

Report to:	EXECUTIVE CABINET
Date:	12 December 2018
Executive Member/Reporting Officer:	Councillor Bill Fairfoull – Deputy Executive Leader Kathy Roe – Director of Finance
Subject:	STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST – CONSOLIDATED 2018/19 REVENUE MONITORING STATEMENT
Report Summary:	<p>As at 31 October 2018 the Integrated Commissioning Fund is forecasting to spend £582.3m against an approved budget of £580.4m, an overspend of £1.9m, but an improvement on the position reported at month 6. This forecast masks significant risks and pressures in a number of areas, including Continuing Care, Children’s Services and Operations and Neighbourhoods.</p> <p>The improved position from month 6 is due to a combination of improved savings delivery and the release of corporate contingency budgets.</p>
Recommendations:	<p>Members are recommended to :</p> <ol style="list-style-type: none"> 1. Acknowledge the significant level of savings required during 2018/19 to deliver a balanced recurrent economy budget together with the related risks which are contributing to the overall adverse forecast. 2. Acknowledge the significant cost pressures facing the Strategic Commission, particularly in respect of Continuing Healthcare, Children’s Social Care and Operations & Neighbourhoods, and Growth. 3. Approve the allocation of additional capital funding and an increase in the Capital Programme for Hyde Leisure Pool Extension (£0.280m) and remedial slope stability works required at Fairlea Denton and Greenside Lane Droylsden (£0.650m), as set out in section 4.
Corporate Plan:	Budget is allocated in accordance with the Corporate Plan priorities.
Policy Implications:	Budget is allocated in accordance with the Corporate Plan
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>This report provides the 2018/19 consolidated financial position statement at 31 October 2018 for the Strategic Commission and ICFT partner organisations. For the year to 31 March 2019 the report forecasts that service expenditure will exceed the approved budget in a number of areas, due to a combination of cost pressures and non-delivery of savings. These pressures are being partially offset by additional income in corporate and contingency which may not be available in future years.</p> <p>The report emphasises that there is a clear urgency to implement associated strategies to ensure the projected funding gap in the current financial year is addressed and closed on a recurrent basis across the whole economy. The Medium Term Financial Plan for the period 2019/20 to 2023/24 identifies significant savings requirements for future years. If budget pressures in</p>

service areas in 2018/19 are sustained, this will inevitably lead to an increase in the level of savings required in future years to balance the budget.

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.

In July 2018, the Council's Capital Programme was placed on pause due to cost pressures and a reduction in forecast capital receipts. The earmarked capital schemes will need to be reviewed and reprioritised as the level of capital receipts available to fund new schemes is now less than originally forecast. Approval of additional capital budget for increased costs and unforeseen expenditure will reduce the level of resources available to fund the remaining earmarked schemes.

**Legal Implications:
(Authorised by the Borough
Solicitor)**

There is a statutory duty to ensure the Council sets a balanced budget and that it is monitored to ensure statutory commitments are met. There are a number of areas that require a clear strategy to ensure in the face of demand they achieve this.

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.

Access to Information:

The 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 overview on the financial position of the Tameside and Glossop economy in 2018/19 at the 31 October 2018 with a forecast projection to 31 March 2019. Supporting details for the whole economy are provided in **Appendix 1**.
- 1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total net revenue budget value of the ICF for 2018/19 is currently £580.4 million.
- 1.3 It should be noted that the report also 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 overall Tameside and Glossop economy position. Reference to Glossop solely relates to health service expenditure as Council services for Glossop are the responsibility of Derbyshire County Council and High Peak Borough Council.
- 1.4 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)
 - NHS Tameside and Glossop CCG (CCG)
 - Tameside Metropolitan Borough Council (TMBC)

2. FINANCIAL SUMMARY

- 2.1 As at 31 October 2018 the Integrated Commissioning Fund is forecasting to spend £582.3m against an approved budget of £580.4m, an overspend of £1.9m, but an improvement on the position reported at month 6. This forecast masks significant risks and pressures in a number of areas, including forecast overspend on Continuing Care (£2.8m), Children's Services (£6.6m) and Operations and Neighbourhoods (£2.4m).
- 2.2 The forecast position for the Strategic Commission has improved by £0.8m from month 6, due mainly to further delivery of savings on CCG budgets and the release of Council corporate contingency budgets.

