

Report To: **STRATEGIC COMMISSIONING BOARD**

Date: 26 January 2022

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 NOVEMBER 2021

Report Summary: This is the financial monitoring report for the 2021/22 financial year reflecting actual expenditure to 30 November 2021 (Month 8) and forecasts to 31 March 2022.

The forecast outturn on Council Budgets has improved by 371k since Month 7, mainly due a reduction in external placement costs in Children’s Social Care (£207k). There are some other smaller movements relating to the release of contingency budget and one-off additional income.

The CCG plans for H2 were approved by NHS England in mid-November and allocations have now been transacted. As a result of this, full year budgets are now in place across the NHS and for the first time this year we are able to present full 12 month budget position for the CCG. The reported position at M8 shows a forecast overspend of (£3,553k), with a YTD variance of (£536k). This relates to the Hospital Discharge Programme, GP additional roles and responsibilities, and QIPP delivery with further detail set out in section 2 and **Appendix 1**.

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

- (i) to note the forecast outturn position and associated risks for 2021/22 as set out in **Appendix 1**
- (ii) to rescind the earlier recommendation to serve notice on the Section 75 Agreement and to extend the existing Agreement into 2022/23 subject to any variations that may be required to reflect the Glossop position.

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 November 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.

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

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.

CCG plans were approved by NHS England in mid November and allocations have now been transacted. As a result of this, full year budgets are now in place across the NHS and for the first time this year we are able to present full 12 month budget position.

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. The report below sets out the process for revising the Section 75 Agreement for 2022/23 to reflect the CCG's changing boundaries.

**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.

The Revenue Monitoring Statement records on a regular basis the Council's position. The Consolidated Revenue Monitoring Statement records how we are faring as a strategic Commission but any deficits remain the responsibility of the individual organisations unless legally statement otherwise.

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 total gross budget of the ICF is just over £1bn.
- 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 Council is facing a total forecast overspend of £1.207m 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 The forecast outturn on Council Budgets has improved by 371k since Month 7, mainly due a reduction in external placement costs in Children's Social Care (£207k). There are some other favourable movements (£252k) relating to the release of contingency budget and additional one-off income relating to reimbursement of costs from a prior year, and a small reduction (£88k) in COVID related funding for administration costs recognised in 2021/22..
- 2.3 Last month reported that NHS plans for the second half of 2021/22 had not been formally approved at the time the report was written. Plans were approved by NHS England in mid-November and allocations have now been transacted. As a result of this, full year budgets are now in place across the NHS and for the first time this year we are able to present full 12 month budget position.
- 2.4 The reported position at M8 shows a forecast overspend of (£3,553k), with a YTD variance of (£536k). This is made up as follows:
 - **(£1,681k) Hospital Discharge Programme** (YTD £536k). In total we have spent £2,087k against the Hospital Discharge Programme in the first 8 months of the year. Claims of £1,551k relating to H1 have already been approved by NHSE, resulting in the YTD variance of £536k. Total forecast spend for the full year is £3,232k. After adjusting for H1 claim results which have already been reimbursed, we are reporting a total variance of £1,681k. We anticipate receipt of an allocation to match this variance, resulting in an effective breakeven position after reimbursement has been approved and transacted.
 - **(£1,422k) GP Additional Roles & Responsibilities** (YTD £0k). £3,207k of total funding has been made available by NHS England, against which our Primary Care Networks can claim in 2021/22. Based on current PCN plans, this is expected to be spent in full. CCG baseline allocations include £1,785k of ARRs funding and we are able to reclaim any spend in excess of this, hence the reported variance. Any slippage in PCN expenditure will reduce the value of CCG claims (i.e. ARRs will be cost neutral for the CCG position).
 - **(£451k) QIPP Shortfall** (YTD £0k). We have reported to NHS England that QIPP will be achieved in full. However based on standard optimism bias rules we are currently projecting a shortfall in achievement. Work is underway to address this risk and identify schemes which will close the gap. A more detailed report will be taken to Finance & QIPP Assurance Group, updating on progress.

- 2.5 There is work underway to produce a revised Section 75 Agreement between the CCG and the Council to reflect the CCG's changed boundaries from 1 April 2022 when the Glossop locality is due to move into the boundaries of NHS Derby and Derbyshire CCG. As directed by NHS England and NHS Improvement (NHSE/I) the CCG has sought legal advice from the solicitors appointed by NHSE/I. The approach now recommended which was different to that previously advised is to now rescind the earlier recommendation to serve notice on the Section 75 Agreement and instead to extend the existing Agreement into 2022/23. The CCG and Council will then agree the future amendment of the 2022/23 Section 75 Agreement to reflect the boundary change by means of a contract variation. The Section 75 Agreement will be supported by an accompanying Financial Framework for 2022/23.
- 2.6 Further detail on the financial position can be found in **Appendix 1**.

3. RECOMMENDATIONS

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