

<b>Report To:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	24 April 2019
<b>Executive Member / Reporting Officer:</b>	Cllr Fairfoull – Deputy Executive Leader Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
<b>Subject:</b>	<b>STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST – CONSOLIDATED 2018/19 REVENUE MONITORING STATEMENT AT 28 FEBRUARY 2019 AND FORECAST TO 31 MARCH 2019</b>
<b>Report Summary:</b>	As at 28 February 2019 the Integrated Commissioning Fund is forecasting net spend £584.602m against an approved net budget of £584.626m, with a small underspend of £24k. This forecast is a slightly improved position from the previous month but masks significant pressures in a number of areas, including <b>Children’s Services</b> which continues to forecast <b>expenditure to be almost £8m in excess of budget</b> . Further detail is set out in Appendix 1.
<b>Recommendations:</b>	<p>Executive Cabinet are recommended to :</p> <ul style="list-style-type: none"> <li>(a) 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.</li> <li>(b) Acknowledge the significant cost pressures facing the Strategic Commission, particularly in respect of Continuing Healthcare, Children’s Social Care and Operations &amp; Neighbourhoods, and Growth.</li> <li>(c) Approve the variation of an admission agreement with the Greater Manchester Pension Fund, for which the Council is the guarantor for Active Tameside, who are to close access to the GMPF LGPS scheme for new employees in order to reduce costs over the longer term as explained in section 4.</li> <li>(d) Approve the payment of the remaining balance of the 2019/20 annual management fee (75%) payable to Active Tameside by 30 April 2019 as explained in section 4 of the report. The value is £1,052,250 (excluding VAT).</li> <li>(e) Approve the payment of the total annual management fee value payable to Active Tameside in subsequent financial years as an advance payment on 1 April for 2020/21 and 2021/22. This arrangement will be reviewed alongside the new business case that will cover the period 2022/23 to 2023/24.</li> </ul>
<b>Financial Implications: (Authorised by the Section 151 Officer &amp; Chief Finance Officer)</b>	This report provides the 2018/19 consolidated financial position statement at 28 February 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.

Members should note that the budget for the annual management fee payable to Active Tameside as explained in section 4, and as recommendations 3 and 4 of the report is included within the Population Health budget of the Council and Section 75 of the Integrated Commissioning Fund.

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. It is not possible in Local Authority budgets to be overspent in law.

Given the implications for each of the constituent organisations this report will be required to be presented to the decision making body of each one to ensure good governance.

It is necessary that any cost sharing arrangements and implications of the same are agreed in advance with external auditors.

**How do proposals align with  
Health and Wellbeing  
Strategy?**

The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Health and Wellbeing Strategy.

**How do proposals align with  
Locality Plan?**

The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Locality Plan?

**How do proposals align with  
the Commissioning  
Strategy?**

The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Commissioning Strategy.

**Recommendations / views  
of the Health and Care  
Advisory Group:**

A summary of this report is presented to the Health and Care Advisory Group for reference.

**Public and Patient  
Implications:**

Service reconfiguration and transformation has the patient at the forefront of any service redesign. The overarching objective of Care Together is to improve outcomes for all of our citizens whilst creating a high quality, clinically safe and financially sustainable health and social care system. The

comments and views of our public and patients are incorporated into all services provided.

**Quality Implications:**

As above.

**How do the proposals help to reduce health inequalities?**

The reconfiguration and reform of services within Health and Social Care of the Tameside and Glossop economy will be delivered within the available resource allocations. Improved outcomes for the public and patients should reduce health inequalities across the economy.

**What are the Equality and Diversity implications?**

Equality and Diversity considerations are included in the redesign and transformation of all services.

**What are the safeguarding implications?**

Safeguarding considerations are included in the redesign and transformation of all services.

**What are the Information Governance implications? Has a privacy impact assessment been conducted?**

There are no information governance implications within this report and therefore a privacy impact assessment has not been carried out.

**Risk Management:**

Associated details are specified within the presentation.

