

Tameside and Glossop Strategic Commission

Finance Update Report
Financial Year Ending 31st March 2021
Month 5



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Financial Year Ending 31st March 2021 – Month 5

Period 5 Finance Report

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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

Message from the Directors of Finance

As we enter Autumn, the financial position remains challenging and significant uncertainty remains as a result of the on-going Covid-19 pandemic. Pressures continue in Adults and Children’s services, together with significant income pressures for the Council. 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 to be introduced from Month 7 onwards.

At Month 5, the Council is overspending by £5.2m on a YTD basis, with a forecast that this pressure will be reduced to £3.7m by the end of the year. The £3.7m 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 £9.3m of additional COVID related costs in 2020-21, with a forecast that this will reach £11.3m by September, when the current scheme is due to end. This is in addition to £0.5m received in 2019-20. £8.5m of the forecast £11.3m is with the council, primarily to support Hospital Discharge and the Care Home sector and is included in the Councils income position.

The council are forecasting £31.5m of COVID income in total this year which is being used to offset direct and indirect COVID costs, and losses of income due to COVID.

The ICFT has reported an underlying overspend of £0.005m before the impact of COVID. COVID spend was £1.485m, meaning a top up payment of £1.490m 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	180,317	180,317	0	432,760	432,760	(0)	(0)	0
TMBC Expenditure	86,629	91,889	(5,260)	205,279	208,957	(3,678)	(5,966)	2,426
Integrated Commissioning Fund	266,946	272,206	(5,260)	638,039	641,717	(3,678)	(5,966)	2,426

Finance Update Report – Strategic Commission Budgets

Forecast Position £000's	Forecast Position					Net Variance		Net Variance	
	Expenditure Budget	Income Budget	Net Budget	Net Forecast	Net Variance	COVID Variance	Non-COVID Variance	Previous Month	Movement in Month
Acute	223,219	0	223,219	223,238	(19)	(19)	0	(29)	10
Mental Health	40,039	0	40,039	40,486	(447)	(447)	0	(359)	(88)
Primary Care	90,771	0	90,771	91,614	(843)	(843)	0	(544)	(299)
Continuing Care	17,332	0	17,332	17,337	(5)	(5)	0	(5)	(0)
Community	34,107	0	34,107	34,107	0	0	0	0	0
Other CCG	22,805	0	22,805	32,837	(10,032)	(10,032)	0	(9,771)	(261)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0	0
CCG Running Costs	4,486		4,486	4,486	0	0	0	0	0
CCG COVID-19 Notional 20/21 Funding	0	0	0	(11,346)	11,346	11,346	0	10,709	637
Adults	85,659	(46,972)	38,687	40,600	(1,912)	(981)	(931)	(1,929)	16
Children's Services - Social Care	64,234	(10,288)	53,946	56,641	(2,695)	0	(2,695)	(2,328)	(367)
Education	32,477	(26,079)	6,398	7,350	(952)	(612)	(340)	(953)	0
Individual Schools Budgets	119,648	(119,648)	0	0	0	0	0	0	0
Population Health	15,882	(263)	15,619	19,040	(3,421)	(3,464)	43	(3,421)	0
Operations and Neighbourhoods	80,537	(27,566)	52,971	53,287	(316)	(674)	358	(316)	0
Growth	45,631	(34,643)	10,988	12,094	(1,106)	(221)	(884)	(1,106)	0
Governance	67,071	(57,540)	9,531	9,186	344	45	299	344	0
Finance & IT	10,129	(2,219)	7,910	7,903	7	(35)	42	7	0
Quality and Safeguarding	430	(237)	193	184	9	0	9	(10)	19
Capital and Financing	10,619	(9,624)	996	7,573	(6,577)	(6,632)	55	(6,577)	0
Contingency	2,857	0	2,857	2,880	(23)	0	(23)	(23)	0
Contingency - COVID Direct Costs	0	0	0	18,708	(18,708)	(18,708)	(0)	(18,414)	(294)
Corporate Costs	5,486	(301)	5,184	5,089	96	(100)	196	96	0
LA COVID-19 Grant Funding	0	0	0	(24,266)	24,266	24,266	0	24,266	0
Other COVID contributions	0	0	0	(7,311)	7,311	7,311	0	6,823	488
Integrated Commissioning Fund	973,419	(335,380)	638,039	641,717	(3,678)	194	(3,872)	(3,540)	(138)

Forecast Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Forecast	Net Variance	COVID Variance	Non-COVID Variance	Previous Month	Movement in Month
CCG Expenditure	432,760	0	432,760	432,760	(0)	(0)	0	0	(0)
TMBC Expenditure	540,659	(335,380)	205,279	208,957	(3,678)	194	(3,872)	(3,540)	(138)
Integrated Commissioning Fund	973,419	(335,380)	638,039	641,717	(3,678)	194	(3,872)	(3,540)	(138)

Finance Update Report – Council Budgets

Headlines

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.

