

Report To:	EXECUTIVE CABINET
Date:	27 November 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 30 SEPTEMBER 2019 AND FORECAST TO 31 MARCH 2020
Report Summary:	<p>With a gross budget for 2019/20 in excess of £945m, as at month 6 the Integrated Commissioning Fund has a forecast net spend of £617,914k, against a net budget of £617,425k. The forecast overspend of £489k is a significant improvement from the position at month 5 but is net of a number of significant variances. Further detail on the economy wide position is included at Appendix 1.</p> <p>Children’s Services is now forecasting to exceed the approved budget by £6,674k. This is offset by significant favourable variances including additional investment income, one-off reductions to the Waste and Transport Levies, and the release of contingencies. Additional pressures are emerging in Mental Health and Adults services, alongside existing pressures in Growth. The forecast outturn for Operations and Neighbourhoods has improved due to the one-off reductions to the Levies. Further detail is included at Appendix 2.</p> <p>Appendix 3 details the Council’s irrecoverable debts over £3,000 that have been written off in the period April to June 2019.</p> <p>The Collection Fund forecast position is reported in Appendix 4.</p>
Recommendations:	<p>Members are recommended to :</p> <ul style="list-style-type: none"> (i) 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. (ii) Acknowledge the significant financial pressures facing the Strategic Commission, particularly in respect of Children’s Social Care and Operations & Neighbourhoods, and Growth; and (iii) Approve the proposed changes to mobile phone financing arrangements set out in section 5.
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	This report provides the 2019/20 consolidated financial position statement at 30 September 2019 for the Strategic Commission and ICFT partner organisations. For the year to 31 March 2020

Officer)

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 30 September 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 £945.377 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 30 June 2019 the Integrated Commissioning Fund is forecasting to spend £617.914m against an approved net budget of £617.425m, **an over spend of £0.489m**. This forecast is an improved position from the previous month but masks significant and increased pressures in **Children's Services which is forecasting expenditure to be £6.674M in excess of budget**. Pressures remain in Acute, Mental Health and Growth services, with further pressures emerging in Adults. The forecast position for Operations and Neighbourhoods has improved significantly as a result of a one-off return of reserves from GMCA in respect of the Levies. Further information on the economy wide position is included at **Appendix 1** and further detail on Directorate areas is at **Appendix 2**.
- 2.2 **Appendix 2** also provides further detail on progress in the delivery of savings for the 2019/20 financial year. Good progress is being made to deliver the required quantum of savings for the year, although some savings remain at risk and are rated red or amber. Just over £1m of planned savings are not expected to be delivered, but alternative savings have been identified to mitigate this.

3. IRRECOVERABLE DEBTS

- 3.1 **Appendix 3** details the Council's irrecoverable debts over £3,000 that have been written off in the period 1 July to 30 September 2019.

4. COLLECTION FUND

- 4.1 **Appendix 4** details the current forecast position on the Collection Fund at 31 March 2020. The Council Tax collection fund is expected to retain a surplus of approximately £3.7m at 31 March 2020 due to the brought forward surplus being higher than the original estimate. This surplus will be transferred to the General Fund in 2020/21.
- 4.2 The forecast position on the Non-Domestic Rate (NDR) collection fund is a deficit of approximately £2.8m due to reductions in rateable value across the borough and an increase in unoccupied property relief, with the collapse of Thomas Cook having a significant impact. The Council maintains a smoothing reserve to mitigate the impact of any

unexpected deficits, but any permanent reductions to NDR income will increase pressure on future year budgets.

5. CHANGES TO MOBILE PHONE FINANCING ARRANGEMENTS

- 5.1 Historically, mobile phone handsets have been purchased by service areas outright at the beginning of the contract, with line rental/call costs paid monthly over a period of 2 or 3 years. Whilst it is generally more cost effective to buy the handsets up front, outright purchase by services results in uneven spend across financial years.
- 5.2 Purchasing options for mobile phones have recently been reviewed as part of the current replacement programme and it has been identified that significant cost savings can be achieved by purchasing mobile phones outright at the beginning of the contract period. However, rather than a one-off charge to services, it is proposed that reserves are utilised to fund the initial purchase. Services will then be charged over the life of the contract, smoothing the impact on revenue budgets, and replenishing the reserves.

6. RECOMMENDATIONS

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