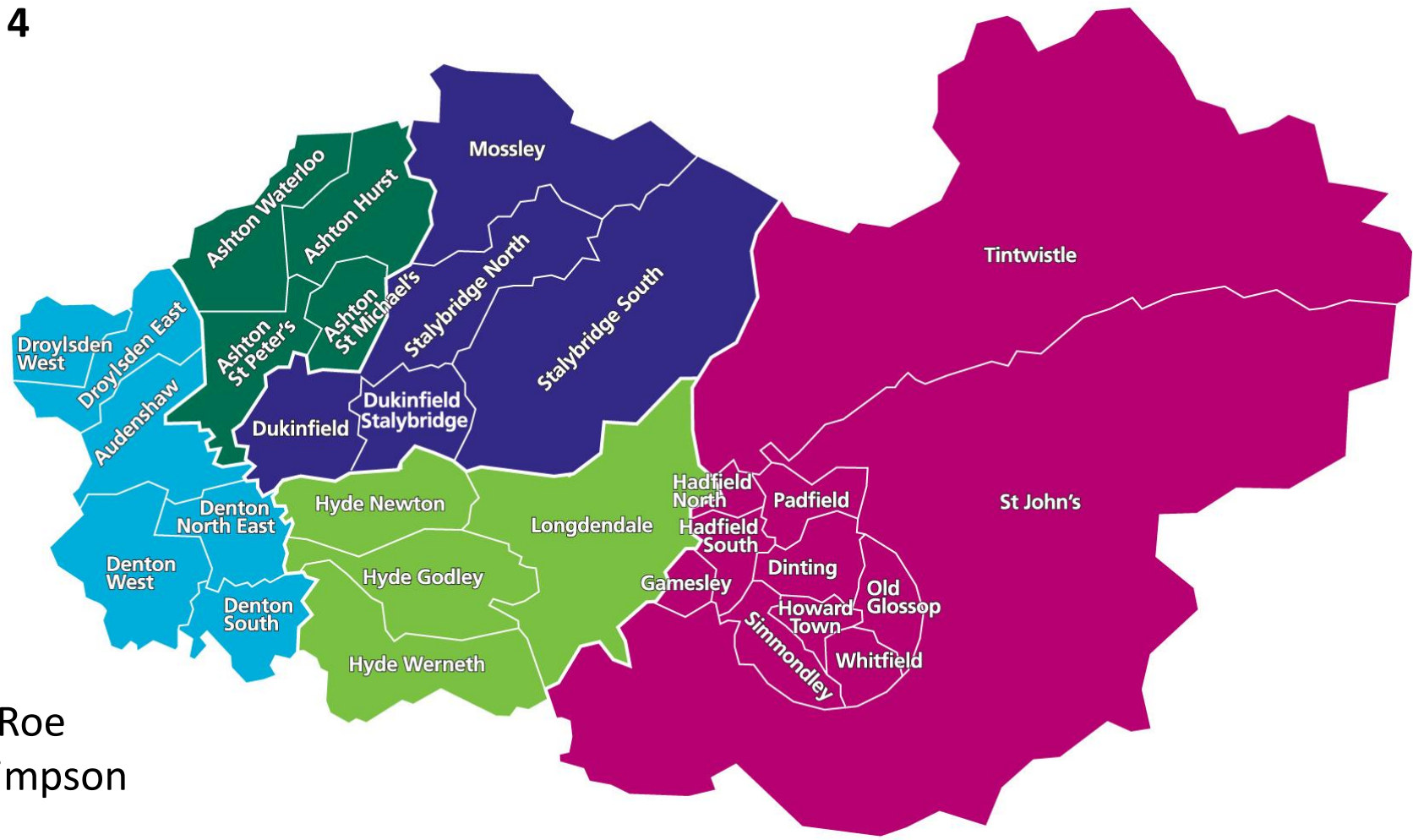


Tameside and Glossop Strategic Commission

Finance Update Report Financial Year Ending 31st March 2021 Month 4



Kathy Roe
Sam Simpson

Period 4 Finance Report

| | |
|------------------------------|--------|
| Executive Summary | 3 |
| Strategic Commission Budgets | 4 |
| Council Budgets | 5 - 8 |
| CCG Budgets | 9 – 10 |
| ICFT Budgets | 11 |

This report covers the Tameside and Glossop Strategic Commission (Tameside & Glossop Clinical Commissioning Group (CCG) and Tameside Metropolitan Borough Council (TMBC)) and Tameside & Glossop Integrated Care Foundation Trust. It does not capture any Local Authority spend from Derbyshire County Council or High Peak Borough Council for the residents of Glossop.

