

Tameside Strategic Commission

Finance Update Report
Financial Year 2022/23
Month 4 – July 2022



Kathy Roe
Asif Umarji

Period 4 Finance Report

Executive Summary	3
Integrated Commissioning Fund Budgets	4
Integrated Commissioning Fund Commentary	5 – 7
ICFT Position	8 – 9

This report covers spend across the Tameside Strategic Commission (Delegated Tameside Locality budgets from Greater Manchester Integrated Care Board (ICB), Tameside Metropolitan Borough Council (TMBC)) and Tameside & Glossop Integrated Care Foundation Trust (ICFT).

Forecasts reflect a full 12 months for TMBC, but only 9 months for the ICB for the period 1 July 2022 to 31 March 2023. It does not incorporate financial data for Tameside & Glossop CCG, which ceased to exist on 30 June 2022. The CCG closedown position has been reported separately.

The report does not capture any health spend relating to Glossop, where commissioning responsibility was transferred to Derby & Derbyshire ICB from 1 July 2022.

Finance Update Report – Executive Summary

Tameside & Glossop CCG formally closed down on 30th June 2022, with responsibilities transferring to either Greater Manchester ICB or Derby & Derbyshire ICB. As such the scope of this report is different to that of previous months.

Reporting for TMBC and ICFT continues as usual, but the CCG position has been replaced by budgets delegated to the Tameside Locality by GM ICB. The report no longer includes any health spend relating to Glossop, where commissioning responsibility was transferred to Derbyshire.

Month 4 is the first month in which the ICB has been operational. As such final approved delegated budgets at locality level have not yet been confirmed. Work is ongoing to finalise budgets, but in the meantime this report presents indicative locality budgets.

Plans for Tameside were submitted for delivery of a £595k surplus in 22/23. At M4 we assume that this plan will be delivered, which in line with wider ICB reporting for M4. But £7,977k of savings delivery is required to execute this plan, which represents a significant risk.

As highlighted previously, 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 £12,305k. This represents a £545k improvement since M3, driven largely by Children's Social Care. But significant work is still required to balance the financial position in 2022/23.

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.

ICB Locality Position

Final delegated budgets for localities are not yet in place. As such indicative budgets have been reported, with an assumption that we will deliver a £595k surplus as per plan (and consistent with wider ICB reporting for M4).

Council Financial Position

(£12,305k)

The forecast overspend on Council budgets has improved by £545k since M3, driven largely by Children's Social Care. However there is still significant work required to balance the 22/23 position.

ICFT Position

(£1,215k)

YTD adverse variance to plan, driven by agency spend in ED, delayed transfer and care and shortfall against efficiency target.

Forecast Position £000's	YTD Position (Net)			Forecast Position (Net)			Net Variance	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
ICB Locality Expenditure	7,357	7,357	0	70,706	70,706	0	0	0
TMBC Expenditure	68,517	69,441	(924)	208,609	220,914	(12,305)	(12,850)	545
Integrated Commissioning Fund	75,874	76,798	(924)	279,315	291,620	(12,305)	(12,850)	545

Finance Update Report – Executive Summary

Forecast Position £000's	YTD Position (Net)			Forecast Position (Net)			Net Variance		Gross Position (full year)	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month	Expenditure Budget	Income Budget
Mental Health	748	748	0	6,733	6,733	0	0	0	6,733	0
Primary Care	564	564	0	5,075	5,075	0	0	0	5,075	0
Primary Care - Prescribing	3,419	3,419	0	31,803	31,803	0	0	0	31,803	0
Primary Care Co-Commissioning	191	191	0	2,185	2,185	0	0	0	2,185	0
Community	1,954	1,954	0	20,573	20,573	0	0	0	20,573	0
CHC	1,085	1,085	0	9,766	9,766	0	0	0	9,766	0
Other	(603)	(603)	0	(5,428)	(5,428)	0	0	0	(5,428)	0
Adults	14,577	20,838	(6,261)	43,731	46,447	(2,716)	(2,716)	0	103,772	(60,041)
Children's Services - Social Care	0	0	0	56,805	57,965	(1,160)	(2,405)	1,244	68,896	(12,092)
Education	2,438	1,673	766	7,129	8,858	(1,729)	(1,729)	0	33,250	(26,121)
Individual Schools Budgets	(2,240)	(5,718)	3,478	0	0	0	0	0	132,259	(132,259)
Population Health	4,691	4,200	491	14,072	13,925	147	147	0	16,290	(2,218)
Place	39,178	42,728	(3,550)	58,405	66,308	(7,903)	(7,903)	0	122,559	(64,154)
Governance	3,229	6,777	(3,548)	9,099	9,027	72	72	0	71,446	(62,347)
Finance & IT	3,105	4,124	(1,020)	9,759	9,564	194	194	0	11,411	(1,652)
Quality and Safeguarding	51	(71)	123	154	154	0	0	0	397	(243)
Capital and Financing	1,504	(135)	1,639	4,513	3,920	593	593	0	8,680	(4,167)
Contingency	(50)	(6,317)	6,267	(151)	(346)	195	894	(699)	7,291	(7,442)
Corporate Costs	2,035	1,343	692	5,093	5,092	1	1	0	5,403	(310)
Integrated Commissioning Fund	75,874	76,798	(924)	279,315	291,620	(12,305)	(12,850)	545	652,361	(373,046)
ICB Locality Expenditure	7,357	7,357	0	70,706	70,706	0	0	0	70,706	0
TMBC Expenditure	68,517	69,441	(924)	208,609	220,914	(12,305)	(12,850)	545	581,655	(373,046)
Integrated Commissioning Fund	75,874	76,798	(924)	279,315	291,620	(12,305)	(12,850)	545	652,361	(373,046)

