

Report To:	EXECUTIVE CABINET
Date:	27 March 2019
Executive Member / Reporting Officer:	Cllr Fairfoull – Deputy Executive Leader Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
Subject:	STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST – CONSOLIDATED 2018/19 REVENUE MONITORING STATEMENT AT 31 JANUARY 2019 AND FORECAST TO 31 MARCH 2019
Report Summary:	<p>As at 31 January 2019 the Integrated Commissioning Fund is forecasting to spend £583.270m against an approved budget of £583.258m, an over spend of £0.012m. Further detail on the economy wide position is included at Appendix 1. This forecast is an improved position from the previous month but masks significant and increased pressures in a number of areas, including Children’s Services which is now forecasting expenditure to be £8m in excess of budget. Further detail is included at Appendix 2.</p> <p>The improved position is due mainly to the release of corporate contingency and improvements in the forecast position for Governance, Growth and Operations & Neighbourhoods. Further detailed analysis of budget performance and progress against savings is included in Appendix 2.</p> <p>The Council’s Collection Fund update for month 10 is detailed in Appendix 3. The forecast position at month 10 shows an improved position with a forecast £0.6m deficit on Council Tax and £1.0m deficit on Non-Domestic Rates (NDR). This is better than the budgeted assumptions, which assumed deficit positions of £1.8m and £5m respectively. The level of provisions required for non-collection and appeals are also forecast to be better than expected but will continue to be monitored.</p> <p>Appendix 4 details the Council’s legally irrecoverable debts over £3,000 that have to be written off in the period October to December 2018.</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.
Links to Community Strategy:	Budget is allocated in accordance with the Community Strategy
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 2018/19 consolidated financial position statement at 31 January 2019 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.

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 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.

**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:

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:

Background papers relating to this report can be inspected by contacting :

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1. BACKGROUND

- 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 January 2019 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 £583.258 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.
- 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 January 2019 the Integrated Commissioning Fund is forecasting to spend £583.270m against an approved budget of £583.258m, **an over spend of £0.012m**. This forecast is a significantly improved position from the previous month but masks significant and increased pressures in a number of areas, including **Children's Services which is now forecasting expenditure to be £8m in excess of budget**.
- 2.2 The improved position is due mainly to the release of corporate contingency and improvements in the forecast position for Governance, Growth and Operations & Neighbourhoods. Further detailed analysis of budget performance and progress against savings is included in **Appendix 2**.
- 2.3 The attached Month 10 Integrated Finance report provides an overview of the financial position across the economy as a whole. **Appendix 2** provides detailed analysis for all service areas in the Strategic Commission.

3. COLLECTION FUND MONITORING AND IRRECOVERABLE DEBTS

- 3.1 The Collection Fund is a statement that reflects the statutory obligation of the Council as the billing authority to maintain a separate Collection Fund. The Collection Fund statement shows the Council's transactions in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to the relevant preceptors and Central Government
- 3.2 **Appendix 3** to this report provides a summary of the Council's month 10 Collection Fund monitoring. The forecast position at month 10 is a £0.6m deficit on Council Tax and £1.0m deficit on NDR, against a budgeted position of £1.8m and £5m respectively. These deficits were budgeted for due to the decision to draw down from the Council tax collection fund surplus, and due to changes made by government in relation to business rates relief, which meant that they compensated the Council through a direct grant, which sits outside of the collection fund.
- 3.3 The outlook for the collection fund is therefore much improved. Council Tax collection is forecast to be better due to the amount set aside for non collection being less than

budgeted by £1.045m. In relation to business rates, income forecast to be 1.961m more than budgeted, the allowance required for non-collection is £0.368m less than budgeted, the amount of transitional funding required is £1.098m and the provision set aside for appeals is £0.54m less than budgeted for. Appeals in particular can occur at any time, so it is important that this is closely monitored.

- 3.4 **Appendix 4** details the Council's irrecoverable debts over £3,000 that have been written off in the period October to December 2018 and which the Council has no power to collect in law.

4. RECOMMENDATIONS

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