Finance Update Report – Executive Summary

As we enter the second quarter of the financial year, the financial position remains challenging and significant uncertainty remains as a result of the on-going Covid-19 pandemic. That said the Integrated Commissioning Fund position has improved slightly since last month as a result of changes on the Council Side. Forecasts for the remainder of the financial year have been prepared using the best information available but are based on a number of assumptions. Forecasts are inevitably subject to change over the course of the year, as new information comes to light and our understanding of the pandemic develops.

The NHS continues to operate under a nationally directed 'Command and Control' finance regime, with CCGs advised to assume a break-even financial position in 2020-21. Current guidance has been extended into August and September, with a new financial regime, based on STP (Sustainability & Transformation Partnership) level control totals introduced from Month 7 onwards.

At Month 4, the Council is overspending by £9.2m on a YTD basis. With a forecast that this pressure will be reduced to £3.5m by the end of the year. The £3.5m pressure is not COVID related and reflects underlying financial issues that the Council would be facing regardless of the current pandemic. This includes continuing significant financial pressures in Children's Social Care, Adults services and income shortfalls in the Growth Directorate.

Updated NHS guidance allows the CCG to continue to claim additional COVID related costs from NHS England. Similar arrangements are in place for provider top ups at the ICFT. At M4 the CCG has claimed £7.0m of additional COVID related costs in 2020-21, with a forecast that this will reach £10.7m by September, when the current scheme is due to end. This is in addition to £0.5m received in 2019-20. £5.3m of the £7.0m has been paid over to the council, primarily to support Hospital Discharge and the Care Home sector and is included in the Council's income position.

The council are forecasting £31.1m of COVID income in total this year and the equivalent forecasted costs of £31.1m.

The ICFT has reported an underlying underspend of £0.5m before the impact of COVID. COVID spend was £1.7m, meeting a top up payment of £1.2m is required to enable the reported breakeven position.

| | YTD Position | | | Forecast Position | | | Variance | |
|--------------------------------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|-------------------|
| | Budget | Forecast | Variance | Budget | Forecast | Variance | Previous Month | Movement in Month |
| CCG Expenditure | 144,253 | 144,253 | 0 | 432,760 | 432,760 | 0 | 0 | 0 |
| TMBC Expenditure | 66,459 | 75,688 | (9,230) | 205,279 | 208,819 | (3,540) | (5,966) | 2,426 |
| Integrated Commissioning Fund | 210,712 | 219,942 | (9,230) | 638,039 | 641,579 | (3,540) | (5,966) | 2,426 |
| ICFT - post PSF Agreed Deficit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Economy Wide In Year Deficit | 0 | (9,230) | (9,230) | 0 | (3,540) | (3,540) | (5,966) | 2,426 |

Finance Update Report – Strategic Commission Budgets

Budgets continue to face significant pressures across many service areas. COVID pressures are a significant driver of this, with pressures arising from additional costs or demand, and significant shortfalls of council income in many areas. External COVID funding and other contributions should help to offset this pressure. However, £3.5m of forecast overspends do not relate to COVID pressures and instead reflect an underlying financial position which requires urgent attention by Directorates.