Integrated Commissioning Fund – M4 ICB Locality Budgets

Month 4 is the first month in which the ICB has been operational. As such final approved locality delegated budgets have not yet been confirmed. Work is ongoing to finalise budgets, but in the meantime this report presents indicative locality budgets. Plans for Tameside assumed delivery of a £595k surplus in 22/23. At M4 we assume that this plan will be delivered, which in line with wider ICB reporting for M4. But £7,977k of savings delivery is required to deliver the plan, which represents a significant risk.

More detailed variance analysis will be available from M5. On the basis that spend from April – June has been already been reported in CCG closedown accounts, ICB budgets cover 9 months from July 2022 – March 2023.

The Locality position forms part of the wider ICB and system financial position. At M4 the following system position has been reported, with a projected overspend by providers being offset by a commissioner surplus:

	Year to Date (Mth 4)			22/23 Forecast		
	Plan	Actuals	Variance	Plan	FOT	Variance
	(Def) / Surpl £m	(Def) / Surpl £m	(Def) / Surpl £m	(Def) / Surpl £m	(Def) / Surpl £m	(Def) / Surpl £m
GM ICB	1.6	2.2	0.6	63.6	63.6	0.0
GM NHSE						
Direct Commissioning (Public Health, Health & Justice, Appraisal and Revalidation)	0.0	(4.9)	(4.9)	0.0	(6.1)	(6.1)
Corporate (incl Senates)	0.0	0.2	0.2	0.0	0.0	0.0
Providers	(19.5)	(56.3)	(36.8)	(63.6)	(63.8)	(0.2)
Total GM ICS positionas reported to NHSE	(17.9)	(58.8)	(40.9)	0.0	(6.3)	(6.3)
Local Authorities - 12 month plan	tbc	tbc	tbc	tbc	tbc	tbc
Total GM Position	(17.9)	(58.8)	(40.9)	0.0	(6.3)	(6.3)
Total GM Position after NHSE out of envelope reimbursements	(17.9)	(53.9)	(36.0)	0.0	(0.2)	(0.2)

While nationally the ICB has reported that we are broadly on track to deliver against the plan as a system, significant efficiency savings are required to enable delivery. Against a £495.3m system savings target, £162.9m of risk is associated with delivery.

In Tameside against a commissioner savings target of £7,997k, we are reporting risk of £1,522k.

	Target	Risk
Commissioner	£118.8m	£45.0m
Provider	£310.0m	£51.4m
System	£66.5m	£66.5m
Total	£495.3m	£162.9m

Month 4 forecast is for a significant overspend of £12.305m by the end of year.

The overall forecast outturn on Council budgets has improved by **£545k** since period 3, and is a net movement reflecting a £1.244m improved position on Children's Social Care, and a £699k pressure in respect of the anticipated Local Government pay award, after allocating contingency to fund.

Children's Social Care overspend: This is predominantly due to External Placements which are forecast to overspend by a total of (£1.067m). This includes overspends on external residential placements for children under 18 (£0.853m). Additionally there is an overspend of (£0.260m) in relation to the number of young adults that remain in placements paid for by Children's Social Care due to the lack of appropriate accommodation for them to move onto. Work is continuing in this area with the Transformation Team to address sufficiency of appropriate accommodation and it is expected this will reduce costs in this area.

The budget for external residential placements was reduced by £2.919m as part of the council savings for 2022/23. The approved saving was based on a reduction in the number of cared for children in external residential placements and a reduction in costs by stepping children from residential homes to agency foster care placements. Whilst the number of residential placements has reduced from a peak of 102 in December 2020 to 79 in July 2022, unit costs have faced significant upward pressure and a low level of shared costs with NHS Partners in respect of Children with complex needs requiring residential places.

The forecast has improved by £1.244m since period 3, mainly due to an improvement of £1.4m in the expected cost of external placements. This relates to high cost placements reducing, following plans to appropriately step down support; and move young people into semi-independent placements. One significant high cost placement has reduced the placement costs by £0.7m. This has been offset by increased spending in the Cared for Children support team due to the need to use agency staff to cover vacant posts and an increase in costs for support for children with disabilities.

Pay Award: The Local Government Pay award for 2022/23 is still subject to negotiation however the employers have made a proposal which is currently being considered by Trade Unions. The assumption is that the cost of the 2022/23 pay award will not be any less than the current offer on the table.

