

Report to:	HEALTH AND WELLBEING BOARD
Date:	8 March 2018
Executive Member / Reporting Officer:	<p>Councillor Brenda Warrington – Executive Leader</p> <p>Councillor Gerald P Cooney – Executive Member (Healthy & Working)</p> <p>Kathy Roe – Director Of Finance – Tameside & Glossop CCG & Tameside MBC</p>
Subject:	TAMESIDE & GLOSSOP CARE TOGETHER ECONOMY – 2017/18 CONSOLIDATED FINANCIAL MONITORING STATEMENT AT 31 DECEMBER 2017 AND PROJECTED OUTTURN TO 31 MARCH 2018
Report Summary:	<p>This is a jointly prepared report of the Tameside & Glossop Care Together constituent organisations on the consolidated financial position of the Economy.</p> <p>The report provides a 2017/2018 financial year update on the month 9 financial position (at 31 December 2017) and the projected outturn (at 31 March 2018).</p> <p>A summary of the Tameside and Glossop Integrated Care NHS Foundation Trust financial position is also included within the report. This is to ensure members have an awareness of the overall financial position of the whole Care Together economy and to highlight the increased risk of achieving financial sustainability in the short term whilst also acknowledging the value required to bridge the financial gap next year and through to 2020/21.</p>
Recommendations:	<p>Health and Wellbeing Board Members are recommended :</p> <ol style="list-style-type: none"> 1. To note the 2017/2018 consolidated financial position of the economy at 31 December 2017 and the projected outturn position at 31 March 2018 (Appendix A) 2. To acknowledge the significant level of savings required during 2017/2018 to achieve confirmed control totals and the financial sustainability of the economy on a recurrent basis thereafter. 3. To acknowledge the significant amount of financial risk associated with the achievement of financial control totals during this period.
Links to Community Strategy:	<p>The Sustainable Community Strategy and Local Area Agreement are key documents outlining the aims of the Council and its partners to improve the borough of Tameside (agreed in consultation with local residents). Within health the CCG's Commissioning Strategy and Primary Care Strategy are similarly aligned to these principles and objectives.</p>

Policy Implications:

The Care Together resource allocations detailed within this report supports the strategic plan to integrate health and social care services across the Tameside and Glossop economy.

Financial Implications:

(Authorised by the Section 151 Officer))

This report provides the consolidated financial position statement of the 2017/18 Care Together Economy for the period ending 31 December 2017 (Month 9 – 2017/18) together with a projection to 31 March 2018 for each of the three partner organisations **(Appendix A)**

The report explains that there is a clear urgency to implement associated strategies to ensure the projected funding gap is addressed and closed on a recurrent basis across the whole economy.

A risk share arrangement is in place between the Council and CCG relating to the residual balance of net expenditure compared to the budget allocation at 31 March 2018, the details of which are provided within the report.

It should be noted that the Integrated Commissioning Fund for the partner Commissioner organisations are bound by the terms within the Section 75 agreement and associated Financial Framework agreement which has been duly approved by both the Council and CCG.

Legal Implications:

(Authorised by the Borough Solicitor)

There is a need to deliver a balanced budget. Consequently, there are significant changes required to achieve this and reduce the current levels of spend which previously have been bailed out. This requires new models of working and relentless focus on budgets without compromising patient care and safety. Many of the new models are intended to achieve this rather than simply look to cut out waste.

Access to Information :

Any background papers relating to this report can be inspected by contacting :

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1. INTRODUCTION

- 1.1 This report aims to provide an update on the financial position of the care together economy as at month 9 in 2017/18 (to 31 December 2017) and to highlight the increased risk of not achieving financial sustainability. Supporting details are provided in **Appendix A**.
- 1.2 The report includes the details of the Integrated Commissioning Fund (ICF) and the progress made in closing the financial gap for the 2017/18 financial year. The total ICF is £486m in value, however it should be noted that this value is subject to change throughout the year as new Inter Authority Transfers (IATs) are actioned and allocations are amended.
- 1.3 It should be noted that the report includes details of the financial position of the Tameside and Glossop Integrated Care NHS Foundation Trust. This is to ensure members have an awareness of the projected total financial challenge which the Tameside and Glossop Care Together economy is required to address during 2017/18.
- 1.4 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations within the Care Together programme, namely:
 - Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT);
 - NHS Tameside and Glossop CCG (CCG);
 - Tameside Metropolitan Borough Council (TMBC).

