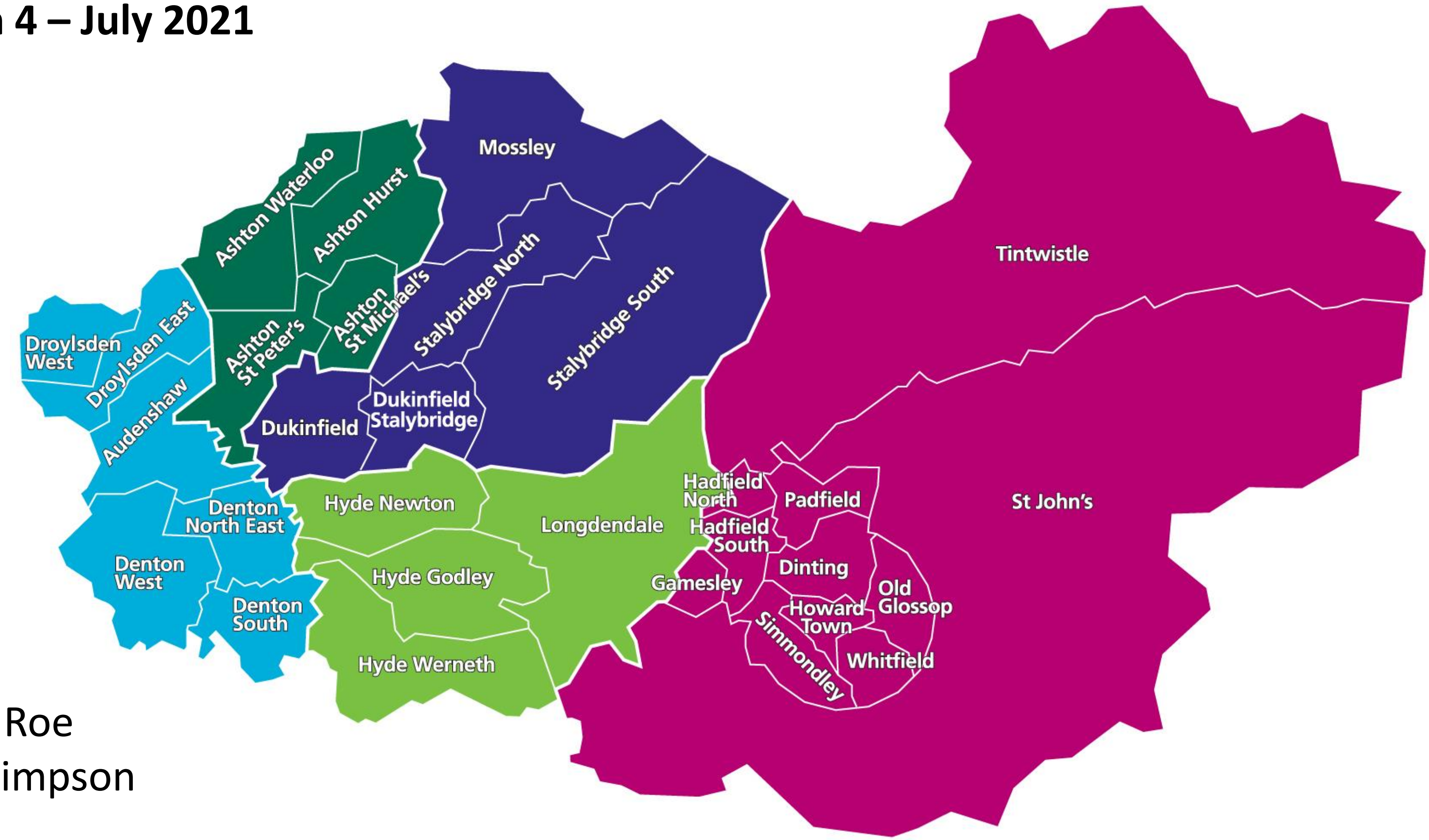
Tameside and Glossop Strategic Commission

Finance Update Report
Financial Year 2021-22
Month 4 – July 2021



Kathy Roe
Sam Simpson

Period 4 Finance Report

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 financial monitoring report for the 2021/22 financial year reflecting actual expenditure to 31 July 2021 (Month 4) and forecasts to 31 March 2022 for the Council and 30th September 2021 for the CCG. Overall the Strategic Commission is facing a total forecast overspend of £7.153m for the year ending 31 March 2022. A substantial proportion of this forecast relates to demand pressures in Children's and Adults Social Care.