| Forecast Position £000's | YTD Position | | | Forecast Position | | | Variance | |
|--|----------------|----------------|----------------|-------------------|----------------|----------------|-------------------|-----------------------|
| | Budget | Actual | Variance | Budget | Forecast | Variance | COVID Variance | Non-COVID Variance |
| Acute | 74,406 | 74,426 | (19) | 223,219 | 223,249 | (29) | (29) | 0 |
| Mental Health | 13,346 | 13,580 | (233) | 40,039 | 40,398 | (359) | (359) | 0 |
| Primary Care | 30,257 | 30,611 | (354) | 90,771 | 91,316 | (544) | (544) | 0 |
| Continuing Care | 5,777 | 5,781 | (3) | 17,332 | 17,337 | (5) | (5) | 0 |
| Community | 11,369 | 11,369 | 0 | 34,107 | 34,107 | 0 | 0 | 0 |
| Other CCG | 7,602 | 13,955 | (6,353) | 22,805 | 32,576 | (9,771) | (9,771) | 0 |
| CCG TEP Shortfall (QIPP) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CCG Running Costs | 1,495 | 1,495 | 0 | 4,486 | 4,486 | 0 | 0 | 0 |
| CCG COVID-19 Notional 20/21 Funding | 0 | (6,963) | 6,963 | 0 | (10,709) | 10,709 | 10,709 | 0 |
| Adults | 12,890 | 13,843 | (952) | 38,671 | 40,600 | (1,929) | (981) | (948) |
| Children's Services - Social Care | 17,982 | 19,855 | (1,873) | 53,946 | 56,274 | (2,328) | 0 | (2,328) |
| Education | 1,151 | 1,182 | (32) | 6,398 | 7,350 | (953) | (612) | (341) |
| Individual Schools Budgets | 1,067 | 947 | 120 | 0 | 0 | 0 | 0 | 0 |
| Population Health | 5,206 | 1,880 | 3,327 | 15,619 | 19,040 | (3,421) | (3,464) | 43 |
| Operations and Neighbourhoods | 18,373 | 36,074 | (17,701) | 52,971 | 53,287 | (316) | (674) | 358 |
| Growth | 1,054 | 150 | 905 | 10,988 | 12,094 | (1,106) | (221) | (884) |
| Governance | 2,689 | 7,604 | (4,915) | 9,531 | 9,186 | 344 | 45 | 299 |
| Finance & IT | 2,965 | 3,137 | (172) | 7,910 | 7,903 | 7 | (35) | 42 |
| Quality and Safeguarding | 70 | 29 | 40 | 209 | 219 | (10) | 0 | (10) |
| Capital and Financing | 332 | (449) | 781 | 996 | 7,573 | (6,577) | (6,632) | 55 |
| Contingency | 952 | (1,065) | 2,018 | 2,857 | 2,880 | (23) | 0 | (23) |
| Contingency - COVID Direct Costs | 0 | 6,217 | (6,217) | 0 | 18,414 | (18,414) | (18,414) | 0 |
| Corporate Costs | 1,728 | 1,259 | 470 | 5,184 | 5,089 | 96 | (100) | 196 |
| LA COVID-19 Grant Funding | 0 | (11,044) | 11,044 | 0 | (24,266) | 24,266 | 24,266 | 0 |
| Other COVID contributions | 0 | (3,929) | 3,929 | 0 | (6,823) | 6,823 | 6,823 | 0 |
| Integrated Commissioning Fund | 210,712 | 219,942 | (9,230) | 638,039 | 641,579 | (3,540) | 0 | (3,540) |

| | YTD Position | | | Forecast Position | | | Variance | |
|--------------------------------------|----------------|----------------|----------------|-------------------|----------------|----------------|-------------------|----------------------|
| | Budget | Forecast | Variance | Budget | Forecast | Variance | Previous Month | Movement in Month |
| CCG Expenditure | 144,253 | 144,253 | 0 | 432,760 | 432,760 | 0 | 0 | 0 |
| TMBC Expenditure | 66,459 | 75,688 | (9,230) | 205,279 | 208,819 | (3,540) | (5,966) | 2,426 |
| Integrated Commissioning Fund | 210,712 | 219,942 | (9,230) | 638,039 | 641,579 | (3,540) | (5,966) | 2,426 |

Finance Update Report – Council Budgets

There are a number of variances across the Directorates resulting in the overall forecast overspend. The year end forecast pressure is not related to COVID and reflects underlying financial issues that the Council would be facing regardless of the current pandemic. Headlines at Month 4 include:

Children’s Services - The Directorate is reporting a forecast overspend of £2,328K at period 4 which is an overall reduction of £30k from period 3. The forecast overspend is predominantly due to the number and cost of internal and external placements (£2,310K). There is also a small pressure on employee costs of £12K and travel and premise costs (£6K).