2 FINANCIAL SUMMARY

- 2.1 **Table 1** provides details of the summary 2017/18 budgets, net expenditure and forecast outturn of the Integrated Commissioning Fund and Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT). Supporting details of the forecast outturn variances are explained in sections 2 and 3 of **Appendix A**. Members should note that there are a number of risks that have to be managed within the economy during the current financial year, the key one's being:
 - Significant budget pressures for the Clinical Commissioning Group relating to Continuing Care related expenditure of £4.3m.
 - Children's Services within the Council is managing unprecedented levels of service demand which is currently projected to result in additional expenditure of £7.8m when compared to the available budget.
 - The Integrated Care Foundation Trust is working to a planned deficit of £24.5m for 2017/18. However it should be noted that efficiencies of £10.4m are required in 2017/18 in order to meet this sum.
- 2.2 **Table 2** provides details of the Strategic Commission risk share arrangements in place for 2017/18. Under this arrangement the Council has agreed to resource up to £5 m in each of the next two financial years (2017/18 and 2018/19) in support of the CCG's Quality, Innovation, Productivity and Prevention (QIPP) programme savings target which is conditional upon the CCG agreeing to a reciprocal arrangement in 2019/20 and 2020/21. Any variation from budget is shared in the ratio 80:20 for CCG:Council. A cap is placed on the shared financial exposure for each organisation (after the use of £5m) in 2017/18 which is a maximum £0.5 m contribution from the CCG towards the Council year end position and a maximum of £2.0 m contribution from the Council towards the CCG year end position. The CCG year end position is adjusted prior to this contribution for costs relating to the residents of Glossop (13% of the total CCG variance) as the Council has no legal powers to contribute to such expenditure.

Table 1 – Summary of the Tameside and Glossop Care Together Economy – 2017/18

Organisation	YTD Position			Forecast Position			Forecast Position	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Strategic Commission	366,874	372,416	-5,543	486,112	497,330	-11,218	-11,336	118
ICFT	-17,125	-17,864	-739	-24,349	-24,349	0	0	0
Total	349,749	354,552	-6,282	461,763	472,981	-11,218	-11,336	118

Table 2 – Risk Share

Risk Share (£000's)	11,218
TMBC	3,798
Non Rec Contribution	
CCG	500
TMBC	6,920

There are a number of additional risks which each partner organisation is also managing during the current financial year, the details of which are provided within **Appendix A**.