Children's Services

The Children's Social Care Directorate is reporting an adverse movement of £367K compared to the finance position reported at period 4. This is predominately due to an increase in the placement forecasts (£233K) of which £206K is in relation to externally commissioned placements (Children's Residential Homes, Independent Foster Agency and Semi Independence provision). Whilst the number of externally commissioned placements and unit costs have remained relatively unchanged between period 4 and 5, a number of expensive placements have been extended further than previously forecasted. Further work is required to review the forecast end dates for existing placements. Salary forecasts have increased by a total £134K since period 4 which is predominantly due to an increase in agency employees (£150K). There have been further slippages in filling vacant posts (£16K) which has partially offset the increase in agency employees.

Population Health

The forecast position includes assumed financial support to Active Tameside for loss of income of £3.5m. The MHCLG income compensation scheme does not cover Leisure Services run by Active Tameside and therefore this remains a significant pressure resulting from COVID.

Income

The adverse variances in Growth, Operations & Neighbourhoods, and Capital & Financing are predominantly due to significant shortfalls in income, most as a result of the COVID pandemic. MHCLG have recently launched an income compensation scheme which will enable the Council obtain additional funding to compensate for income losses in some areas (such as car parking losses). Forecasts as at Month 5 do not yet reflect this income compensation scheme, however the first claim will be submitted in September and forecasts updated as at period 6. The income compensation scheme only covers certain categories of income and will not provide any compensation for losses in respect of the Manchester Airport Dividend or losses on rental income.

Collection Fund

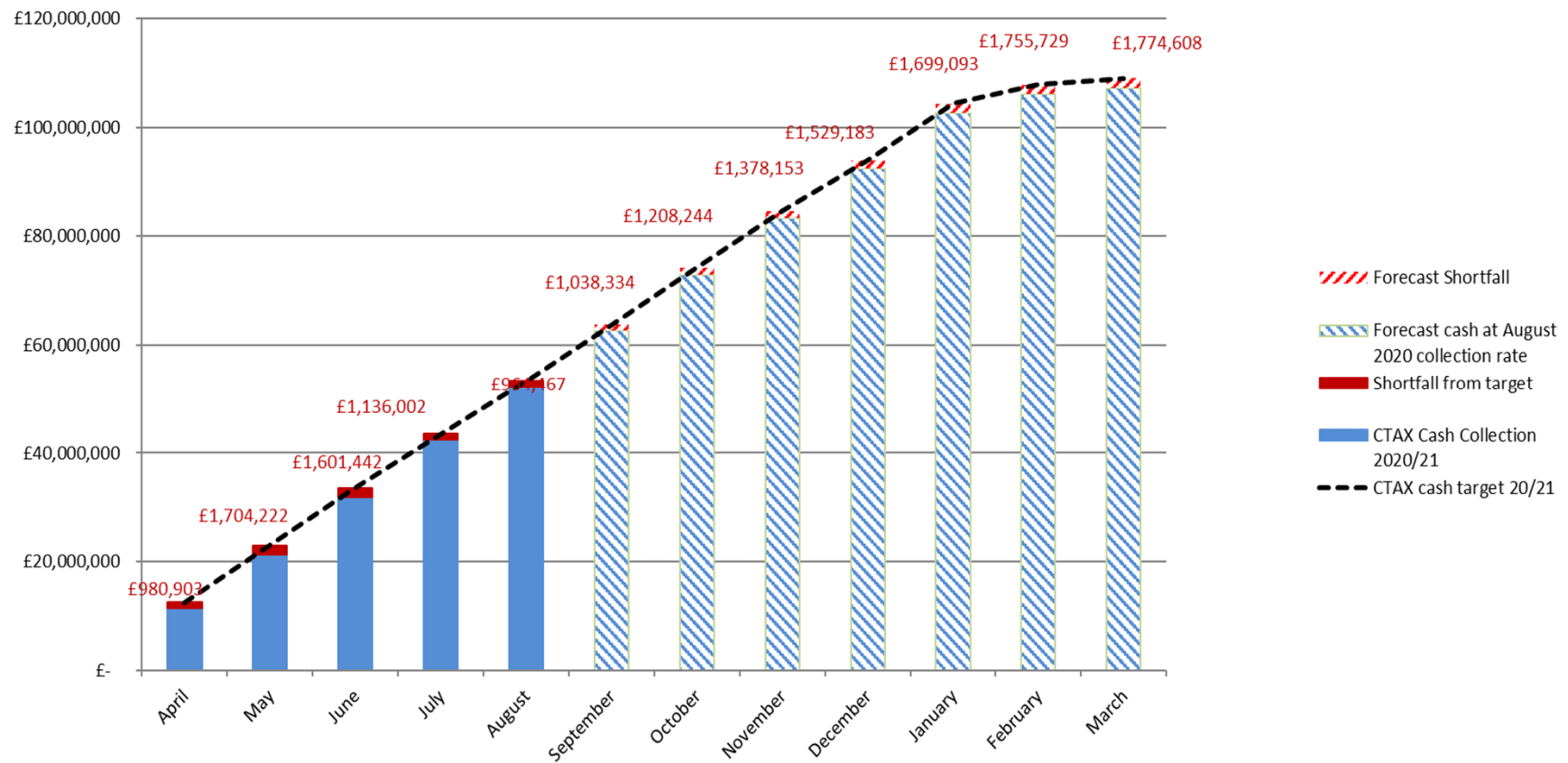
As set out on pages 6 and 7, the Council is still experiencing significant shortfalls on Council Tax and Business Rates income which will result in a deficit on the Collection Fund for 20/21. This deficit will need to be repaid over a three year period (rather than the usual one) but will still place significant pressure on future year budgets.

