

Report To: EXECUTIVE CABINET

Date: 25 August 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
CONSOLIDATED 2021/22 REVENUE MONITORING STATEMENT AT 30 JUNE 2021

Report Summary: This is the second financial monitoring report for the 2021/22 financial year, reflecting actual expenditure to 30 June 2021 and current forecasts to 31 March 2022.

In the context of the on-going Covid-19 pandemic and the national restructuring exercise in the NHS, the forecasts have been prepared using the best information available, but is based on a number of assumptions which will inevitably evolve over the remainder of the financial year. However, indicative CCG budgets have been prepared for 2021-22 which combined with the 2021-22 Council budgets inform the 2021-22 Integrated Commissioning Fund.

Forecasts for the Council cover the period to 31 March 2022, while CCG forecasts only cover the first 6 months of the year in line with confirmed allocations as part of some ongoing NHS national “command and control” procedures.

Council Budgets are facing significant pressures which are not directly related to the COVID-19 pandemic, with significant forecast overspends in Adults and Children’s Social Care being the main contributors to a net forecast overspend of £6.850m. This position is after taking account of forecast underspends in some areas, and additional COVID related income in excess of forecast COVID costs. There is an underlying forecast ‘Non-COVID’ deficit of £8.238m.

The CCG is reporting a forecast overspend of £519k, £320k of this relates to YTD Hospital Discharge Programme (HDP) expenses which will be refunded under COVID protocols. The £519k represents the full forecast for HDP. This is effectively a net breakeven position once reimbursement has been transacted in full.

Recommendations: That Executive Cabinet be recommended to:

- (i) Note the forecast outturn position and associated risks for 2021/22 as set out in **Appendix 1** and detail for Council budgets as set out in **Appendix 2**.
- (ii) **Approve** the reserve transfers set out on pages 27-28 of **Appendix 2**.

Policy Implications: Budget is allocated in accordance with Council/CCG Policy

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

The Council set a balanced budget for 2021/22 but this included £8.930m of savings and significant one-off funding from COVID related grants and additional one year Government funding. At the time of setting the 21/22 budget the MTFP forecast a £14m budget gap for 2022/23. This forecast gap assumes that planned savings are delivered in 2021/22, and that additional planned savings for 2022/23 in respect of service transformation are delivered, along with reduced expenditure on Children's Social Care.

Despite this, a significant pressure is currently forecast for 2021/22, which will need to be addressed within this financial year. A new financial turnaround process is being implemented across all budget areas to address financial pressures on a recurrent basis.

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 some 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 an allocation. 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. While an overspend is currently being reported, this relates to reimbursable COVID expenses for which we should receive a future allocation increase.

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 challenging financial times it is tempting to use reserves to maintain day-to-day spending. However reserves by their very nature can only be spent once and so can never be the answer to long-term funding problems. 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 gross revenue budget value of the ICF for 2021/22 is reported at £769 million. This includes a full 12 month of expenditure for the Council, but only 6 months for the CCG.
- 1.3 The value of the ICF will increase once more certainty is available on the NHS financial regime for the second half of the year and a full year allocation is in place. The full year indicative value of the ICF, assuming that expenditure in the second half of the year is the same as the first, would be £988 million
- 1.4 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. FINANCIAL SUMMARY (REVENUE BUDGETS)

- 2.1 At Period 3, Council Budgets are facing significant pressures which are not directly related to the COVID-19 pandemic, with significant forecast overspends in Adults and Children's Social Care being the main contributors to a net forecast overspend of £6.850m. This position is after taking account of forecast underspends in some areas, and additional COVID related income in excess of forecast COVID costs. There is an underlying forecast 'Non-COVID' deficit of £8.238m.
- 2.2 Children's Social Care and Adults are the greatest areas of concern with forecast overspends of £5.678m (Children's) and £2.234m (Adults).
- 2.3 The CCG is reporting an overspend of £519k which relates to reimbursable COVID expenses for which we should receive a future allocation increase.
- 2.5 Further detail on the financial position can be found in **Appendix 1**. **Appendix 2** provides further detail on Council Budgets and savings for 2021/22.

3. RECOMMENDATIONS

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