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. Targeted COVID funding continues into 2021/22 to address COVID related pressures.

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 (£6,214k). This is an improvement of £636k due to positive movements in Operations and Neighbourhoods and Children's Services. A full 12 month forecast is in place for the council.

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.

Although the table below shows the CCG as reporting a forecast overspend of (£939k) this is purely presentational to align to the way the CCG must report and reconcile with the formal monthly return submitted to NHS England. Fundamentally the position is breakeven. The variance relates to the Hospital Discharge Programme which is due to be reimbursed under the COVID protocols by October 2021.

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. 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.

We are expecting that details around the H2 financial regime (October 2021 to March 2022) and financial envelopes, will be published by NHSE/I before the next report is published.

	Forecast Position					Net Variance		Net Variance	
Forecast Position	**Expenditure Budget**	**Income Budget**	**Net Budget**	**Net Outturn**	**Net Variance**	**COVID Variance**	**Non-COVID Variance**	**Previous Month**	**Movement in Month**
CCG Expenditure	222,480	0	222,480	223,419	(939)	(939)	0	(519)	(420)
TMBC Expenditure	548,135	(353,641)	194,494	200,708	(6,214)	328	(6,542)	(6,850)	636
Integrated Commissioning Fund	**770,615**	**(353,641)**	**416,974**	**424,127**	**(7,153)**	**(611)**	**(6,542)**	**(7,369)**	**216**

Note. Data presented for CCG covers April to September (H1) only, data for TMBC covers a full year

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	74,827	74,621	206	112,252	112,262	(9)	0	(9)
Mental Health	14,904	14,853	52	22,346	22,200	146	0	146
Primary Care	30,061	30,152	(92)	46,504	46,779	(276)	0	(276)
Continuing Care	5,215	5,084	131	7,867	7,777	90	0	90
Community	12,394	12,787	(393)	18,435	19,327	(892)	(939)	47
Other CCG	6,930	7,326	(396)	12,798	12,795	3	0	3
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0
CCG Running Costs	1,443	1,386	56	2,278	2,278	0	0	0
Adults	13,405	16,164	(2,759)	40,214	42,448	(2,234)	402	(2,636)
Children's Services - Social Care	17,160	17,892	(731)	53,510	58,970	(5,460)	0	(5,460)
Education	2,457	7,999	(5,542)	7,239	7,078	161	(113)	274
Individual Schools Budgets	90	(8,581)	8,672	0	0	0	0	0
Population Health	5,132	4,447	685	15,397	14,782	615	472	143
Operations and Neighbourhoods	15,238	36,604	(21,367)	51,234	51,750	(516)	(350)	(166)
Growth	560	277	283	9,420	9,401	19	132	(113)
Governance	3,230	6,980	(3,751)	9,083	9,709	(626)	(2,063)	1,437
Finance & IT	2,833	3,618	(786)	8,326	8,409	(83)	0	(83)
Quality and Safeguarding	54	(58)	112	142	135	7	0	7
Capital and Financing	(332)	(600)	268	4,775	4,358	417	0	417
Contingency	1,309	(1,411)	2,721	3,959	4,365	(406)	0	(406)
Contingency - COVID Costs	0	6,707	(6,707)	0	16,741	(16,741)	(16,741)	0
Corporate Costs	1,678	1,992	(314)	5,051	5,006	45	0	45
LA COVID-19 Grant Funding	(4,619)	(21,783)	17,164	(13,856)	(31,955)	18,099	18,099	0
Other COVID contributions	0	(445)	445	0	(489)	489	489	0
Integrated Commissioning Fund	**203,969**	**216,013**	**(12,044)**	**416,974**	**424,127**	**(7,153)**	**(611)**	**(6,542)**

Integrated Commissioning Fund Key Messages

Children's Services (Social Care) (£5,460k)

The Directorate forecast position is an overspend of (£5,460k), an overall favourable reduction of £219k since month 3. The overspend is predominately due to the number and cost of external and internal placements. At the end of July the number of cared for children was 700, an increase of 3 from the previous month.

