

Report To: STRATEGIC COMMISSIONING BOARD

Date: 23 March 2022

Executive Member / Reporting Officer: Cllr 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 JANUARY 2022

Report Summary: This is the financial monitoring report for the 2021/22 financial year reflecting actual expenditure to 31 January 2022 (Month 10) and forecasts to 31 March 2022.

APPENDIX 1 summarises the integrated financial position. Overall the Strategic Commission is reporting a total forecast overspend of £4.077m for the year ending 31 March 2022. This includes a £3.376m reported deficit on CCG budgets which is expected to be offset with allocation adjustments before year end, resulting in a break even position for the CCG. There is a net forecast deficit of £0.701m on Council budgets but this includes £4.146m 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 October to December 2021.


Recommendations: That 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 October to 31 December 2021 as set out in **Appendix 5**.
- (vi) **Approve** the proposals for the CCG increasing its contribution to the Section 75 pooled fund (and the Council reducing its contribution by the same value) in

accordance with the Integrated Commissioning Fund risk share agreement as set out in section 7.


Policy Implications:	Budget is allocated in accordance with Council/CCG Policy
Financial Implications: (Authorised by the Section 151 Officer & Chief Finance Officer)	<p>This report provides the 2021/22 consolidated financial position statement at 31 January 2022 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.</p> <p>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.</p> <p>With the outbreak of COVID-19 in 2020, 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.</p> <p>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.</p> <p>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.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs..."</p> <p>Revenue monitoring is an essential part of these arrangements to provide Members with the opportunity to understand and probe the council's financial position. Members will note that the current outturn position is currently predicting that the CCG will break even whilst there is a forecast net deficit of £0.701m on Council budgets</p> <p>As the council has a legal duty to deliver a balanced budget by the end of the financial year Members need to be content that there is a robust plan in place to ensure that the council's final budget position will be balanced. Ultimately failure to deliver a balanced budget can result in intervention by the Secretary of State.</p>
Risk Management:	<p>Associated details are specified within the presentation.</p> <p>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.</p>
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 gross revenue budget value of the ICF for 2021/22 is reported at £1.002 billion.
- 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 The forecast outturn position for the council continues to look more positive for 2021/22, a £458k improvement has been reported since last month, taking year-end projected overspend to £701k. The overall improvement is largely due to non-recurrent, pandemic related funding streams which will not be available next year. The 2022/23 budget is expected to be approved at Full Council on 22 February 2022 – this includes additional funding for both Children’s and Adults Social Care, but cost and demand pressures are expected to continue to increase.
- 2.2 The CCG reported position at Month 10 shows a forecast overspend of £3,376k, all of which is reimbursable. Once appropriate allocations have been received, we are effectively reporting a break even position, which includes full achievement QIPP. Work is in progress on national planning returns for 2022/23 with allocations published at an ICB level.
- 2.3 The Trust is forecasting a breakeven financial position for 2021/22 in line with plan. Restoration plans have been established within the Trust and the Trust continues to aspire to deliver nationally prescribed activity targets, which for H2 is to deliver 89% of the completed Referral to Treatment pathways relative to 2019/20. The Trust continues to report good levels of performance against restoration targets. However, the Trust continues to experience significant pressures within Urgent Care, Non-elective and COVID positive admissions and as a result there has been a small reduction in the number of elective and day cases versus plan this month.
- 2.4 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 £3.713m 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 October to 31 December as set out in **Appendix 5**.

6. COUNCIL SAVINGS DELIVERY 2021/22

- 6.1 Since the update to Cabinet in December, the position on savings delivery has improved overall across the Council. Overall the total forecast savings to be delivered in 2021/22 has increased to £9.137m which exceeds the original target of £8.930m. However, it should be noted that this total includes just over 1m of mitigating savings that are one-off in nature and not expected to be available in 2022/23.

7. SECTION 75 POOLED BUDGET ARRANGEMENT 2021/22

- 7.1 During 2021 / 22 the public sector and especially the NHS has continued to mobilise at pace and scale to address the ongoing impacts of the COVID-19 pandemic. NHS England and Improvement (NHSEI) has, therefore, understandably continued with the 'command and control' financial regime introduced in 2020/21 during the response to the first wave of the pandemic.
- 7.2 This atypical financial regime has resulted in financial plans for 2021/22 being managed at a GM level for which the finalisation and submission of STP level plans were May 2021 (for H1 period April - Sept) and November 2021 (for H2 period Oct – March). This is significantly later than usual which, in turn, has hindered the CCG and its partners with being able to progress its strategic intentions for the Tameside and Glossop populations.
- 7.3 As the organisation has entered the final quarter of 2021/22, the certainty of budgets and plans means that the CCG's financial outturn position can be forecast with a greater degree of confidence. This puts the CCG in the position of being able to provide additional support to the locality's strategic aims by meeting a greater proportion of the health-related costs for some of the transformation programmes being delivered in 2021 / 22 through the Section 75 pooling arrangements it has with Tameside Metropolitan Borough Council.
- 7.4 It is intended that this situation will enable the CCG to increase its funding to the Section 75 (S75) pooled budget whilst the Council reduces its contribution in 2021/22 thereby releasing some non-recurrent savings for the Council which, in turn, will facilitate ongoing financial sustainability across the economy and support the transformation schemes for locality priorities such as in Children's and Learning Disability/Adult Mental Health services which are facing significant demand pressures as reported at length in previous reports.
- 7.5 It is proposed that the Council should reduce its contribution to the S75 pool by £3.5m in 2021/22 whilst the CCG increases its contribution to fund health-related costs in 2021/22 by the same amount.

8. RECOMMENDATIONS

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