The employee costs forecast has reduced by £337K since period 3 due to delays in filling vacant posts; however internal and external placements have increased by £300K mainly due to a new expensive external placement commencing (£8,650 per week). The placement forecasts assume that all the current placements continue to the end of the financial year and there are no changes to the placement mix or placement costs. Nationally there is a widely accepted assumption that COVID-19 will have masked a range of issues across the continuum of need (Early Help, Child in Need, Child Protection) whilst many children and families have been out of sight from safeguarding partners such as schools, nurseries, child minders, community health services, A & E and a range of other services, and that along with the advent of a wider “lifting of lockdown” and particularly the return of more children to school from September, we are likely to see a spike in the identification of these needs. The scale of this rise in identification and associated activity, including referrals into the statutory services (Child in Need and Child Protection) is impossible to quantify, but the consensus is that this will largely emerge from now through to the Autumn Term (September / November) and possibly into next year.

If correct it is likely that any such spike in statutory activity would most likely also result in a rise not only in EH, CiN and CP activity but also in the number of Looked After Children. In line with this our ability to maintain a vacancy factor at current levels would also come under pressure as increased demand into the system is likely to require increased staffing in order to maintain safe levels of service.

In anticipation of this we have refocused our COVID-19 lockdown arrangements (and the staffing capacity that was realigned to this) in terms of regular contacts with schools and a quick response to issues at the earliest opportunity (from March through to end of May this enabled direct intervention, from lower tier advice and guidance through to complex Early Help intervention to support over 700 children of which only two escalated to Statutory Services).

This resource is currently focused on working alongside statutory social work services in supporting a number of Children in Need in order to prevent escalation, stabilise or where possible step down these cases and will remain aligned to this role in anticipation of increased demand over the coming months

Edge of Care and Family Intervention Services are also focused on the potential rise in demand and it is anticipated that they will be operating a 7 day 8-8 service by September. A request for service daily contact with all schools was in place until end of term in July. Verbal consent will be accepted to ensure referrals can be dealt with quickly and easily during the current circumstances. From September this will move to weekly contact at least the October half term. Verbal consent still will be accepted to ensure referrals can be dealt with quickly. This arrangement will be kept under review and can be amended as necessary.

Finance Update Report – Council Budgets

Adults - The period 4 forecast outturn is a projected adverse variance of £1,929k compared to budget. This position has improved by £160k compared to the forecast adverse variance reported at the end of P3, with the key movement of variances between periods set out below.

Adults Commissioning Service

- £179k additional supported accommodation and daycare placements
- £140k additional one-to-one day services provision via Active Tameside
- £114k additional homecare packages that will be a cost to the Council once NHS covid funding support ends
- £50k contract payments relating to 2019/20 packages not previously accounted for
- £235k additional care home placements that will be a cost to the Council once NHS covid funding support ends
- £271k reduction in out of borough placements that will transition to internal and existing contracted provision
- £180k additional NHS Covid funding supporting the Joint Equipment Store (£163k), day services via HC One (13K) and Mencap (£14k)

Adults Neighbourhood Teams (deterioration of £151k): An additional £175k relates to an additional high-needs out of borough residential care package.

Long Term Support, Reablement & Shared Lives (improvement of £134k): Reduction to the forecast of pay costs within the Homemakers service and reablement service additional hours forecast that will be supported via the NHS Covid funding).

Mental Health / Community Response Service (deterioration of £251k): £105k additional costs over 19/20 and 20/21 relating to increased rates for two care packages. £70k additional cost of 20/21 inflationary increase for Caretech packages

Senior Management (improvement of £463k): Budget has been allocated to the directorate relating to the proposed partial transfer of services to the Integrated Care Foundation Trust. The budget support relates to additional support costs associated with the transfer, The transfer is unlikely to take place in 2020/21. It should be noted that it is envisaged the budget allocation will be vired from the directorate to the Council's contingency budget at period 6.