The estimated cost of the current employer offer significantly exceeds the 2% assumed in 2022/23 staffing budgets by approximately £2.8m. An amount of £2.9m had been set aside in contingency budgets for any unexpected pressures arising during 2022/23 - £2.1m of this contingency has therefore been allocated to fund the expected pay award resulting in an adverse movement in contingency forecasts of £0.7m. An amount of £0.8m unallocated contingency has been retained to cover the rest of the financial year.

Inflationary Pressures: The current inflation pressures across the general economy increase the risk that budgets may face further expected cost pressures over the coming months and whilst there remains some unallocated contingency budget, this may not be sufficient if inflationary pressures impact further across a number of areas. The forecast outturn position for the Place Directorate already includes cost pressures in excess of £2.2m in respect of gas and electricity costs for street lighting and Council buildings. These cost pressures assume usage levels are similar to the previous financial year but reflect price increases which came into effect from 1 April 2022. The contract with the energy supplier fixes prices for the 12 month period to 31 March 2023 so no further cost pressures are currently anticipated (assuming usage remains constant with 2021/22). A new energy contract is currently being procured for the period from 1 April 2023 and at this stage significant cost pressures are anticipated for 2023/24 and beyond.

Finance Summary Position – T&G ICFT

	In Month			YTD		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Total Income	£22,767	£23,136	£369	£91,055	£92,378	£1,323
Employee Expenses	(£16,626)	(£17,267)	(£641)	(£66,247)	(£67,932)	(£1,685)
Non Pay Expenditure	(£6,917)	(£7,188)	(£271)	(£27,728)	(£28,427)	(£699)
Total Operating Expenditure (excl. COVID-19)	(£23,543)	(£24,455)	(£912)	(£93,975)	(£96,359)	(£2,384)
Income - COVID-19	£0	£14	£14	£0	£60	£60
Employee Expenses - COVID-19	(£323)	(£237)	£86	(£1,000)	(£1,110)	(£110)
Non Pay Expenditure - COVID-19	(£8)	(£35)	(£27)	(£60)	(£164)	(£104)
Total Operating Expenditure - COVID-19	(£331)	(£258)	£73	(£1,060)	(£1,214)	(£154)
Total Operating Expenditure	(£23,874)	(£24,713)	(£839)	(£95,035)	(£97,573)	(£2,538)
Adjusted Financial Performance - Surplus/ (Deficit)	(£1,107)	(£1,577)	(£470)	(£3,980)	(£5,195)	(£1,215)
Income - Mass Vaccs & Hospital Hub	£200	£191	(£9)	£864	£869	£5
Expenditure - Mass Vaccs & Hospital Hub	(£200)	(£191)	£9	(£864)	(£869)	(£5)
Adjusted Financial Performance - Surplus/ (Deficit)	(£1,107)	(£1,577)	(£470)	(£3,980)	(£5,195)	(£1,215)
Trust Efficiency Programme	£1,062	£745	(£318)	£3,793	£2,573	(£1,220)
Capital Expenditure (Total)	£773	£715	(£58)	£1,726	£1,792	£66
CDEL	£235	£17	(£218)	£431	£182	(£249)
PDC	£538	£698	£160	£1,295	£1,610	£315
Cash and Equivalents		£21,310				

Finance Summary Position – T&G ICFT

Trust Financial Summary – Month 4

At month 4 the Trust reported an in month variance against plan of c.£470k adverse and a YTD position of c.£1.2m adverse. This is largely driven by following key factors:

- Premium agency spend within ED and Urgent Care
- Additional costs due to delay transfer of care for inpatients to social care
- Unachieved Trust Efficiency Programme which is compounded by two points above

The in month actual position is a reported deficit of c.£1.577m. Total COVID expenditure incurred in month equated to c.£258k against planned spend of c.£331k which is slightly below plan. Total YTD spend for COVID is c£1.214k against a plan of c.£1.060k which represents an overspend of £154k.

Activity and Performance:

Activity plans set for the Trust for 2022/23 are in line with nationally prescribed activity targets. Assuming activity plans are met, this will enable the Trust to access Elective Recovery Funding (ERF), although payment is dependant upon achievement of activity targets on a Greater Manchester System-wide footprint.

Despite the continued operational challenges that the Trust is experiencing in terms of high levels of A&E attendances, bed availability and high levels of patients who no longer meet the criteria to reside, the Trust is performing well against its Elective, Day case and outpatient attendance targets, but is reporting below the threshold of 104% overall.

Efficiency target:

The Trust has set an efficiency target for 2022/23 of £13.628m. In month 4, the Trust delivered efficiencies equating to £745k against a plan of c.£1.062m which is an underachievement of c.£318k. YTD the trust has delivered c£2.573m – an underachievement of c.£1.220m versus plan.

The Trust continues to review and challenge its efficiency programme and new ideas to close the gap are being worked through with a view to deploying additional efficiency schemes in future months.