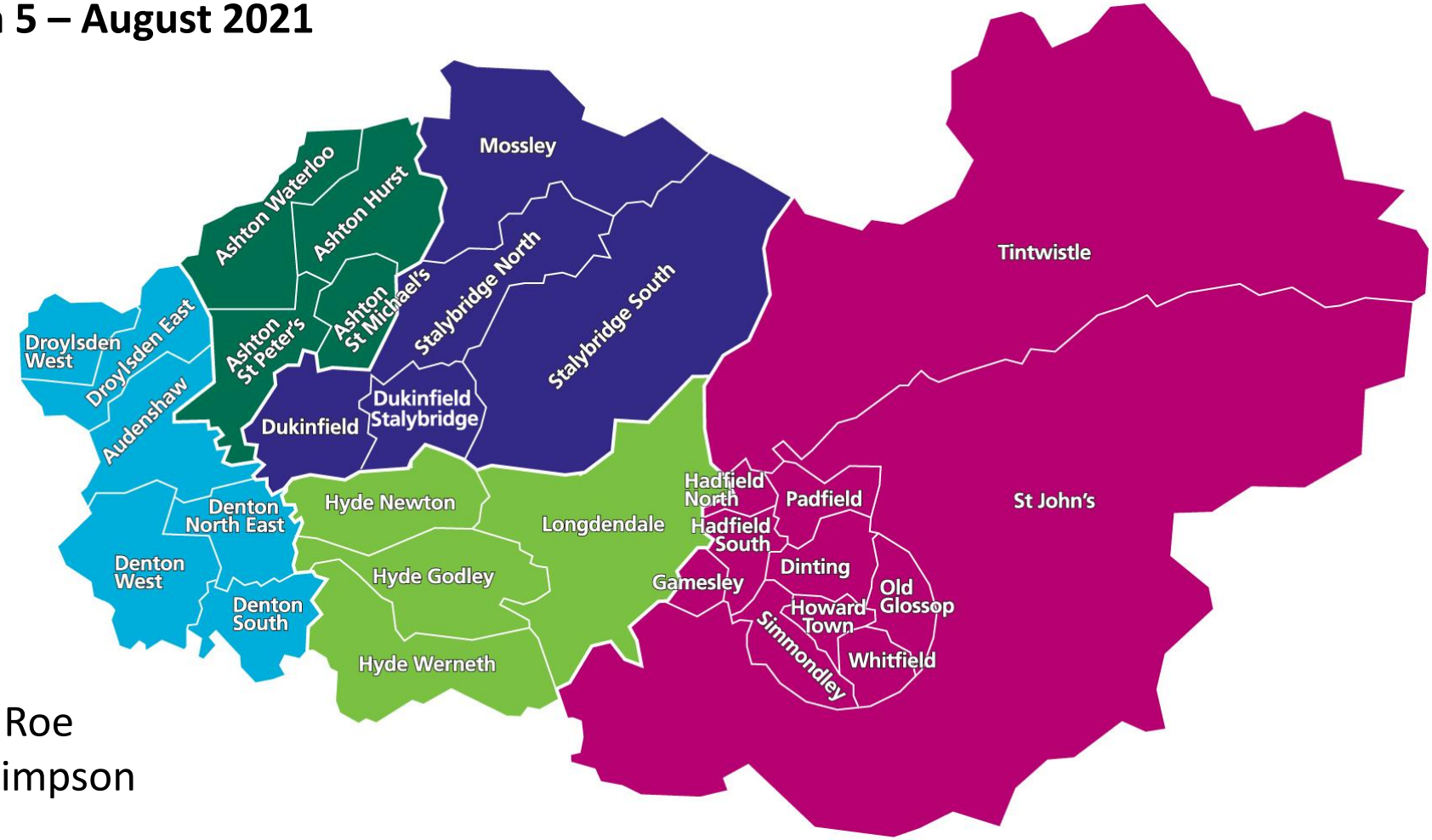
Tameside and Glossop Strategic Commission

Finance Update Report
Financial Year 2021-22
Month 5 – August 2021



Kathy Roe
Sam Simpson

Period 5 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 August 2021 (Month 5) 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 (£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.

Although the table below shows the CCG as reporting a forecast overspend of (£1.456m) 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 during September 2021.

