



Report To:	EXECUTIVE CABINET
Date:	31 August 2016
Executive Member/ Reporting Officer:	Cllr J Fitzpatrick - First Deputy (Performance and Finance) Ian Duncan – Assistant Executive Director (Finance)
Subject:	REVENUE MONITORING – QUARTER 1 2016/17
Report Summary:	<p>This report shows that at Quarter 1 the overall net service projected outturn revenue position for 2016/17 is £1.830m under budget. Strong budget management is required across the Council to ensure that its financial plans are achieved and that the Council is therefore able to control budgetary pressures in future years.</p> <p>The budget for corporate costs is currently forecast to be £4.822m within budget. This can change during the year and will be kept under review.</p>
Recommendations:	<ol style="list-style-type: none"> 1) That the changes to revenue budgets as set out at Appendix 1 are approved. 2) That the projected revenue outturn position is noted. 3) That the detail for each service area is noted; 4) That the proposed payment arrangements in respect of Tameside Hospital are approved as set out in section of the report
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)	This first monitoring report for the current financial year forecasts that expenditure will be contained within the approved budget. This is important as a firm foundation is needed upon which to build plans to meet the challenges identified by the Medium Term Financial Strategy (MTFS) for the period 2016-2020.
Legal Implications: (Authorised by the Borough Solicitor)	There is a statutory duty to ensure the Council sets a balanced budget and that it is monitored to ensure statutory commitments are met.
Risk Management:	Failure to properly manage and monitor the Council's budgets will lead to service failure and a loss of public confidence.
Access to Information	<p>The background papers relating to this report can be inspected by contacting the report writer, Ian Duncan, Assistant Executive Director (Finance) by:</p> <p> Telephone: 0161 342 3864</p> <p> e-mail: ian.duncan@tameside.gov.uk</p>

1 INTRODUCTION

- 1.1 This is the first revenue monitoring report of the 2016/17 financial year. The report summarises the projected revenue outturn position for service areas of the Council at the 31 March 2017.
- 1.2 Details of the various sections and Appendices within the report are shown below:
- **Section 2:** changes to the budget since February 2016.
 - **Section 3:** a summary of the budget and revenue financial position for Service areas.
 - **Section 4 :** savings update.
 - **Section 5:** Business Rates and Council Tax collection performance.
 - **Section 6:** commentary about the financial challenges in the local health and social care economy.
 - **Section 7:** the recommendations of this report.
 - **Appendix 1:** details the changes to the Council's in-year revenue budget since March 2016. Included within these changes is the allocation of budget to ease pressures within services areas for example in respect of pay awards, the new living wage and increase contract prices, etc.
 - **Appendix 2:** details for each Directorate showing the revenue outturn position and:
 - an explanation of significant variations to budget;
 - an analysis of expenditure and income.
 - **Appendix 3:** analysis of the Council Tax and Business Rates collection performance.
 - **Appendix 4: Care Together Single Commissioning Board monitoring report for quarter 1.**
- 1.3 This report details Directorates' projected revenue outturn position for 2016/17 against budgets for the year and shows the net of income and expenditure as a variation to budget.
- 1.4 Also included within the report are details for those budgets that are held corporately and the projected outturn position. These budgets include the cost of capital financing, democracy and where service areas are unable to affect spend against budget e.g. AGMA costs.
- 1.5 Separate tables, which break down the budgets into elements of expenditure and income, are included in **Appendix 2**, to show how Directorates are utilising their allocated funding.

2 SUMMARY OF CHANGES TO THE BUDGET

- 2.1 There have been a number of changes to the 2016/17 budget as set out at **Appendix 1**. In summary, the budget has now moved from £168.6m to £162.3m. The changes in terms of value are in respect of:
- Allocation of balance brought forwards from 2015/16 to service areas;
 - Additional income as a result of the increase in Council Tax and Adult Social Care precept as agreed at the budget setting meeting in February 2016;
 - Amendment of accounting treatment in respect of grants and airport dividend.
- 2.2 There are also changes to budgets in service areas, the most significant are:
- Allocation to Children's £4m and Adults' services £8m for cost pressures, as previously approved and set out in the outturn revenue monitoring report;
 - The allocation of specific cost pressures to service budgets, including increased demographic costs and the financial impact of the Living Wage – total £4.331m.

The budget allocation to service areas to fund the additional costs of the recent changes to pay costs including national insurance increases – total £2.642m.

2.3 The table below details, by service area, the additional budgets that have been provided to alleviate pressures.

Table 1

	Director of People £000	Director of Place £000	Public Health £000	Governance and Resources £000	Total £000
Staffing related costs	1,450	744	69	379	2,642
Demographics	1,762				1,762
Inflation on contracts	993				993
Living Wage	1,576				1,576
Additional Budget for Adults & Children	12,000				12,000
Total Budget Increases	17,781	744	69	379	18,973

2.4 Other changes to the budget that were not known at the time of setting the budget have also been included. These don't have an impact to the overall net budget as expenditure and income are increased to reflect the change. An example is Education Support Grant.

3 SUMMARY OF THE FINANCIAL POSITION

3.1 This report shows that at Quarter 1 the service overall projected net revenue expenditure for the 2016/17 financial year is expected to be £1.830m less than the updated budget.