Public Health – Position remains similar to period 3, no further guidance or indication from Government that income shortfall for the Leisure Trust will be funded. Active Tameside are awaiting the outcome of the FCA's test case on business interruption insurance which is not expected to rule until the Autumn.

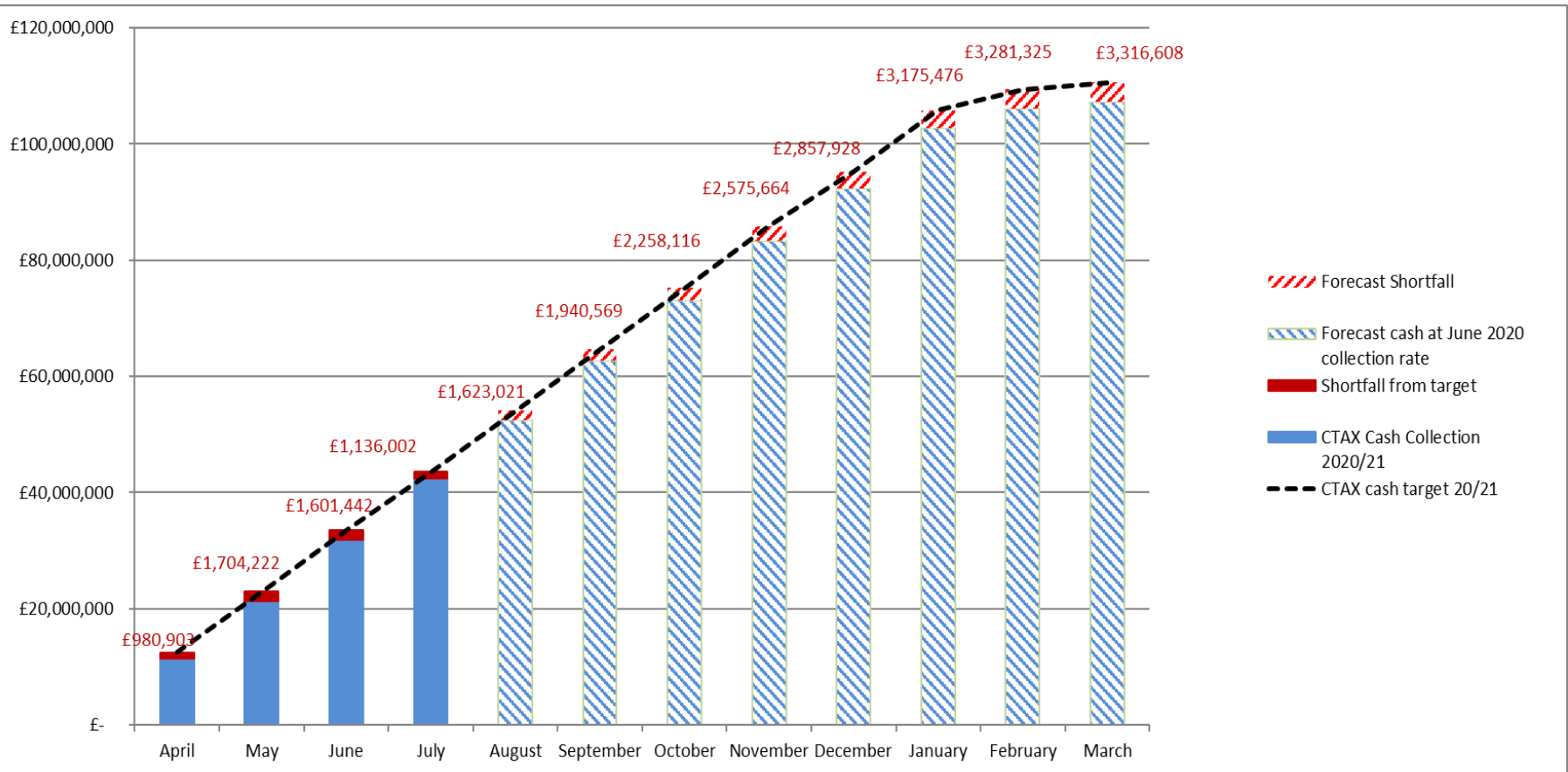
Education – The forecast has changed due to additional Covid costs for the new academic year being removed. This has been changed due to the new guidance received from Central Government stating that additional social distancing measures will not be required for SEN Transport for the new academic year. The forecast also includes growth in route numbers for the new academic year based on the increase between 18/19 & 19/20 academic years.