**Background Papers:**

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 28 February 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 £584.626 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 28 February 2019 the Integrated Commissioning Fund is forecasting net spend £584.602m against an approved net budget of £584.626m, with a small underspend of £24k. This forecast is a slightly improved position from the previous month but masks significant pressures in a number of areas, including Children's Services which continues to forecast expenditure to be almost £8m in excess of budget.
- 2.2 Whilst the overall position has further improved, there remain significant cost pressures across a number of areas which are likely to continue into the next financial year unless mitigating actions can be implemented. The significant overspends in 2018/19 are being partially offset by additional income in corporate and contingency which may not be available in future years

## **3. TARGETED EFFICIENCY PLAN (TEP)**

- 3.1 The economy wide savings target for 2018/19 is £35.920m:
  - Commissioner £22.919m (£19.8m CCG & £3.119m TMBC)
  - Provider £13.001m
- 3.2 Against this target, £32.695m of savings have been realised, 91% of the required savings. Expected savings by the end of the year are £34.034m, a shortfall of £1.886m against target.
- 3.3 The Trust is currently forecasting an underachievement against its in year TEP delivery of £0.412m. Work is on-going with Theme groups to improve this forecast position. TMBC savings have been identified by underspends in other areas and a balanced position will be delivered.
- 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.

#### **4. ACTIVE TAMESIDE**

- 4.1 In order to achieve financial balance in 2018/19 and to improve financial sustainability in 2019/20, Active Tameside have adopted a budget strategy including interventions put in place immediately, such as a moratorium on non-essential recruitment, service redesign, review of programming and new commercial campaigns. Active Tameside are also proposing changes to their current pension offer.
- 4.2 Currently, the company is a member of the Greater Manchester Pension Fund (GMPF). Prior to formation of the Trust when staff were employed directly by the Council, they were members of the GMPF. Upon formation of Active Tameside and the TUPE transfer of staff, Active Tameside was allowed to become a member of the GMPF in its own right and all staff were allowed to remain in the GMPF and new staff were allowed to join.
- 4.3 Active Tameside are proposing to set up a new defined contribution pension scheme for new employees in order to reduce future costs. Current Active Tameside staff would be unaffected and would remain in the GMPF on the same terms and conditions. However, new employees will be enrolled on the Peoples Pension.
- 4.4 Therefore a variation is recommended in order to close the Fund for new employees in order to reduce costs over the longer term and allow Active Tameside to remain financially sustainable.
- 4.5 Members are therefore recommended to approve the variation of an admission agreement with the Greater Manchester Pension Fund. It is required to consent to this as it is the guarantor for Active Tameside with GMPF.
- 4.6 Members are also reminded that on 23 January 2019 the Executive Cabinet considered a report relating to a review of sport and leisure provision within the borough. The report included a recommendation (recommendation 2) to supplement and re-profile management fee values payable to Active Tameside for the financial years 2018/19, 2019/20 (£1.403 million excluding VAT) and 2020/21 (£1.077 million excluding VAT). This budget is within the Population Health Directorate of the Council and Section 75 of the Integrated Commissioning Fund.
- 4.7 The report explained the current financial position of Active Tameside together with interventions that have been implemented to improve and support the ongoing sustainability and performance of the organisation.
- 4.8 The annual management fee payable to Active Tameside by the Council is currently payable in four equal instalments as an advance payment on the first day of each financial year quarter commencing 1 April.
- 4.9 The first quarter (25%) of the 2019/20 management fee value was paid on 1 April 2019.
- 4.10 In order to provide continued support to the financial standing and associated cashflow of Active Tameside, Members are recommended to approve the payment of the remaining balance of the approved 2019/20 annual management fee (75%) by 30 April 2019 (£1,052,250 excluding VAT).
- 4.11 Members are also recommended to approve the payment of the total annual management fee value in subsequent financial years as an advance payment on 1 April for 2020/21 and 2021/22. This arrangement will be reviewed alongside the new business case that will cover the period 2022/23 to 2023/24.

## **5. RECOMMENDATIONS**

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