Collection Fund

Council Tax and Business Rates Collection

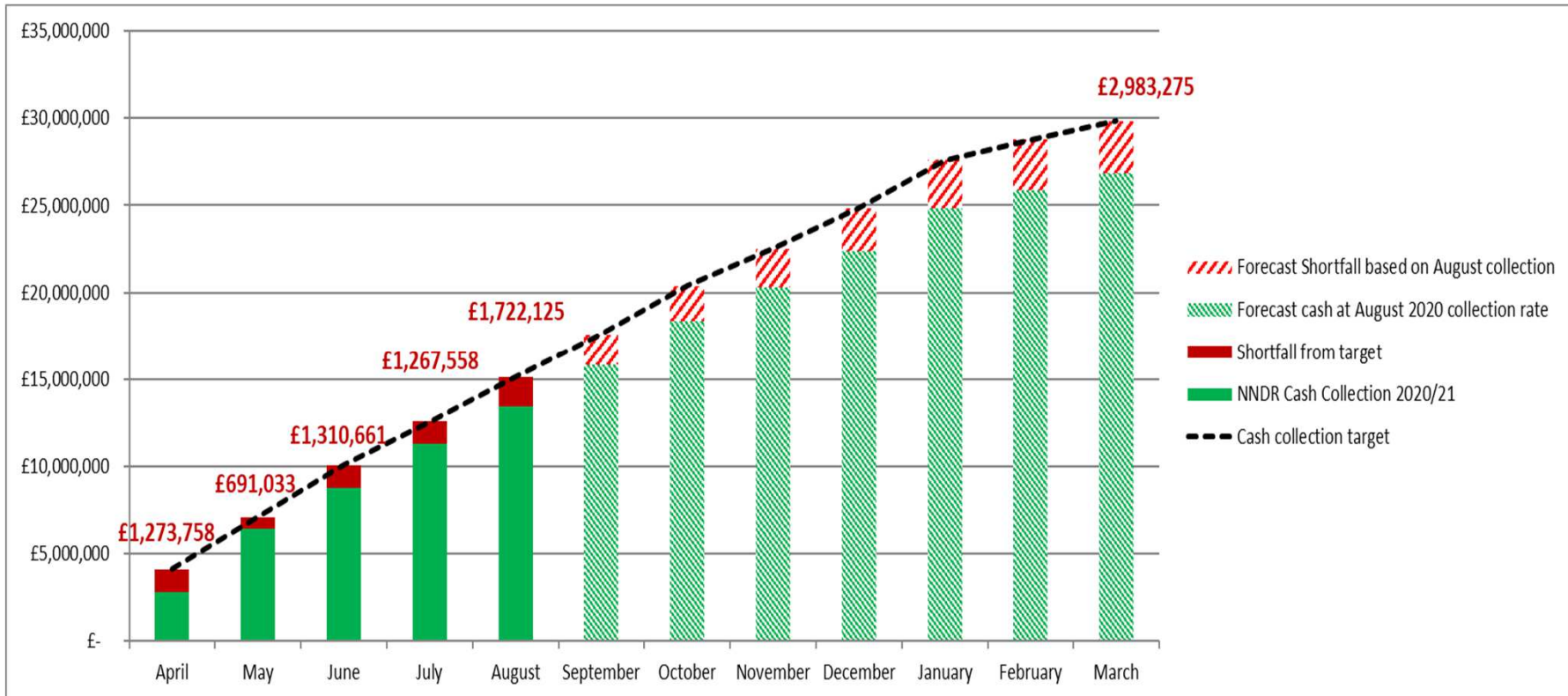
As at the end of August, collection of both Council Tax and Business Rates is below target and prior year trends, and this is attributed to the economic impact of COVID-19.