The reduction in the reported overspend since month 3, is predominantly due to a favourable reduction in the gross cost of external placements - £208K. A number of children have returned home and a few children have transitioned from Residential Homes to Semi-independent provision. The key variances are:

Cared for Children (External Placements): (£3,243k): At 1st August there were 50 young people aged 18 and over in external placements paid for by Children Services due in large to the lack of more appropriate alternatives. This is an increase of 2 from the previous month. This area is the initial focus of the Corporate Turnaround Team work, as it is anticipated that through the provision of a wider and more appropriate pool of accommodation options in the Borough this spend can be significantly reduced Adoption interagency fees are forecast to underspend by £185k which is offsetting some of the forecast overspend on residential placements.

Cared for Children (Internal Placements): (£2,059k): Employee costs are forecast to overspend by (£435k) in respect of Children's Homes due to additional staffing costs and sickness. Internal placements are forecast to overspend by (£1,642k). 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: (£197k): The overspend 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.

Governance (£626k)

The current forecast for the Directorate is (£626k) over budget. There are pressures of (£1,003k) included within the forecasts that relate to the impact of COVID on Housing Benefit overpayments debt recovery and reduced income from court costs recovery. If the impact of COVID pressures is excluded from the position there is an underlying underspend of £377k.

Integrated Commissioning Fund Key Messages

Adults (£2,234k)

The forecast position is net of a number of significant under and overspends across the Directorate and is unchanged from month 3. The Directorate is continuing to review options to manage demands within its current level of resourcing. Key variances include:

- £1,678k additional income forecast in respect of client fees for Residential Care, Nursing Care and Homecare. This corresponds to a general increase in demand for these services, reflected in forecast overspends in other areas.
- (£1,857k) increase in the forecast cost of residential and nursing care as vacancies in care homes begin to be re-filled in the aftermath of the pandemic. Most of the increased cost arises from a general increase in volumes (offset by additional client fee income) with further increases related to several new high cost Mental Health placements.
- (£528k) Substantial increases in cost are required to meet pressures on staffing and accommodation costs in the 24 Hour Supported Accommodation service. Additional costs are included here to cover transitional staffing for the Resettlement programme, with a further increase for property costs at two new facilities.
- (£734k) Off-contract Supported Accommodation costs have increased significantly, with several planned moves into more appropriate in-house provision currently on hold without alternatives identified, and a number of new high-cost placements now required outside of the original budget. Housing Benefit income is also reduced, albeit partially offset by an increase in client fee income.
- (£175k) Demand for Support at Home provision remains very high and has not significantly declined since the peak of the COVID pandemic, currently with around 10,900 hours delivered weekly against a initial forecast of 10,200. This is partially offset by the end of three high-cost off-contract packages, and by the increase in client fees and NHS income.
- (£286k) Staffing budgets in the Mental Health function are forecast to be overspent, with high overtime requirements in the Community Response Service and Out of Hours Team.

Contingency (£406k)

The forecast overspend reflects savings not allocated to Directorates in respect of staffing costs. These savings continue to be monitored and are expected to be realised against service area budgets. A contingency buffer is being held to mitigate against any further emerging pressures, and this will be released in future period if not required.

Capital Financing £417k

The forecast underspend is primarily due to interest costs being less than budget on the assumption that no external borrowing is required before 31 March 2022.

Integrated Commissioning Fund Key Messages

Operations and Neighbourhoods (£516k)

The overall net forecast is an improved position to that reported in month 3, due to the identification of a number of mitigating savings which can be delivered to offset continuing pressures resulting from shortfalls on income and delays to the delivery of savings. The key pressures and mitigating savings include:
Car Parking Income (£701k) There has been an issue with the realisation of car parking income for a number of years that has deteriorated further during COVID . The reduction in forecast levels has been assumed to the end of the calendar year with an assumption that income levels 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. There is an underlying pressure of £701k of which £350k of this pressure is attributed to the impact of COVID. Mitigating savings have been identified to address the remaining pressure.
Delays to savings delivery (£236k): Delays to the delivery of savings relating to 3 weekly wheeled bin collections and wheeled bin cost recovery due to time taken for consultation. There is a gross pressure of £236k, with the use of £70k from the levy smoothing reserves having been identified to partially mitigate the delays to savings delivery.