Collection Fund

Council Tax and Business Rates Collection

As at the end of July, collection of both Council Tax and Business Rates is below target and prior year trends, and this is attributed to the economic impact of COVID-19.

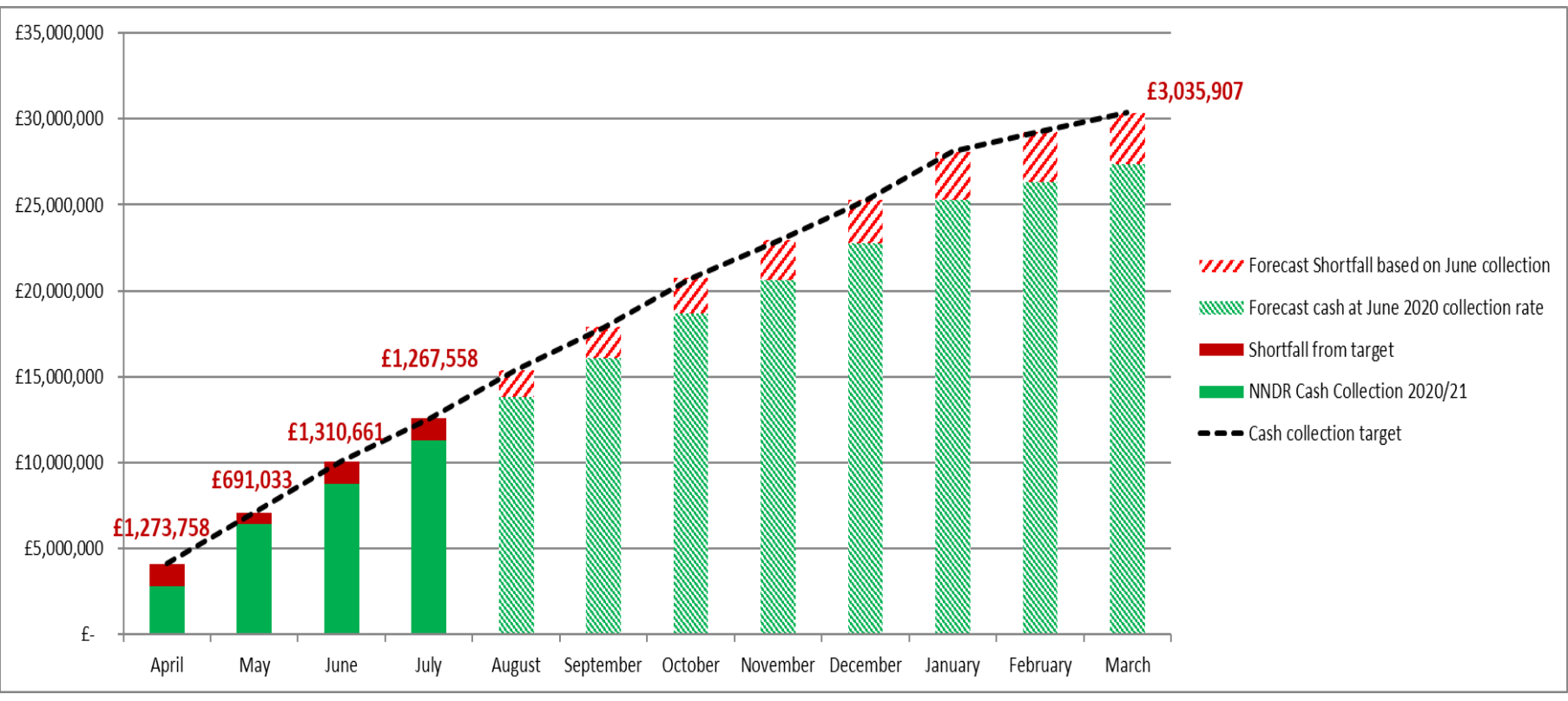
Council Tax collection rates have slowly improved since April, but remain 3% below target. If this trend continues then the forecast deficit on Council Tax collection by the end of March 2021 is £3.316m of which the Council's share is £2.447m. There has also been an increase in the number of residents eligible for Council Tax Support, with an associated increase in cost. There is a risk that further claims may arise during the year, as the economic impact of the pandemic becomes clearer and furlough payments come to an end.



