

Report To: **STRATEGIC COMMISSIONING BOARD**

Date: 22 June 2022

Executive Member / Reporting Officer: Councillor Jacqueline North - First Deputy (Finance, Resources & Transformation)
Dr Ash Ramachandra – Lead Clinical GP
Kathy Roe – Director of Finance

Subject: **STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE OUTTURN REPORT 2021/22**

Report Summary: This is the final financial report for the 2021/22 financial year, reflecting actual expenditure to 31 March 2022.

At the end of another unusual and challenging financial year for the Strategic Commission and ICFT, the final outturn position on 2021/22 budgets presents a broadly balanced position, with a small overspend on Council Budgets (which will be funded from general reserves). CCG budgets represent a break even position, while the ICFT have delivered a small surplus.

Longer term financial outlooks remain a cause for concern as we contend with the aftermath of the pandemic at the same time as addressing an underlying financial deficit and implementing significant organisational change across the NHS. The national and global economic conditions, with increasing inflationary pressures across a number of areas, present significant financial risk for a number of Council budgets.

APPENDIX 1 summarises the integrated financial position on revenue budgets as at 31 March 2022. The final outturn position presents a broadly balanced position, with a small overspend of **£131k** on Council Budgets. CCG budgets have achieved a balanced position with nil variance against budget.

The final outturn position is net of a range of significant under and over spends across a number of service areas. Further detail on budget variances, savings and pressures, is included in **APPENDIX 2**.

APPENDIX 3 provides an update on Council Tax and Business Rates collection performance and the year-end position on the Collection Fund.

APPENDIX 4 provides an update on the Dedicated Schools Grant (DSG). The 2021/22 cumulative deficit on DSG is £3.243m, mainly as a result of the continued pressure on High Needs.

APPENDIX 5 summarises the write-offs of irrecoverable debts for the period 1 January to 31 March 2022.

Recommendations: Members are recommended to:

- (i) Note the outturn position as set out in **Appendix 1**.
- (ii) Note the significant variations and pressures facing Budgets as set out in **Appendix 2**.
- (iii) **Approve** the reserve transfers detailed on pages 38-43 of **Appendix 2**.
- (iv) Note the outturn position on the Collection Fund.

- (v) Note the outturn position in respect of Dedicated Schools Grant as set out in **Appendix 4**.
- (vi) **Approve** the write off of irrecoverable debts set out in **Appendix 5**.

Policy Implications:

Budget is allocated in accordance with Council Policy

**Financial Implications:
(Authorised by the Section
151 Officer & Chief Finance
Officer)**

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. Whilst the overall position is better than previously forecast, this is due to significant one-off income and one-off savings which have mitigated pressures and delays to savings delivery. These one-offs are unlikely to be available in future years. A new financial turnaround process is being implemented across all budget areas to address financial pressures on a recurrent basis.

The final outturn position on Council Budgets is a small overspend of £131k which will be funded from general reserves. As part of the budget setting process each year, the Director of Finance assesses the required minimum level of general balances required to protect the financial sustainability of the Council and general balances currently stand at £27,244k. This overspend can be absorbed within the general fund balances.

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.

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.

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)**

Section 151 of The Local Government Act 1972 states that "every local authority shall make arrangements for the proper administration of their financial affairs..." This includes delivering a balanced budget and failure to do so can result in intervention from the Secretary of State

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 on the Council budgets which it is proposed will be remedied by using £131k from the Council's reserve account to bring the budget back to a balanced position.

Generally the use of reserves should be a last resort as once spent it is difficult for reserves to be built back up. Therefore Members need to be content that the use of £131k from the Council's reserves is appropriate in this situation.

In addition legislation does not state how much Council's should hold in reserves, rather it states that this is a matter for the Council's 151 Officer to decide in line with the general principles of prudent budgetary management. Therefore it would be advisable if there could be a comment added to the financial implications to expressly confirm that the 151 Officer is content.

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 revenue budget value of the ICF for 2021/22 was in excess of £1 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. REVENUE BUDGET SUMMARY

- 2.1 **APPENDIX 1** summarises the integrated financial outturn on revenue budgets at 31 March 2022.
- 2.2 The final outturn position on 2021/22 budgets presents a broadly balanced position, with a small overspend of £131k on Council Budgets (which will be funded from general reserves). CCG budgets represent a break even position, while the ICFT have delivered a small surplus. Further detail on budget variances, savings and pressures, is included in **APPENDIX 2**.
- 2.3 Given the significant pressures and challenges that have been faced over the last 12 months, this position is a significant achievement. The finance teams are currently in the process of preparing annual reports and accounts, which will be audited in the months to come.
- 2.4 Much of the focus has now shifted towards 2022/23, which looks set to be another unusual and challenging financial period. Longer term financial outlooks remain a cause for concern as we contend with the aftermath of the pandemic at the same time as addressing an underlying financial deficit and implementing significant organisational change across the NHS. The national and global economic conditions, with increasing inflationary pressures across a number of areas, present significant financial risk for a number of Council budgets.
- 2.5 Non recurrent COVID related funding which has helped to balance the financial position over the last couple of years has now come to an end, further intensifying pressure on the financial position
- 2.6 The CCG will cease to exist as a statutory body in June, with commissioning responsibilities for Tameside patients transferring to Greater Manchester Integrated Care Board, while Glossop moves into the Derby & Derbyshire system.
- 2.7 Precise operational arrangements to support this change are still under development and future iterations of this report will need to adapt to support new governance arrangements, while continuing to provide insight into the integrated financial position across the Tameside locality.

3. COLLECTION FUND 2020/21

- 3.1 **APPENDIX 3** provides an update on Council Tax and Business Rates collection performance and the year-end position on the Collection Fund. The outturn position on the Collection Fund for 2021/22 is an in year surplus of £23.072m, reducing the

overall deficit at 31 March 2022 to £7.054m. The MTFP assumes that the remainder of this deficit will be recovered over the 2022/23 and 2023/24 financial years.

4. DEDICATED SCHOOLS GRANT (DSG)

- 4.1 **APPENDIX 4** provides an update on the Dedicated Schools Grant (DSG) financial pressures and outturn for 2021/22. The Council is facing significant pressures on High Needs funding and started the 2020/21 financial year with an overall deficit on the DSG reserve of £0.557m. **The 2021/22 cumulative deficit on DSG is £3.243m**, mainly as a result of the continued pressure on High Needs but partly offset by surpluses on the other funding blocks. Under DfE regulations the authority has produced a deficit recovery plan which has been submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years.

5. WRITE OFF OF IRRECOVERABLE DEBT

- 5.1 Appendix 5 provides details of write offs of irrecoverable debt requiring Member approval in the period 1 January 2022 to 31 March 2022.

6. RECOMMENDATIONS

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