

Report To: STRATEGIC COMMISSIONING BOARD

Date: 25 March 2020

Executive Member / Reporting Officer: Cllr Ryan – Executive Member (Finance and Economic Growth)
Dr 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 JANUARY 2020 AND FORECAST TO 31 MARCH 2020

Report Summary: With a gross budget for 2019/20 in excess of £948m, as at month 10 the Integrated Commissioning Fund has a forecast net spend of £619.082m, against a net budget of £618.964m. The forecast outturn at month 10 is now a small overspend of £0.118m, an improvement of £1.4m since period 9. The improved position since period 9 is due to forecast projections across a number of directorates having improved. However there remain a number of key overspends which place pressure on future year budgets. Further detail on the economy wide position is included at **Appendix 1**.

Children’s Services continues to forecast on overspend against the approved budget of £8,535k. 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. Further detail on budget performance across each Directorate is included at **Appendix 2**.

Appendix 3 details the current forecast on the Collection Fund.

Appendix 4 provides an update on the schedule of Fees and Charges approved by Full Council on 25 February 2020. The schedule includes corrected figures for Adults services and identifies whether charges are Statutory or Non-Statutory.

Appendix 5 provides a schedule of rates payable to Adult Services providers and services users for 2020/21 effective from 1 April 2020. The related budget provision is included within the Section 75 of the Integrated Commissioning Fund. Members should note there will be a separate Executive Decision taken prior to 31 March 2020 to approve all remaining Adult Services contractual and provider payment rates for 2020/21.

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 (**Appendices 1 and 2**).
2. Acknowledge the significant financial pressures facing the Strategic Commission, particularly in respect of Children’s Social Care (**Appendices 1 and 2**);
3. Note the current forecast position for the Collection Fund (**Appendix 3**); and

4. Approve the updated schedule of Fees and Charges for 2020/21 (**Appendix 4**).
5. Approve the schedule of Adult Services provider and service user payment rates for 2020/21 (**Appendix 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 Officer)** This report provides the 2019/20 consolidated financial position statement at 31 January 2020 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 and to enable the two organisations to determine how the budget gap will be addressed. As the hospital significantly impacts on the Strategic Commissioning Finances it is important we understand how they are going to manage significant challenges. Additionally there needs to be a clear understanding and evidence that any actions required by Council and CCG budgets are in train and effective. Additionally we need to reflect on the performance evidence shows that where Council's budgets are well managed its services are usually high performing. There needs to be clear plans for the use of contingencies to ensure that outgoings are less or equal to incoming resources.

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 January 2020 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 £948.819 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 2019/20

- 2.1 With a gross budget for 2019/20 in excess of £948m, as at month 10 the Integrated Commissioning Fund has a forecast net spend of £619.082m, against a net budget of £618.964m. The forecast outturn at month 10 is now **a small overspend of £0.118m**, an improvement of £1.4m since period 9. The improved position since period 9 is due to forecast projections across a number of directorates having improved. However there remain a number of key overspends which place pressure on future year budgets. 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. COLLECTION FUND 2019/20

- 3.1 **Appendix 3** details the current forecast position on the Collection Fund at 31 March 2020.
- 3.2 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.
- 3.3 The 2019/20 budget assumed a small deficit on the NDR collection fund due to an increase in reliefs which are offset by additional grants. As at period 10, the NDR collection fund is forecast to be in deficit by £3.5m at the end of the financial year. This is in part due to a reduction in rateable values across the borough, and also due to an increase in reliefs which are reimbursed through grants outside of the Collection Fund and offset some of this deficit. The Council maintains a smoothing reserve to mitigate the impact of unexpected deficits on NDR income, however any permanent reductions to NDR income will place further pressure on future budgets.

4. FEES AND CHARGES 2020/21

- 4.1 **Appendix 4** lists the Fees and Charges for 2020/21. This schedule was approved by Full Council on 25 February 2020. The revised schedule attached reflects some minor corrections to figures for Adults fees and charges, and includes additional information regarding the basis of the charges.

5. ADULT SERVICES – PROVIDER AND SERVICE USER PAYMENT RATES 2020/21

- 5.1 **Appendix 5** provides a schedule of rates payable to Adult Services providers and service users for 2020/21 effective from 1 April 2020. The related budget provision is included within the Section 75 of the Integrated Commissioning Fund. Members should note there will be a separate Executive Decision taken prior to 31 March 2020 to approve all remaining Adult Services contractual and provider payment rates for 2020/21.

6. RECOMMENDATIONS

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