Collection Fund

Business Rates collection improved between April and May, this improvement was not sustained in June but has picked up again in July, although overall collection is still significantly below target. If this trend continues then the forecast deficit on Business Rates by the end of March 2021 is £3.036m.

Recovery action has recommenced however Court hearings for non payment cases is not possible at the present time. Officers are working with the Courts to establish a 'new normal' when Courts sessions can be held again. There remains a risk that economic conditions may have a significant negative impact on the sustainability of some businesses, resulting in increased non payment with minimal opportunity for recovery.



Month 4 CCG Forecasts

- With the outbreak of COVID-19 in March, emergency planning procedures were instigated by NHS England (NHSE), with all finances governed by a new a national command and control framework. NHSE have assumed responsibility for numerous elements of commissioning and procurement, while CCGs were advised to assume a break-even financial position in 2020-21.
- Under command and control, acute contract payments have been calculated nationally (based on the month 9 agreement of balances exercise), with the CCG unable to pay anything to providers outside of this calculated figure in the first four months of this financial year. Other budgets were also nationally derived, based on 2019-20 costs at month 11 with growth/uplift rates applied. No investment other than that related to the pandemic response is allowed and there is no requirement to deliver efficiency savings during this four month period.
- At Month 4, we have reported YTD actuals in line with the national command and control requirements via the Integrated Single Financial Environment (ISFE). This covers baseline spend as referenced above and additional COVID-19 related costs. The national financial regime does not require (or allow) a full year forecast of expenditure to be submitted.
- Because of this, the financial data included in this report, deviates from the data reported nationally via ISFE. The CCG financial position reported in this Month 4 report is based on the 2020-21 financial plans approved through internal governance and submitted to NHSE prior to the pandemic. This allows us to report a full year position across the Integrated Commissioning Fund as a whole, while maintaining consistency with the national advice that CCGs should assume a break even position for 2020-21.
- It should be noted that implicit within our break-even position is an assumption that the 2020-21 QIPP target of £12.5m will be fully achieved. While we know that under the command and control regime there is no national requirement for efficiency in the first four months of the year, it is unclear what will happen in future months or how savings will be achieved given the current climate.
- A letter from Simon Stevens (NHS Chief Executive) and Amanda Prichard (NHS Chief Operating Officer) detailing the third phase of the NHS response to the COVID-19 crisis was published on 31 July. This sets out operational priorities for the rest of the year and outlines proposed changes to the command and control financial regime.
- Operational priorities include increasing activity to 'near normal' levels, preparing for winter demand pressures (including a potential second wave of the virus) and learning lessons from the first COVID peak. More detailed finance guidance will follow, but from the letter it is clear that:
 - Current contractual arrangements will be extended into M5 and M6.
 - The CCG can continue to claim for additional COVID related costs in M5 & M6 based on the current eligibility criteria.
 - A revised financial framework will be introduced from M7 onwards. This will retain simplified arrangements for payment and contracting but with a greater focus on system partnership and the restoration of elective services. The intention is that systems will be issued with funding envelopes, but operational arrangements for these envelopes and precise values will require further development.

