

Report To: EXECUTIVE CABINET

Date: 26 September 2022

Executive Member / Reporting Officer: Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation)
Kathy Roe – Director of Finance

Subject: STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE REPORT
CONSOLIDATED 2022/23 REVENUE MONITORING STATEMENT AT 31 JULY 2022

Report Summary: This is the third financial monitoring report for the 2022/23 financial year, reflecting actual expenditure to 31 July 2022. Tameside Council forecasts are for a full 12 months, but only 9 months of budgets are included for the ICB. ICFT position looks at Year To Date only.

Reporting for TMBC and ICFT continues as usual, but the CCG position has been replaced by budgets delegated to the Tameside Locality by GM ICB.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 for the nine months 1 July 2022 to 31 March 2023.

Plans for Tameside locality were submitted for delivery of a £595k surplus in 22/23. At this stage we assume that this plan will be delivered, which is in line with wider ICB reporting for Month 4. But £7.977m 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 **£12.305m**. This represents a £545k improvement since Month 3 monitoring report, 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 beyond, and work is in progress to identify mitigations for both 2022/23, and future years.

Recommendations: Members are recommended to note the forecast outturn position and associated risks for 2022/23 as set out in **Appendix 1**.

Policy Implications: Budget is allocated in accordance with Council/CCG Policy.

Financial Implications: This report provides the 2022/23 consolidated financial position statement at 31 July 2022 for the Strategic Commission and ICFT partner organisations.

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

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 which replaced CCGs from 1st July. For Tameside registered patients, responsibilities have transferred to the Greater Manchester ICB. While commissioning responsibility for patients in Glossop has transferred 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.

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 of £12.305m on Council budgets

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.

The council has a statutory responsibility to ensure that it operates with sufficient reserves in place. The legislation does not stipulate what that level should be, rather that it is the responsibility of the council's 151 officer to review the level of reserves and confirm that the level is sufficient. Reserves by its very nature is finite and so should only be drawn down after very careful consideration as the reserves are unlikely to be increased in the short to medium term.

It would therefore be helpful if the report could explain why it is appropriate for the reserves to be drawn down from and also that the 151 officer is content that the remaining reserves are sufficient.

Clearly the council's plans to ensure that ultimately a balanced budget will be too lengthy to include in detail in this report but it would be helpful if the report could reference the work streams etc. to ensure that the final budget balances. Going forward it should be noted it is intended to separate out the Council's budget from the GM ICB to provide greater clarity as we move closer to integration.

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 gross revenue budget value of the ICF for 2022/23 is reported at £652 million. This includes a full 12 month of expenditure for the Council, but only 9 months for the ICB.
- 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)
 - Tameside Locality as part of GM ICB (ICB)
 - Tameside Metropolitan Borough Council (TMBC)

2. FINANCIAL SUMMARY (REVENUE BUDGETS)

- 2.1 This is the financial monitoring report reflecting actual expenditure to 31 July 2022. TMBC forecasts are for a full 12 months, but only 9 months of budgets are included for the ICB. The ICFT position looks at Year to Date only.
- 2.2 From a healthcare commissioning perspective this report looks at 9 months of expenditure based indicative ICB plans (for the period 1 July 2022 to 31 March 2023). 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 a delivery of £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 £7.977m of savings delivery is required to execute this plan, which represents a significant risk.
- 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 **£12.305m**. This represents a £545k improvement since Month 3, driven largely by Children's Social Care. But significant work is still required to balance the financial position in 2022/23
- 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. Identification of mitigating actions and savings for 2022/23, and identification of savings plans for 2023/24 and beyond, are being prioritised by Officers and the Senior Leadership Team, and will be the subject of future reports.
- 2.5 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.