</b>	<b>(£22,605)</b>	<b>(£23,475)</b>	<b>(£870)</b>	<b>(£45,200)</b>	<b>(£46,916)</b>	<b>(£1,716)</b>
Employee Expenses	£15,078	£16,123	£1,045	£30,019	£31,865	£1,846
Non Pay Expenditure	£6,305	£6,266	(£39)	£12,566	£12,599	£33
<b>Total Operating Expenditure (excl. COVID-19)</b>	<b>£21,383</b>	<b>£22,389</b>	<b>£1,006</b>	<b>£42,585</b>	<b>£44,464</b>	<b>£1,879</b>
Employee Expenses - COVID-19	£707	£468	(£239)	£1,414	£1,293	(£121)
Non Pay Expenditure - COVID-19	£231	£206	(£26)	£473	£295	(£177)
<b>Total Operating Expenditure - COVID-19</b>	<b>£938</b>	<b>£674</b>	<b>(£264)</b>	<b>£1,886</b>	<b>£1,588</b>	<b>(£299)</b>
<b>Total Operating Expenditure</b>	<b>£22,321</b>	<b>£23,063</b>	<b>£742</b>	<b>£44,471</b>	<b>£46,052</b>	<b>£1,581</b>
<b>Net Surplus/ (Deficit) before exceptional Items</b>	<b>(£284)</b>	<b>(£412)</b>	<b>(£128)</b>	<b>(£729)</b>	<b>(£864)</b>	<b>(£136)</b>

## **Trust Financial Summary**

The Trust reported a net deficit in month of c.£412k which represents a small adverse movement from month 1 of c.£39k. Variance against plan is £128k favourable. This favourable position is largely due to reduced COVID-19 related activity.

Total COVID expenditure incurred in month equates to c.£674k against planned spend of c.£940k and a YTD position of c.£1.588m against a plan of c.£1.89m.

The Trust has delivered non-recurrent efficiencies in the year to date equating to c.£152k, which are largely through productivity improvements and income generation schemes.

## **Activity and Performance:**

Restoration plans are now deployed within the Trust and activity is projected to deliver as a minimum, against the nationally prescribed targets as indicated below:

:

- April – 70%
- May – 75%
- June – 80%
- July – Sept - 85%

The above targets are benchmarked against 2019/20 activity levels. These activity levels need to be achieved within the financial envelope allocated to the Trust. If there are any constraining factors in the delivery of restoration, this is likely to be through either workforce and/or estates availability rather than financial resource.

## **Efficiency target:**

The Trust has built into its H1 plan (months 1-6) an efficiency target of c.£3m for the first half of the financial year 2021/22. Cost saving schemes are being developed but the Trust is expected to fully achieve this target for H1.