CCG COVID-19 Spend

| Cost Type | March Actual | April Actual | May Actual | June Actual | July Actual | August Forecast | September Forecast | Forecast Outturn |
|--|-----------------|------------------|------------------|------------------|------------------|--------------------|-----------------------|---------------------|
| ⊕ Hospital Discharge Programme | 151,222 | 655,367 | 1,127,364 | 1,405,143 | 1,729,003 | 1,571,825 | 1,121,825 | 7,761,750 |
| ⊕ Remote management of patients | 175,417 | 348,381 | 362,749 | 241,968 | 185,173 | 186,793 | 181,793 | 1,682,274 |
| ⊕ National Procurement Areas | 0 | 204,973 | 139,509 | 124,968 | 7,630 | 195,000 | 110,000 | 782,080 |
| ⊕ PPE | 41,922 | 0 | 0 | 0 | 0 | 0 | 0 | 41,922 |
| ⊕ Support stay at home model | 94,860 | 0 | 0 | 0 | 0 | 0 | 0 | 94,860 |
| ⊕ Sickness / isolation cover | 7,282 | 0 | 0 | 0 | 0 | 0 | 0 | 7,282 |
| ⊕ Bank Holidays | 0 | 39,325 | 21,975 | 11,500 | 41,199 | 0 | 0 | 113,999 |
| ⊕ Backfill for higher sickness absence | 0 | 0 | 21,985 | 18,230 | 11,701 | 0 | 0 | 51,916 |
| ⊕ GP SMS Additional Costs | 0 | 0 | 0 | 46,579 | 0 | 0 | 0 | 46,579 |
| ⊕ Other action (provide commentary) | 75,792 | 0 | 0 | 0 | 0 | 0 | 0 | 75,792 |
| ⊕ Other Covid-19 | 0 | 33,646 | 12,037 | 48,468 | 124,200 | 311,869 | 67,400 | 597,620 |
| Grand Total | 546,496 | 1,281,692 | 1,685,619 | 1,896,856 | 2,098,906 | 2,265,487 | 1,481,018 | 11,256,074 |

- The table above summarises £11,256k of additional costs associated with COVID-19. In line with the latest guidance we are now able to claim for additional COVID costs upto the end of September (last month only covered spend to July).
- This table captures spend with all providers across two financial years. £546k of the total relates to the 2019-20 financial year, with £10,709k in 2020-21.
- Actual spend of £7,509k to end of July has been reported to NHSE. At M3, when COVID funding only ran to the end of July, we were forecasting spend of £7,427k, so £82k higher than expected. This variance is driven by a increase in the number of packages of care under the Hospital Discharge Programme, a newly approved GM scheme for Clinical Assessment and new guidance allowing for small improvements to GP premises (e.g. perspex screens, automatic doors etc) to be treated as revenue and included in our claim. These pressures have been offset by savings on PPE.
- Our COVID spend represents a significant pressure against nationally calculated indicative funding of £6.2m (covering March - July). The CCG were required to complete a template explaining this variance at the end of June.
- While it is not yet clear how this pressure will be funded, it has been confirmed that access to COVID funding will continue until at least the end of September. The indicative funding value has not been changed to reflect the extension, therefore we are unable to make a meaningful comparison between our current forecast and national expectation. Likewise a comparison of our M3 & M4 forecasts cannot be done on a like for like basis.
- Based on current run rates and known changes in future months (e.g. to the current support package to Care Homes), we currently project spend of £11,256k to the end of September. The majority of planned spend (£8,393k) is with TMBC and is included in the Council part of the Integrated Commissioning Fund position.

Finance Update Report – ICFT Budgets

Summary

Trust I&E excluding COVID-19 expenditure - **£0.496m underspend**

COVID-19 expenditure: **£1.657m**

Net deficit (I&E + COVID-19 Exp): **£1.161m overspend**

Additional Top up (True up) funding required: **(£1.161m)**

Net deficit **Break Even**

In Month Movement: **(£0.063m) Favourable**

- I&E Excl COVID-19: **(£0.023m) Reduction**

- COVID-19 Expenditure: **(£0.040m) Reduction**