

Report To: EXECUTIVE CABINET

Date: 23 November 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 30 SEPTEMBER 2022

Report Summary: As highlighted in previous reports this 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 (£8,198k). This represents a £2,919k improvement since month 5. This movement is driven by a reduction in the level of overspend forecast on Adults and Children’s services, combined with a significant forecast underspend on Population Health budgets and further additional investment income due to rising interest rates.

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.

Recommendations: That Executive Cabinet be recommended to:

- (i) Note the forecast outturn position and associated risks for 2022/23 as set out in **Appendix 1** and **Appendix 2**;
- (ii) **Approve** the reserve transfers set out in **Appendix 2**; and
- (iii) **Approve** the budget virements set out in **Appendix 2**.
- (iv) **Note** the forecast position on the Collection Fund as set out in **Appendix 3**.
- (v) **Note** the current position in respect of the Dedicated Schools Grant deficit as set out in **Appendix 4**.

Policy Implications: Budget is allocated in accordance with Council.

Financial Implications: This report provides the 2022/23 consolidated financial position statement at 30 September 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 Head of Legal)

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 £8.198m 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.

Risk Management:

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 Caroline Barlow, Assistant Director of Finance, Tameside Metropolitan Borough Council

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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 economy.
- 1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Tameside Locality of the Greater Manchester Integrated Commissioning Board (ICB). The gross revenue budget value of the ICF for 2022/23 is reported at £664 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 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 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.
- 2.2 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.
- 2.3 Plans for Tameside were submitted for delivery of a £595k surplus in 22/23. At M6 we assume that this plan will be delivered, which is in line with wider ICB reporting for M6. The plan to deliver a surplus requires savings of £7.8m to be found, and whilst there is risk of achievement, it is currently expected that Tameside will be on target, however work continues to ensure that savings identified become recurrent.
- 2.4 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 (£8,198k). This represents a £2,919k improvement since M5. This movement is driven by a reduction in the level of overspend forecast on Adults and Children's services, combined with a significant forecast underspend on Population Health budgets and further additional investment income due to rising interest rates.
- 2.5 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.
- 2.6 Further detail on the financial position can be found in **Appendix 1** with further detail by Directorate set out in **Appendix 2**.

3. COLLECTION FUND

- 3.1 The latest forecast for the Collection Fund in 2022/23, together with collection performance, is summarised in **Appendix 3**.

4. DEDICATED SCHOOLS GRANT

- 4.1 The latest position and forecast for the Dedicated Schools Grant funding and deficit position is summarised in **Appendix 4**. If the 2022/23 forecasts materialise the deficit will further increase to £5.496m. A deficit recovery plan has been developed and submitted to the DfE. Discussions are continuing with the DfE and are ongoing. The position will continue to be closely monitored and updates reported to Schools' Forum and Members.

5. RECOMMENDATIONS

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