	Forecast Position					Net Variance	
Forecast Position	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
CCG Expenditure	222,354	0	222,354	223,810	(1,456)	(1,456)	(0)
TMBC Expenditure	548,168	(353,674)	194,494	199,355	(4,861)	1,094	(5,955)
Integrated Commissioning Fund	**770,522**	**(353,674)**	**416,848**	**423,165**	**(6,317)**	**(362)**	**(5,955)**

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	93,441	93,151	290	112,158	111,860	298	0	298
Mental Health	18,416	18,478	(62)	22,091	22,186	(95)	0	(95)
Primary Care	37,756	37,796	(40)	46,570	46,611	(42)	0	(42)
Continuing Care	6,541	6,328	213	7,867	7,711	156	0	156
Community	15,438	16,410	(972)	18,460	19,867	(1,407)	(1,456)	49
Other CCG	8,762	9,312	(551)	12,931	13,297	(366)	0	(366)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0
CCG Running Costs	1,812	1,722	90	2,278	2,278	(0)	(0)	0
Adults	16,756	17,353	(597)	40,214	40,874	(660)	119	(779)
Children's Services - Social Care	21,651	23,141	(1,490)	53,510	59,180	(5,670)	0	(5,670)
Education	3,279	8,951	(5,672)	7,239	7,078	161	(113)	274
Individual Schools Budgets	288	(10,521)	10,809	0	0	0	0	0
Population Health	6,415	5,007	1,408	15,397	14,782	615	472	143
Operations and Neighbourhoods	19,697	38,395	(18,698)	51,234	51,750	(516)	(350)	(166)
Growth	1,983	4,307	(2,324)	9,420	9,401	19	132	(113)
Governance	4,308	7,709	(3,400)	9,083	9,709	(626)	(1,003)	377
Finance & IT	3,567	4,009	(443)	8,326	8,409	(83)	0	(83)
Quality and Safeguarding	65	(48)	113	142	135	7	0	7
Capital and Financing	(415)	(600)	185	4,775	4,358	417	0	417
Contingency	1,640	(1,441)	3,081	3,959	4,365	(406)	0	(406)
Contingency - COVID Costs	0	8,023	(8,023)	0	16,752	(16,752)	(16,752)	0
Corporate Costs	2,097	2,198	(101)	5,051	5,006	45	0	45
LA COVID-19 Grant Funding	(5,773)	(23,621)	17,848	(13,856)	(31,955)	18,099	18,099	0
Other COVID contributions	0	(871)	871	0	(489)	489	489	0
Integrated Commissioning Fund	**257,725**	**265,188**	**(7,463)**	**416,848**	**423,165**	**(6,317)**	**(362)**	**(5,955)**
CCG Expenditure	182,166	183,197	(1,030)	222,354	223,810	(1,456)	(1,456)	(0)
TMBC Expenditure	75,559	81,991	(6,432)	194,494	199,355	(4,861)	1,094	(5,955)
Integrated Commissioning Fund	**257,725**	**265,188**	**(7,463)**	**416,848**	**423,165**	**(6,317)**	**(362)**	**(5,955)**

Integrated Commissioning Fund Key Messages

Children's Services (Social Care) (£5,670k)

The Directorate forecast position is an overspend of (£5,670k), an overall adverse movement of (£211k) since month 4. 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 increase in the reported overspend since period 4, is predominantly due to an adverse increase in the gross cost of external placements (£327k). This adverse increase has partly been offset by a small favourable reduction in internal placements £40K, and part year vacancies in the cared for children support teams £45K, and the recovery of housing costs for young people aged 18 and over in the transitional support properties £33K. The key variances are:

Cared for Children (External Placements): (£3,570k): At 1st September there were 51 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 1 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 and concurrent fostering placements are forecast to underspend by £86k which is offsetting some of the forecast overspend on residential placements.

Cared for Children (Internal Placements): (£2,018k): 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 (£1,583k). 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 (£660k)

The Adults Services Directorate is reporting a favourable movement of £1.574k compared to the financial position reported at Period 4. This is predominately due to the review of the "Contained Outbreak Management Fund" (COMF). This remains ongoing in line with guidance and the impact COVID is having on the demand behaviours within Adults Services. It is expected that more costs can be identified throughout the year to support service pressures, such as Residential & Nursing placements, Short-term placements and 24Hr supported accommodation, through trend data analysis.

At P5 we have identified £1.2m of additional costs in Support at Home as a direct consequence of COVID and this has been funded via the COMF external funding flows. As part of the income analysis work that remains on-going, the Council has been able to identify £400k surplus held in managed balances for Direct Payments hosted by Pay Partners. This has been successfully claimed back and in addition to this further clawbacks have been received for non hosted Direct Payments following an audit review of client weekly rates.

