

Report To: **STRATEGIC COMMISSIONING BOARD**

Date: 25 September 2019

Executive Member / Reporting Officer: Cllr Ryan – Executive Member (Finance and Economic Growth)
Ashwin Ramachandra– Lead Clinical GP
Kathy Roe – Director of Finance

Subject: **STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST – CONSOLIDATED 2019/20 REVENUE MONITORING STATEMENT AT 31 JULY 2019 AND FORECAST TO 31 MARCH 2020**

Report Summary: With a gross budget for 2019/20 in excess of £944m, as at month 4 the Integrated Commissioning Fund has a forecast net spend of £618,503k, against a net budget of £616,583k. The net budget has increased from period 3 due to some changes to Education grant budgets, and additional CCG allocations for transformation funding and GP forward view. The forecast overspend of £1,920k is primarily driven by Children's Services, Growth, Operations and Neighbourhoods and CCG TEP shortfall, offset by contingency and capital financing which includes increased dividend income from Manchester Airport. Further detail on the economy wide position is included at **Appendix 1**.

This forecast is a slightly improved position from the previous month but masks continuing and emerging pressures in a number of areas, including Children's Services which is forecasting expenditure to be £4.5M in excess of budget. Pressures are also emerging in Acute spend, alongside the previously reported pressures in Growth and Operations and Neighbourhoods.

Recommendations: Members are recommended to :

1. Acknowledge the significant level of savings required during 2019/20 to deliver a balanced recurrent economy budget together with the related risks which are contributing to the overall adverse forecast.
2. Acknowledge the significant financial pressures facing the Strategic Commission, particularly in respect of Children's Social Care, Acute, 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 2019/20 consolidated financial position statement at 31 July 2019 for the Strategic Commission and ICFT partner organisations. For the year to 31 March 2020 the report forecasts that service expenditure will exceed the approved budget in a number of areas, due to a combination of cost pressures, shortfalls in income and non-delivery of savings. These pressures are being partially offset by savings and additional income in Capital and Financing, Corporate and

Contingency budgets 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 2019/20 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 requirement for the Council to deliver a balanced budget whilst ensuring all services deliver value for money. 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.

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 This report aims to provide an overview on the financial position of the Tameside and Glossop economy in 2019/20 at the 31 July 2019 with a forecast projection to 31 March 2020. 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 gross revenue budget value of the ICF for 2019/20 is currently £944.245 million. The net budget has increased from period 3 due to some changes to Education grant budgets, and additional CCG allocations for transformation funding and GP forward view
- 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 July 2019 the Integrated Commissioning Fund is forecasting to spend £618.503m against an approved net budget of £616.583m, **an over spend of £1.920m**. This forecast is a slightly improved position from the previous month but masks significant and emerging pressures in a number of areas, including **Children's Services which is forecasting expenditure to be £4.5M in excess of budget**. Pressures are also emerging in Acute spend, driven by increasing activity in the independent sector. Further detail is included at **Appendix 1**.

3. RECOMMENDATIONS

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