Mitigating savings or one-off income sources of **£419k** identified as follows:

- Street Cleansing £292k: Street cleansing waste is now disposed of through the Waste Levy at a cost saving of approximately £115 per tonne. This budget has been reduced by £200k already as part of the Directorate savings plan. Based on the actual monthly costs to date this financial year, and allowing for an increase in the monthly average for additional leaf fall throughout the autumn months it is envisaged that costs can reduce further than the current forecast.
- Levy Smoothing Reserve £70k: The Council receives rebates on the Waste Levy which are held corporately. Discussions have taken place between the Executive Director and the Chief Finance Officer with regards to utilising some of the rebate to mitigate the shortfall in the expected refuse collection savings initiatives in the current financial year.
- Transport Levy £124k: Due to a timing issue when setting the budgets for the Transport and Waste Levies, it has become apparent that there will be a net underspend between the two this financial year. This hasn't previously been reported as part of M3 forecasts.

Council COVID Costs and Income

The Council continues to face significant additional costs and income losses attributed to the impact of COVID. Additional COVID funding has been received in 2021/22 which when combined with grants carried forward from 2020/21 is expected to cover total forecast costs this year. Some pressures are expected to continue beyond this financial year, and in the absence of any further funding allocations, these pressures will increase the financial pressures facing budgets in future years.

Integrated Commissioning Fund Key Messages

CCG COVID Spend (within Community)

Hospital Discharge Programme
For HDP, the CCG are now claiming for pre-assessment placement costs of up to 4 weeks in Q2, as opposed to 6 weeks we were allowed in Q1.

The CCG have been reimbursed for Q1 costs of £320k for HDP. There are currently 26 open packages in Broadcare of HDP packages.

Due to revised recent guidance, the CCG are now claiming for further TMBC costs that relate to Staffing £125k, Block beds £95k and Reablement £408k associated with HDP. CCGs have also been advised to include an additional 28 days of anticipated spend in H1 £68k that relate to the costs after 30th Sept where it has not been determined if future funding is available past this date. Some other costs relating to Medication Optimisation in Care Homes £61k has also been added to this month's claim as these are also costs that aid the early discharge of patients from hospital. This has meant an increase in forecast from £519k to £939k for H1.

The CCG are continuing to fund 3 patients that are not reimbursable under the HDP scheme who have not yet had their assessment classed as 'Funding without Prejudice'.

COVID Vaccination
The CCG is still submitting monthly COVID Vaccination claims for reimbursement from NHSE/I. We have had reimbursement of £258k for April to June, with £71k for July outstanding. Following an email circulated from NHSE/I, we are anticipating that we can continue to submit these claims until the end of December 21 as it is inferred that this scheme will continue beyond September.

Acute

Acute commissioning is showing a forecast half year pressure of (£9k) but this is primarily driving by key over and underspends in the independent sector (IS). It is also important to acknowledge that some expenditure incurred at the five main IS providers (BMI Alexander, BMI Highfield, Spire, Oaklands and Spa Medica) will be reimbursed under the Elective Recovery Fund which is being managed by GM and is therefore not showing as a variance in this report.
However, there are overspends at the smaller independent providers outside the scope of Elective Recovery Fund totalling (£237k) and predominantly comprise services relating to fertility (IVF, termination of pregnancy and vasectomies), Ophthalmology and diagnostics. These overspends are off-set by underspends of £219k in Clinical Assessment and Treatment services where activity volumes continue to be slow to return to pre-pandemic levels. Other CCGs are being consulted to understand if these low activity levels are a local issue or are replicated across other GM CCGs.
The other areas of expenditure contributing to the £9k forecast overspend in Acute comprise underspends in high cost drugs (£6k) and NCA in Scotland and Wales (£5k) and an overspend in winter resilience (£5k).

