Report To:	**STRATEGIC COMMISSIONING BOARD**
Date:	24 November 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 SEPTEMBER 2021**
Report Summary:	This is the financial monitoring report for the 2021/22 financial year reflecting actual expenditure to 30 September 2021 (Month 6) and forecasts to 31 March 2022 for the Council and 30th September 2021 for the CCG. **APPENDIX 1** summarises the integrated financial position. Overall the Strategic Commission is facing a total forecast overspend of £3.159m for the year ending 31 March 2022. This net position includes £5.185m of ongoing demand pressures in Children's Social Care, offset by non-recurrent additional funding streams for 2021/22 only. Further detail on budget variances, savings and pressures is included in **APPENDIX 2.** **APPENDIX 3** summarises the latest position on the collection of Council Tax and Business Rates in 2021/22. **APPENDIX 4** provides an update on the Dedicated Schools Grant (DSG). **APPENDIX 5** lists the irrecoverable debts identified for write off during the period July to September 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) Note the detailed analysis of budget forecasts and variances set out in **Appendix 2.** (iii) Note the forecast position on the Collection Fund in respect of Council Tax and Business Rates as set out in **Appendix 3.** (iv) Note the forecast position in respect of Dedicated Schools Grant as set out in **Appendix 4**. (v) Approve the write-off of irrecoverable debts for the period 1 July to 30 September 2021 as set out in **Appendix 5.**
Policy Implications:	Budget is allocated in accordance with Council/CCG Policy
Financial Implications:	This report provides the 2021/22 consolidated financial position statement at 30 September 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

(Authorised by the Section 151 Officer & Chief Finance Officer)	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.
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 : Caroline Barlow, Assistant Director of Finance, Tameside Metropolitan Borough Council Telephone:0161 342 5609 e-mail: caroline.barlow@tameside.gov.uk Tracey Simpson, Deputy Chief Finance Officer, Tameside and Glossop Clinical Commissioning Group Telephone:0161 342 5626 e-mail: tracey.simpson@nhs.net

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 £771 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 £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 At the halfway point in the financial year, the forecast outturn position for the council is beginning to look more positive for 2021/22. Though it should be noted that this is largely due non recurrent, pandemic related funding streams which will not be available next year.

2.2 While the council position has improved, due to the allocation of one-off funding streams we continue to experience significant financial pressures, particularly in Children's Social Care services. These need to be addressed in order to balance the in year financial position and address the longer term financial challenge.

2.3 The NHS financial regime has still not fully normalised following the command and control response to the pandemic last year. Funding has been allocated in order to cover the current costs in the system and is being monitored at a system level (i.e. Greater Manchester).

2.4 Both the ICFT and the CCG have managed within the required financial envelopes in the first half of this year.

2.5 Financial and operational guidance for the second half of the year was recently published. This includes a system level allocation and confirmation that HDP & ERF funding will continue into H2. But detailed budgets or financial envelopes are not yet agreed at a locality/organisation level. As such this report only includes NHS financial information for the first 6 months of the financial year.

2.6 Detailed H2 plans are currently under development and we will be in a better position to quantify our position next month. But anticipate the financial position will remain difficult as we rise to the national challenge to restore services, meet new care demands and reduce the care back logs that are a direct consequence of the pandemic. Whilst continuing to support staff recovery and taking further steps to address inequalities in access, experience and outcomes.

2.7 Further detail on the financial position and key headlines can be found in **Appendix 1. Appendix 2** provides more detailed analysis of all Directorate areas.

3. COLLECTION FUND 2021/22

3.1 The latest forecast for the Collection Fund in 2021/22, together with collection performance, is summarised in **Appendix 3**.

4. DEDICATED SCHOOLS GRANT

4.1 In 2020/21 the deficit on Dedicated Schools Grant (DSG) increased from £0.557m to £1.686m mainly due to funding the overspend on the High Needs Block. If the 2021/22 projections materialise, there will be a deficit of £3.124m on the DSG reserve by 31 March 2022. Under DfE regulations we are required to produce a deficit recovery plan which will be submitted to the DfE outlining how we expect to recover this deficit and manage spending and will require discussions and agreement of the Schools Forum. The position will be closely monitored throughout the year and updates will be reported to Members. Further detail is set out in **Appendix 4.**

5. WRITE OFF OF IRRECOVERABLE DEBTS

5.1 Members are asked to approve the write off of irrecoverable debts for the period 1 July to 30 September 2021 as set out in **Appendix 5**.

6. RECOMMENDATIONS

6.1 As stated on the front cover of the report.