3. TARGETED EFFICIENCY PLAN (TEP) SAVINGS

- 3.1 The opening economy wide savings target for 2018/19 is £35.920m, consisting of:
 - CCG £19.8m
 - TMBC £3.1m
 - ICFT £13.0m
- 3.2 Against this target, £18.9m of savings have been realised in the first seven months, 53% of the required savings.
- 3.3 Expected savings by the end of the year are £32.8m, a shortfall of £3.1m against target and a small improvement on the position reported last month.
- 3.4 The scale of the financial gap in future years mean there must be a continued focus on identifying schemes for 2019/20 and beyond. The Medium Term Financial Plan for the period 2019/20 to 2023/24 identifies significant savings requirements for future years. If budget pressures in service areas in 2018/19 are sustained, this will inevitably lead to an increase in the level of savings required in future years to balance the budget.

4. CAPITAL PROGRAMME

4.1 The detailed period 6 Capital Monitoring report was presented to Executive Cabinet on 28 November 2018. This report provided a summary of the forecast outturn for 2018/19, which is expected to be £64.838m compared to a revised budget of £76.229m. The report then provided further detail on the different schemes within the programme, approved budgets and forecast outturn. Since this report was written, some additional cost pressures have emerged relating to both an existing scheme and new capital works.

Hyde Leisure Pool

4.2 Included within the Capital Programme is a remaining budget of £3.088m for Hyde Leisure Pool extension and wave machine, after initial expenditure of £97k in previous years. A revised budget of £3.096m for the extension of Active Hyde was recommended for approval by Strategic Planning and Capital Monitoring Panel on 10 July 2017. In addition, a further £88k was approved by Executive Cabinet on 21 March 2018 to increase the overall capital allocation to £3,185k over the life of the project. It was envisaged that the additional capital would enable work to start on site in May 2018 subject to contract.

4.3 The Hyde Pool Extension scheme had initially been delayed due to technical issues that required approval for additional funding. This delay has been compounded by the late withdrawal of the main contractor from the scheme earlier this year. Since the withdrawal, the day before the anticipated contract signing, the LEP has been working to secure a new contractor.

4.4 A proposal has been submitted by a potential new contractor which has been fully evaluated by the LEP. The outcome of the evaluation has led to the need for additional capital funding of £0.280m. The cost of the scheme has increased for the following reasons:

- The company that came second in the tender process was significantly more expensive than the company that came first.
- The cost of works packages has increased since the original tender exercise due to inflation and full order books particularly for ground works, steel and brickwork labour.
- Additional LEP fees attributed to the remobilisation of the scheme.

4.5 A value engineering assessment has been undertaken to mitigate the cost increases. This has resulted in cost mitigation of £0.050m. It should be noted that the scheme has been value engineered since its inception. Any further Value Engineering will negatively impact on the quality for the facility leading to increased life-cycle costs.

Slope Stability at Fairlea Denton and Greenside Lane Droylsden

4.6 Included on the agenda of Executive Cabinet for 12 December 2018 is a report relating to works at Fairlea Denton and Greenside Lane, Droylsden. The Council, as landowner, is responsible for these two plots of land which are showing signs of land failure. Both plots of land form similar land masses, they are embankments behind residential properties and the land slopes down from the residential gardens, therefore these embankments offer support to the gardens.

4.7 Over a period of 18 months the council's engineers have been assessing the stability of these embankments. It has been determined that the land masses are still moving with evidence at the surface in both the slope and some residential gardens. Site investigations and modelling by specialist Geotechnical Engineers has proven that unless remedial works are undertaken the embankments will continue to deteriorate. Eventually the residential gardens will become unusable by the occupants.

4.8 The cost of the proposed making safe works set out in the report total £650k. There is no earmarked funding for this proposed investment in the Council's Capital Programme.

Members should be aware that if approved, there may be an impact on the capital project prioritisation exercise. Given the nature and circumstances of these works, with them being unforeseen and one off it may be appropriate to fund the works from the general fund reserve, which the Council holds for risk mitigation and management purposes.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.