

<b>Report To:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	24 August 2022
<b>Executive Member / Reporting Officer:</b>	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Kathy Roe – Director of Finance
<b>Subject:</b>	<b>STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE REPORT</b> <b>CONSOLIDATED 2022/23 REVENUE MONITORING STATEMENT AT 30 JUNE 2022</b>
<b>Report Summary:</b>	<p>This is the first full detailed integrated finance report for the 2022/23 financial year, and also the final in its current form as the Tameside &amp; Glossop CCG formally closed down on 30 June 2022, with responsibilities transferring to either Greater Manchester ICB or Derby &amp; Derbyshire ICB.</p> <p>TMBC forecasts are for a full 12 months, but only 3 months of budgets are included for the CCG. The Month 3 position on CCG budgets is an underspend of <b>£1,375k</b> due to allocations not being profiled in line with projected spend. An allocation adjustment is included in the position, bringing the CCG overall variance to nil</p> <p>Whilst still early in the financial year, the Council is facing significant and growing inflationary pressures across a number of areas, combined with demand pressures in Adults and Children's services, resulting in a significant forecast overspend by 31 March 2023 of <b>(£12,850k)</b>. The position has deteriorated since period 2 due to growing pressures in Adults social care, additional pressures on SEN Home to School Transport and an increase in forecast cost pressures and savings shortfalls in Place. The current forecast assumes a Local Government pay award within the budgeted 2%, which if significantly greater than this will place further pressures on the budget. The forecast position is mitigated slightly by the release of contingency relating to transitional social care costs and additional investment income resulting from interest rate rises.</p>
<b>Recommendations:</b>	<p>That Executive Cabinet be recommended to:</p> <ul style="list-style-type: none"> <li>(i) Note the forecast outturn position and associated risks for 2022/23 as set out in <b>Appendix 1</b> and <b>Appendix 2</b>;</li> <li>(ii) <b>Approve</b> the reserve transfers set out on pages 36 to 38 of <b>Appendix 2</b>; and</li> <li>(iii) <b>Approve</b> the budget virements set out on pages 39 to 42 of <b>Appendix 2</b>.</li> </ul>
<b>Policy Implications:</b>	Budget is allocated in accordance with Council Policy
<b>Financial Implications:</b>	This report provides the 2022/23 consolidated financial position statement at 31 May 2022 for the Strategic Commission and ICFT partner organisations.
<b>(Authorised by the Section 151 Officer &amp; Chief Finance Officer)</b>	The Council set a balanced budget for 2022/23 in February 2022. This was achieved through the utilisation of one-off funding, very challenging savings targets and an increase in Council Tax. The

budget assumed limited pay inflation, no general inflation and funded known demographic and cost pressures in Adults and Children's Social Care, but with a challenging savings target for Children's Services.

Since setting the Council Budget in early February 2022, the economic landscape has changed adversely, with significant inflationary pressures impacting both generally and in specific service areas. These changes present both cost pressures and challenges in delivering savings and additional income targets, presenting risks to the delivery of a balanced position in 2022/23.

2022/23 will be a year of significant change in the NHS, with the formation of Integrated Care Boards to replace CCGs from 1 July. For Tameside registered patients, responsibilities will transfer to the Greater Manchester ICB. While commissioning responsibility for patients in Glossop is due to transfer to Derby & Derbyshire ICB, resulting in an alignment of healthcare commissioning footprints to those of the Local Authority, enabling more joined up health and social care services in the future. Due Diligence is still ongoing with colleagues in Derbyshire to ensure a safe transition of services, while calculating a true and fair split of resources between GM and Derbyshire in line with previously agreed principles.

This national transition was originally planned for April, but has since been pushed back to July. Before the postponement, plans were under development at an ICB level for a full 12 months, from an initial base of existing CCG and provider positions.

25% of these initially submitted plans have been released to CCGs in the form of Q1 allocations. Adjustments will be made at the end of Q1 to ensure CCGs breakeven at closedown, with any under or overspend carried forward into future ICB budgets. It is important to note that Q1 allocations ignore seasonality profiles (e.g. winter pressures), which may skew the reported position somewhat.

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)**

The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs..."

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 a forecast net deficit on the Council's budget.

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.

Members also need to be aware that the Council has a duty to retain a sufficient level of reserves. That level is not stipulated in legislation rather the duty to ensure that the level of reserves is sufficient rests with the Council's 151 Officer. Reserves by their very nature are finite and should be used sparingly as the Council is unlikely to be in a position to build its reserves up in the

foreseeable future given the economic climate and budgetary pressures.

If the Council is not able to deliver a balanced budget it will be in breach of the Local Government Act 1972 and most likely to result in intervention by the Secretary of State.

**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:**

Appendix 1	Further detail
Appendix 2	Directorate detail

Background papers relating to this report can be inspected by contacting Caroline Barlow, Assistant Director of Finance



Telephone: 0161 342 5609



e-mail: [caroline.barlow@tameside.gov.uk](mailto:caroline.barlow@tameside.gov.uk)

## 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 2022/23 is reported at £695 million. This includes a full 12 month of expenditure for the Council, but only 3 months for the CCG.
- 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 This is the first full detailed integrated finance report for the 2022/23 financial year, and also the final in its current form as the Tameside & Glossop CCG formally closed down on 30 June 2022, with responsibilities transferring to either Greater Manchester ICB or Derby & Derbyshire ICB.
- 2.2 From a healthcare commissioning perspective this report looks at 3 months of expenditure based on 25% of locality level ICB plans (as submitted in April 2022). The Month 3 position on CCG budgets is an underspend of **£1,375k** due to allocations not being profiled in line with projected spend. An allocation adjustment is included in the position, bringing the CCG overall variance to nil.
- 2.3 As highlighted in the month 2 report, the Council is facing significant and growing inflationary pressures across a number of areas, combined with demand pressures in Adults and Children's services, resulting in a substantial forecast overspend by 31 March 2023 of **(£12,850k)**. The position has deteriorated since period 2 due to growing pressures in Adults social care, additional pressures on SEN Home to School Transport and an increase in forecast cost pressures and savings shortfalls in Place.
- 2.4 Ongoing demand and cost pressures on Council budgets will have implications for the 2023/24 budget and work is in progress to identify mitigations for 2022/23, whilst planning for 2023/24. The current forecast still assumes a Local Government pay award within the budgeted 2%, which if significantly greater than this will place further pressures on the budget. The forecast position is mitigated slightly by the release of contingency relating to transitional social care costs and additional investment income resulting from interest rate rises.
- 2.5 Further detail on the financial position can be found in **Appendix 1** with further detail by Directorate set out in **Appendix 2**.

## 3. RECOMMENDATIONS

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