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.

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 reflects 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.

Integrated Commissioning Fund Key Messages

Acute

Forecast underspend against budget is £298k, which is driven by CATs activity. Budgets were set on the basis of 2019/20 actuals, but activity has still not recovered post COVID. This pattern is consistent across Greater Manchester.

This variance has been built into the position for a number of months, but the M5 reported position also includes a movement of £307k since last month. The movement is the result of change to the GM approach around reporting and distribution of Elective Recovery Fund (ERF) money which is being used to fund Independent Sector activity.

The previous approach was for CCGs to neutralise spend with the 'Big 5 +1' independent sector providers, in anticipation of a future IAT at the value of actual spend. Under this approach spend against smaller local contracts (e.g. Hyde Physio or Manchester Fertility) was included in our position, resulting in a pressure.

From M5 it has been agreed that all Independent Sector activity should neutralised in CCG positions, creating a movement in our reported position. This neutralised spend will be backed by future allocation adjustments to fund the activity. We project the value of this allocation will be £1,233k in H1, broken down as follows:

£975k	Big 5 + 1 (i.e. 3X BMI sites, Spire, Oaklands & SpaMedica)
£258k	Other Providers
£1,233k	Total

CCG QIPP

Against an H1 target of £1,768k, £1,658k (88%) of the required savings have realised in the first 5 months of the year.

We are completely confident of delivering the remaining £110k in September, resulting in full achievement of the H1 target.

Further work is required to establish the scale of the challenge in H2, which is something we cannot quantify until further details about the financial regime and funding envelopes are published by NHSE.

Mental Health

The key movements to the position this month have been mainly around transacting the SDF and SR funding that is now being managed by Trafford CCG in full on behalf of Greater Manchester and the unwinding of the historic hosting arrangements of CYP with PCFT. Other changes include the requirement to re-profiling the expenditure agreed within the business case and align them to the mobilisation plans of PCFT.

Finance Summary Position – T&G ICFT

	Month 5			YTD		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Total Income	**£23,006**	**£22,653**	**(£353)**	**£114,566**	**£114,504**	**(£62)**
Employee Expenses	(£15,857)	(£15,398)	£458	(£77,219)	(£76,464)	£755
Non Pay Expenditure	(£6,565)	(£6,738)	(£172)	(£32,526)	(£33,603)	(£1,077)
Total Operating Expenditure (excl. COVID-19)	**(£22,422)**	**(£22,136)**	**£286**	**(£109,746)**	**(£110,067)**	**(£321)**
Employee Expenses - COVID-19	(£680)	(£710)	(£30)	(£3,401)	(£3,333)	£68
Non Pay Expenditure - COVID-19	(£231)	(£125)	£105	(£1,166)	(£814)	£352
Total Operating Expenditure - COVID-19	**(£911)**	**(£835)**	**£76**	**(£4,567)**	**(£4,147)**	**£421**
Total Operating Expenditure	**(£23,334)**	**(£22,971)**	**£362**	**(£114,313)**	**(£114,214)**	**£99**
Net Surplus/ (Deficit) before exceptional Items	**(£328)**	**(£318)**	**£10**	**£253**	**£290**	**£36**
Capital Expenditure	£443	£167	(£276)	£2,362	£1,375	(£987)
Cash and Equivalents		£26,582				

Finance Summary Position – T&G ICFT

Trust Financial Summary

The Trust reported a variance in month against plan of £10k favourable and YTD, £36k favourable. The in month position is a net deficit in month of c.£318k which represents an adverse movement from month 4 of c.£137k. The Trust is firmly on track to deliver a balance H1 position despite managing the continuing pressures within ED, Urgent Care and Paediatric RSV.

Total COVID expenditure incurred in month equates to c.£836k against planned spend of c.£913k and a YTD position of c£4.147m against a plan of c.£4.567m which represents a YTD underspend of £421k.

The Trust has delivered non recurrent efficiencies year to date equating to c.£792k which are largely through income generation schemes and productivity improvements.

Activity and Performance:

Restoration plans are well established within the Trust and the Trust continues to aspire to deliver nationally prescribed activity targets, which for August was 95% of 2019/20 activity levels. The Trust continues to report good levels of performance against restoration targets, which is currently at 85% overall. The Trust continues to experience significant pressures within Urgent Care and Non-elective admissions.

Efficiency target:

The Trust has achieved c£792k of efficiency savings YTD via productivity improvements. Despite the under delivery of savings compared to H1 plan, the Trust is still on track to deliver a balance financial position versus plan.