Council Tax collection rates have slowly improved since April, but remain 2% below target. If this trend continues then the forecast deficit on Council Tax collection by the end of March 2021 is £1.775m of which the Council's share is £1.484m. 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 July, However this improvement was not sustained in August and 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 £2.983m. 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.



Finance Update Report – CCG Budgets

Month 5 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 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 six 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 5, 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 5 report is based on the 2020-21 financial plans approved through internal governance and submitted to NHSE prior to the pandemic, plus an adjustment for additional COVID related costs in 2020/21. 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 six 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 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. Data about our financial position based on current run rates has been provided to GMHSCP in preparation for phase 3 and to allow speedy financial analysis once financial envelopes are published.

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	1,735,211	1,136,825	7,940,136
Remote management of patients	175,417	348,381	362,749	241,968	185,173	157,641	372,282	1,843,611
National Procurement Areas	0	204,973	139,509	124,968	7,630	90,350	195,000	762,429
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	3,220	0	117,220
Backfill for higher sickness absence	0	0	21,985	18,230	11,701	790	0	52,707
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	372,606	319,400	910,357
Grand Total	546,496	1,281,692	1,685,619	1,896,856	2,098,906	2,359,820	2,023,507	11,892,896

- The table above summarises £11,893k of additional costs associated with COVID-19. In line with the latest guidance we are able to claim for additional related COVID costs upto the end of September. A new financial regime will be in place from October onwards.
- This table captures actual and forecast COVID spend with all providers across two financial years. £546k relates to 2019/20 financial year, with £11,346k in 2020/21. Actual spend of £9,869k to end of August has been reported to NHSE (£9,323k in the current financial year).
- The outturn position at M5 has increased by £637k since last month. This pressure has been driven by an increase in the number of packages of care under the Hospital Discharge Programme, the inclusion of an approved GM scheme for additional mortuary costs, an extension to the Silver Cloud Mental Health service and new guidance allowing primary care services delivered in care homes to be claimed from COVID. These pressures have been partially offset by reduced spend on GP practice claims, the Integrated Urgent Care Team (IUCT) and community equipment/adaptations.
- Our COVID spend represents a significant pressure against nationally calculated indicative funding of £6.2m (covering March - July). The CCG was required to complete supplementary templates explaining this variance at the end of both M3 and M4. However 'top up' budget allocations have been received to fully cover YTD spend at M4.
- Based on current run rates and known changes next month, we currently project spend of £11,893k to the end of September. The majority of this spend (£8,522k) is with TMBC and is included in the Council part of the Integrated Commissioning Fund.

Month 5 Position

Summary

Trust I&E excluding COVID-19 expenditure -	£5k overspend
COVID-19 expenditure:	£1.485m
Net deficit (I&E + COVID-19 Exp):	£1.490m overspend

Additional Top up (True up) funding required: **(£1.490m)**

Net deficit **Break Even**

In Month Movement:	(£329k) Adverse
- I&E Excl COVID-19:	(£502k) Increase
- COVID-19 Expenditure:	(£173k) Reduction