

Report To: EXECUTIVE CABINET

Date: 27 October 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 31 AUGUST 2021

Report Summary: This is the financial monitoring report for the 2021/22 financial year reflecting actual expenditure to 31 August 2021 (Month 5) and forecasts to 31 March 2022 for the Council and 30 September 2021 for the CCG.

Overall the Strategic Commission is facing a total forecast overspend of £6.317m for the year ending 31 March 2022. £5.670m of this forecast relates to ongoing demand pressures in Children’s 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 £4.861m on Council Budgets. This is an improvement of £1.353m from last month primarily due to the utilisation of one-off reserves to fund pressures in Adults Social Care. 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.

The CCG is reporting a forecast overspend of £1.456m but 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.

Recommendations: That the Strategic Commissioning Board and Executive Cabinet be recommended to:

- (i) Note the forecast outturn position and associated risks for 2021/22 as set out in **Appendix 1**.
- (ii) **Approve** the use of £1.273m of Improved Better Care Fund (iBCF) grant from previous years to offset pressures in Adults social care in 2021/22, as set out in paragraph 2.3.
- (iii) Note the amendments required to published Fees and Charges for 2021/22 and **RECOMMEND TO COUNCIL TO APPROVE** the revised schedule included in **Appendix 2**.

Policy Implications:

Budget is allocated in accordance with Council/CCG Policy

Financial Implications:

(Authorised by the Section 151 Officer & Chief Finance Officer)

This report provides the 2021/22 consolidated financial position statement at 31 August 2021 for the Strategic Commission and ICFT partner organisations. The Council set a balanced budget for 2021/22 which included savings targets of £8.930m whilst also being reliant on a number of corporate financing initiatives to balance.

Despite this, a significant pressure is currently forecast, 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.

As Council approved and set the Fees and Charges for 2021/22, it will be necessary for Council to approve the revisions.

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. 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 £771 million. This includes a full 12 month of expenditure for the Council, but only 6 months for the CCG.
- 1.2 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 £993 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. FINANCIAL SUMMARY (REVENUE BUDGETS)

- 2.1 Overall the Strategic Commission is facing a total forecast overspend of £6.317m for the year ending 31 March 2022. A substantial majority of this forecast relates to ongoing demand pressures in Children's Social Care.
- 2.2 At Period 5, the Council is forecasting a net overspend against budget of £4.861m. Children's Services are still the biggest area of financial concern, with expenditure forecast to exceed budget by £5.670m. The overspend is predominantly due to the number and cost of external placements.
- 2.3 There is also significant pressure in Adults services and ongoing pressures in Operations and Neighbourhoods and Governance due to income shortfalls resulting from the impact of the Covid pandemic. The forecast position on Adults services has improved since period 4 due to the planned use of £1.273m of iBCF grant currently held in reserves from prior years. Members are asked to approve the use of this reserve for 2021/22.
- 2.4 The CCG is reporting a forecast overspend of £1.456m but 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. Further detail on the financial position can be found in **Appendix 1**.

3. FEES AND CHARGES 2021/22

- 3.1 The 2021/22 budget setting report to Full Council in February 2021 included a schedule setting out all the fees and charges across the Council for the delivery of various services. Since the budget report was approved, services have identified some minor errors and omissions from the schedule. A revised schedule is appended to this report at **Appendix 2** with all corrections highlighted. Members are asked to recommend to Council who approved the previous fees and charges in February 2021 to approve these revisions and note the intention to publish this schedule on the Council's website thereafter.

4. RECOMMENDATIONS

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