2.3 A summary of the financial position of the ICF, broken down by directorate is provided.

Table 3 – 2017/18 ICF Financial Position

£000's	YTD Position			Forecast Position			Forecast Position	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
Acute	152,001	153,835	- 1,834	204,653	206,642	- 1,990	- 1,601	- 389
Mental Health	22,130	22,684	- 554	29,502	30,200	- 697	- 966	269
Primary Care	62,606	61,144	1,463	83,342	82,154	1,188	1,103	86
Continuing Care	10,206	13,140	- 2,934	13,625	17,880	- 4,256	- 4,386	131
Community	20,770	20,770	- 0	27,473	27,581	- 108	- 108	-
Other	23,840	19,966	3,875	26,236	20,373	5,862	5,958	- 96
QIPP	-	-	-	-	3,798	- 3,798	- 4,111	313
CCG Running Costs	4,133	4,125	8	5,197	5,197	0	-	0
Adult Social Care	33,108	32,961	147	44,185	43,989	196	196	-
Children's services	24,517	30,367	- 5,850	35,192	42,992	- 7,800	- 7,605	- 195
Public Health	13,562	13,424	138	16,708	16,524	184	184	-
Integrated Commissioning Fund	366,874	372,416	- 5,543	486,112	497,330	- 11,218	- 11,336	118
CCG Expenditure	295,687	295,664	22	390,027	393,825	- 3,798	- 4,111	313
TMBC Expenditure	71,187	76,752	- 5,565	96,085	103,505	- 7,420	- 7,225	- 195
Integrated Commissioning Fund	366,874	372,416	- 5,543	486,112	497,330	- 11,218	- 11,336	118
A: Section 75 Services	203,799	205,256	- 1,457	265,437	269,185	- 3,748	- 4,061	313
B: Aligned Services	137,939	142,693	- 4,753	187,365	195,119	- 7,754	- 7,501	- 253
C: In Collaboration Services	25,136	24,467	668	33,310	33,026	284	226	58
Integrated Commissioning Fund	366,874	372,416	- 5,543	486,112	497,330	- 11,218	- 11,336	118

- 2.4 **Acute** - Against a full year budget of £204.7m there is forecast deficit of £2.0m. The acute position has deteriorated by £0.4m since month 8, driven by high cost out of area patients and critical care at Stockport. The acute cost centre is by far the largest within the CCG and includes the majority of the contract with the ICFT, spend with other NHS provider trusts, spend with the independent sector and ambulances. While the ICFT contract is our largest contract, it is paid on block therefore there is zero variance included in the commissioner position. The biggest areas of variance are:
- Associate provider contracts, in particular the Manchester FT contract (over by £1.9m) where amputations, emergency admissions and A&E are all creating a pressure.
 - Independent Sector (over by £0.85m), where activity has grown in real terms, particularly for diagnostic procedures where the independent sector are able to offer treatment with a shorter wait and at lower cost than the ICFT.
 - Non Contracted Activity (over by £0.33m), a large part of this is a single high cost patient invoiced in December.
- 2.5 **Mental Health** - Against Core budgets there is a forecast £0.7m overspend. This is driven by an increase in high cost individualised commissioning placements, offset by slippage on implementation of new services and a reduced number of patients on step down units at Pennine Care. Since M8 the mental health position has improved by £0.27m due to slippage on implementation of business cases required to meet the five year forward view. The CCG are on track to meet the Mental Health Investment Standard (MHIS) in 2017/18. A report is currently being prepared for submission to the Strategic Commissioning Board looking at achievement of MHIS in future years and how this links to the five year forward view for mental health.
- 2.6 **Primary Care** – Currently forecast at £1.19m underspent, with a £0.09m improvement over the prior month. Primary Care IT and slippage of CIS spend into 2018/19 are significant contributors to the underspend. Prescribing shows a nil variance in ledger, but this is largely due of the way QIPP is reported. Against a QIPP target of £2.52m there is an expected underlying QIPP achievement of approximately £2.2m. However due to national price concessions in relation to the pricing of generic drugs only £1.12m will be realised in 2017/18.
- 2.7 **Continuing Care** – Growth in individualised packages of care remains the CCGs biggest financial risk. Total overspend at M9 is £6.23m analysed as:
- £4.26m Continuing Care;
 - £1.37m Mental Health;
 - £0.61m Neuro Rehabilitation.
- The growth in this area has been well documented in previous reports and a recovery plan is in place. An update was presented to Finance and QIPP group on 17 January 2018 which included strategies to reduce the growth. Broadcare, which is a new IT system to improve monitoring of activity was introduced in December 2017
- 2.8 **Community** - The majority of spend within this directorate is within the block contract for the ICFT. The variance relates to VAT on the wheelchairs contract and there is ongoing dialogue with the Inland Revenue about a reclaim of this tax.
- 2.9 **Other** – This directorate includes Better Care Fund (BCF), estates, transformation funding and reserves. BCF and transformation funding are both on track to spend in line with plan. There is some risk around estates as accurate schedules from Propco are awaited. The underspend within the directorate relates to reserves where budget is in place to offset the overspend reported elsewhere and to ensure the CCG meets financial control totals. It should be noted that there is still a negative reserve to clear over and above the outstanding QIPP in order to meet these targets at year end.

