

Report To: EXECUTIVE CABINET

Date: 14 December 2022

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

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

Report Summary: This is the revenue financial monitoring report for the 2022/23 financial year, reflecting actual expenditure to 31 October 2022. Tameside Council (TMBC) forecasts are for a full 12 months, but only 9 months of budgets are included for the Tameside Locality of the Greater Manchester Integrated Care Board (ICB). The Tameside and Glossop Integrated Care NHS Foundation Trust (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Reporting for TMBC and ICFT continues as usual, but the CCG position has been replaced by budgets delegated to the Tameside Locality by the Greater Manchester ICB. The report no longer includes any health spend relating to Glossop, where commissioning responsibility was transferred to Derbyshire.

Month 7 is the fourth 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 7. 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.

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 (£3,548k). This represents a significant improvement of £4,649k since M6 due a number of mitigations now being included within the forecasts. Delivery of these mitigations is vital to ensure the forecast financial position of the Council does not deteriorate over the coming months.

Ongoing demand and cost pressures on Council budgets have implications for the 2023/24 budget and work continues at pace to deliver mitigations for 2022/23, whilst plans are developed to ensure a balanced budget can be delivered for 2023/24.

Recommendations: That Executive Cabinet be 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 Policy

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

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

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)

As Members are aware The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs..." and critically the council has a statutory duty to deliver a balanced budget by the end of the financial year.

As such this revenue monitoring report is intended to track the council's progress in delivering this against the budget set at the start of the financial year and to provide Members with the opportunity to understand and probe the Council's financial position.

Members will note from the details in the appendix that the current forecast is predicting an overspend of £3.548m. This position has

improved by £4.649m since month 6 but robust budget management will still be required on order to deliver a balanced budget.

Reserves cannot be relied upon to balance the budget as 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:

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 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 £674 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 This is the financial monitoring report reflecting actual expenditure to 31 October 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 on indicative ICB plans (for the period 1 July 2022 to 31 March 2023). Month 7 is the fourth 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 M7 we assume that this plan will be delivered, which is in line with wider ICB reporting for M7. 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.
- 2.3 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 **(£3,548k)**. This represents a significant improvement of £4,649k since M6 due a number of mitigations now being included within the forecasts.
- 2.4 Significant work is still required to balance the financial position in 2022/23. Work is in progress to identify mitigating savings to reduce the forecast overspend on Council budgets, and address the forecast budget gap for 2023/24 and beyond. This is being done in the context of growing inflationary pressures, including significant energy cost and pay inflation, with no indication that any additional funding will be provided either in 2022/23 or the next two financial years
- 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.