Integrated Commissioning Fund Key Messages

Primary Care – Delegated (£267k)

Delegated Primary Care is reporting a (£267k) forecast overspend at month 4. This is predominantly due to the fact that NHS England has instructed us to change how we report the Additional Roles Reimbursement (ARRs) position.

The allocation received for the period April-September only includes 55.6% of the total ARRs funding available, as allocated by NHS England, but T&G PCNs have been proactive in successfully recruiting ahead of schedule and we are therefore showing an overspend above the six month allocation. The residual allocation will be received based on our final outturn for 2021-22 and NHS England have requested all CCGs report their true performance against this Additional Roles Reimbursement allocation with effect from month 4.

However, it is important to acknowledge that the expansion of the Additional role specifications and the increase in volume creates some associated financial risks, for example the estates and GPIT implication of increased workforce.

The reported overspend on ARRs is partially offset by underspends in other areas.

Prescribing

At month 4, there has only been two months of data received year to date and spend is 1.5% higher than last year. However, the number of items issued has reduced by 2%. This indicates the increased spend is being mainly driven by increased prices.

Spend YTD has been in line with plan and £40k TEP has been achieved. Category M prices have reduced from July so the expectation is that the full TEP target of £250k will be achieved in H1.

QIPP

At month 4 we are projecting that QIPP will be fully realised, with no residual risk reported.

In line with our H1 planning submission, the CCG needs to find savings of £1,768k in the first half of this year in order to remain within the financial envelope.

This represents an improvement of £132k since last month.

Finance Summary Position – T&G ICFT

	Month 4			YTD		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Total Income	**£23,777**	**£22,224**	**(£1,553)**	**£91,561**	**£90,894**	**(£667)**
Employee Expenses	(£16,060)	(£15,370)	£690	(£61,362)	(£61,065)	£297
Non Pay Expenditure	(£6,966)	(£6,103)	£863	(£25,962)	(£25,911)	£51
Total Operating Expenditure (excl. COVID-19)	**(£23,026)**	**(£21,473)**	**£1,554**	**(£87,324)**	**(£86,976)**	**£348**
Employee Expenses - COVID-19	(£680)	(£765)	(£85)	(£2,721)	(£2,621)	£100
Non Pay Expenditure - COVID-19	(£231)	(£167)	£63	(£935)	(£689)	£246
Total Operating Expenditure - COVID-19	**(£911)**	**(£932)**	**(£21)**	**(£3,656)**	**(£3,309)**	**£347**
Total Operating Expenditure	**(£23,938)**	**(£22,405)**	**£1,533**	**(£90,980)**	**(£90,285)**	**£695**
Net Surplus/ (Deficit) before exceptional Items	**(£161)**	**(£181)**	**(£20)**	**£581**	**£608**	**£27**
Capital Expenditure	£437	£268	(£169)	£1,919	£1,208	(£711)
Cash and Equivalents		£24,871				

Finance Summary Position – T&G ICFT

Trust Financial Summary

The Trust reported a variance in month against plan of £20k adverse and YTD, £27k favourable. The month 4 in month position is a net deficit in month of c.£181k which represents an adverse movement from month 3 of c.£141k. The increase of spend from the previous month is predominantly due to increases of activity in line with restoration plans, additional pressures due to RSV within Paediatrics, continuing pressures within Urgent Care and increased occupancy within Critical Care.

Total COVID expenditure incurred in month equates to c.£932k against planned spend of c.£911k and a YTD position of c£3.309m against a plan of c.£3.656m which represents a YTD underspend of £347k.

The Trust has delivered non recurrent efficiencies year to date equating to c.£671k which are largely through income generation schemes and productivity improvements.

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 which for July was 95% of 2019/20 activity levels. The Trust continues to report good levels of performance against restoration targets. Although challenging given the pressure within Urgent Care and in-patient capacity, the Trust is still aspiring to deliver target levels of activity within the remainder of H1.

Efficiency target:

The Trusts 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. The Trust has achieved c£671k of efficiency savings YTD via productivity improvements.