- 2.10 **QIPP** – Against an annual savings target of £23.9m, £14.0m of the required savings have been banked in the first 9 months of the year. In addition to this there are further savings of £6.1m which are expected to be delivered. In order to meet financial control totals a further £3.8m of QIPP savings (plus clear the negative reserve) are required. More work required to turn amber/red schemes green and to bring new schemes forward in order to close this residual gap. An Internal Audit report provides a ‘high assurance’ rating of the CCGs QIPP monitoring processes
- 2.11 **CCG Running Costs** – These are on schedule to remain within running cost allocation and deliver £1.14m QIPP savings. On a year to date basis, £0.97m of savings have already been banked.
- 2.12 **Adult Social Care** – Savings of £0.03m have been identified within one of the Learning Disability Supported Accommodation contracts. This has been achieved through collaborative working with the provider concerned to adopt new operating models around sleep ins. The full year effect of £0.09m will be realised in 2018/19.

Increase of £0.08m in Fairer Charging income received for community based services, this is income based on the individual client financial assessments of approximately 1000 clients (this number varies slightly throughout the year).

Employee related spend is forecast to be £0.4m less than budget. The number of assessed hours required for the Council provided Learning Disabilities Homemaker Service are less than budgeted due to services being delivered by the independent sector.

Increased numbers of Nursing bed placements (201 at April 2017 to 222 at the end of November) has resulted in forecast spend being £0.68m in excess of budget (the average net cost of a nursing placement excluding Funded Nursing Care (FNC) is £0.03m per year). The additional placements have contributed to reductions in Delayed Transfers of Care (DTOC) numbers since April 2017. The current daily average DTOC is 12 compared to 30+ in April 2017. The age of admission is also reducing which is leading to an increase in length of stay (average age of admission last year was 82 compared to 80 currently) which could have a future financial impact.

Nursing bed capacity in Care Homes is currently stretched with vacancy levels of approximately 5% (28 beds) across the borough.

- 2.13 **Children's Services** – Pressure of £7.8m due to increased investment required in children's placements and social workers as a result of the increased demand being experienced in this area and in line with OFSTED recommendations.

The number of Looked After Children has increased from 519 at April 2017 to 584 in November 2017. Forecast expenditure on employee related costs forecast to be £1.04m in excess of budget. The service continues to recruit Social Workers to support the additional caseload demands since the 2017/18 budget was approved. The ongoing strategy is to transition agency employees onto permanent contracts within the service as this is a lower cost alternative and also improves the quality and stability of service delivery.

Alongside the recruitment of agency Social Workers, there is also additional estimated expenditure to the approved budget on a number of additional senior positions as the Council and its partners take action to make the required improvements to the service, including the appointment of a new Director and Assistant Director of Children's Services.

The number of Looked After Children has increased from 519 at April 2017 to 584 in November 2017. The current budget allocation will finance approximately 450 placements,

assuming average weekly unit costs for placements. This unprecedented level of demand has led to a forecast position of £6.78m in excess of the available budget in 2017/18.

3. 2017/18 EFFICIENCY PLAN

- 3.1 The economy has an efficiency sum of £ 35.1m to deliver in 2017/18, of which £ 24.7m is a requirement of the Strategic Commissioner.
- 3.2 **Appendix A** provides supporting analysis of the delivery against this requirement for the whole economy. It is worth noting that there is a forecast £ 4.1m under achievement of this efficiency sum by the end of the financial year, £ 3.6m of which relates to the Strategic Commissioner.
- 3.2 It is therefore essential that additional proposals are considered and implemented urgently to address this gap and on a recurrent basis thereafter.

4. RECOMMENDATIONS

- 4.1 As stated on the front of the report.