Table 2 – projected outturn revenue position for 2016/17

Directorate	Service	2016/17 Budget £000	Forecast Outturn £000	Variation to Budget £000
People	Childrens Social Care	23,973	24,551	578
People	Strategy and Early Intervention	1,906	1,775	(131)
People	Education	3,311	3,266	(45)
People	Adult and Early Intervention Services	41,980	43,261	1,281
People	Stronger Communities	6,995	6,906	(89)
	Total Director of People	78,165	79,759	1,594
Place	Asset and Investment Partnership Management	5,070	5,560	490
Place	Environmental Services	46,818	45,498	(1,320)
Place	Development Growth and Investment	2,222	2,107	(115)
Place	Digital Tameside	1,945	1,945	0
	Total Director of Place	56,055	55,110	(945)
Public Health	Director of Public Health	1,401	1,621	220
Governance and Resources	Director of Governance and Resources	9,996	7,297	(2,699)
	Total Service Position	145,617	143,787	(1,830)

- 3.2 The overall net position is for service expenditure to be within budget and is a combination of variances, both over and under budget, as summarised above. Fuller details are set out in **Appendix 2**.
- 3.3 The revenue position reported needs to be considered in the context of the Council's Medium Term Financial Strategy (MTFS). Below is a summary taken from the current MTFS which shows the £14 million savings 2016/17. This has already been incorporated into service areas budgets. The requirement identified in February 2016 was for £51 million to be achieved by 2019/20 as summarised below:

Table 3 Summary Current Approved Medium Term Financial Strategy

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Total Planned Expenditure	162,301	173,624	180,319	192,732
Total Estimated Resources	(162,301)	(157,574)	(146,749)	(141,639)
	0	16,050	33,570	51,093
Savings already allocated	14,100	0	0	0
Savings not yet allocated (annual)*		16,050	17,520	17,523
Savings not yet allocated (cumulative)		16,050	33,570	51,093

*Note £12m non-recurrent funding for Children and Adults needs to be addressed and is potentially additional to the figures above.

- 3.4 The targets for 2016/17 and future years are the current estimated position before any mitigating actions are put into place. This was the position in February 2016 and an update will be provided as part of the efficiency plan which is being prepared for submission to DCLG as part of the offer of a four year fixed settlement. This will be submitted for approval in September.
- 3.5 Future years' savings targets show that the Council has a major financial challenge going forward. The budgets that are held corporately are shown in the table below. These budgets will assist in the long term to enable the Council to deliver its Medium Term Financial Strategy.

Table 4

Directorate	Corporate Budgets	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Other	Corporate Costs, Capital and Financing and Other Cost Pressures	16,684	11,862	(4,822)
	Total	16,684	11,862	(4,822)

These budgets are held to pay for corporate costs such as levies, loan debt etc. as well as the means to cope with in-year volatility.

4 SAVINGS

- 4.1 Savings targets were allocated in line with consideration of the Council's core purpose, policy priorities, and assessed risks. The Council agreed a savings target of £14 million for 2016/17 as part of a two year budget plan. Detailed savings proposals were drawn up for 2016/17 and agreed by Full Council in February 2015. The current forecast of the achievement of the savings target is shown in the table below:

Table 5

	2015/16 Savings Target £000	2016/17 Savings Target £000	Total	Balance to be achieved
People	17,186	5,856	23,042	-13,594 +12,000
Public Health	380	350 *	730	-
Place	2,228	-	2,228	-
Governance and Resources	556	-	556	-
Corporate Savings	700	3,589	4,289	-
Capital and Financing	3,000	4,305	7,305	-
Total	24,050	14,100	38,150	-1,594

* excludes reduction in Public Health grant of £363k

5 COUNCIL TAX AND BUSINESS RATES

- 5.1 The Business Rates Retention Scheme means that variations in the level of Business Rates income collected has a direct impact on Council resources. The level of Council Tax income collected remains an important area for the Council as any shortfall in the level of Council Tax income also has a direct impact on Council resources.
- 5.2 At quarter 1 both the level of Council Tax income is slightly under targeted collection rates and Business Rates are exceeding the target. Both areas will be closely monitored during the financial year and continue to target income collection. **Appendix 3** includes two tables that show how the Council is performing against target collection rates in both Business Rates and Council Tax.

6 CARE TOGETHER

- 6.1 Under Care Together a single body will commission health and social care services. The single commissioning function is made up from Tameside & Glossop Clinical Commissioning Group and Tameside Council. The Care Together vision is to significantly raise healthy life expectancy by focussing on health and care needs of communities with a view to achieving better prosperity, health and wellbeing and to deliver a clinically and financially sustainable health and social care service with the next five years.

6.2 On the financial front a first step was to enter into a section 75 agreement with Tameside and Glossop CCG to pool resources, with each organisation agreeing to be responsible for its own financial risks in this first year. The governance arrangements are that the Single Commissioning Management Team and the Single Commissioning Board receive regular budget monitoring reports and will agree mitigating actions as appropriate. The financial information in respect of council services provided to the single commissioning bodies is consistent with information included in the Council's budget monitoring reports albeit there can be timing differences between the two.

6.3 In working towards financial sustainability across the whole health and social care economy i.e. including Tameside Hospital Foundation Trust, a single consolidated financial report is now produced. This is showing a forecast collective deficit of £38 million in 2016/17 and this is forecast to grow in the following year. Short and medium term options are being worked upon to minimise this position. The latest consolidated report can be found at:

<http://tameside.moderngov.co.uk/documents/s8895/ITEM%204%20-%20CT%20Economy%20Revenue%20Monitoring%20Statement%20FINAL.pdf>

and is reproduced in **Appendix 4** to this report.

6.4 The three organisations continue to work together to identify financial solutions to support the overall economy. One opportunity that has been identified is for the Council to pay in advance for some services that will be delivered during the current financial year, the main one being Community Services. By making these payments earlier, which are worth approximately £2.4 million, it will allow the Hospital to defer use of an interim working capital support facility provided by the Department of Health thereby saving interest costs. The saving to the Hospital is in the order of £0.060m, from which the Council's lost investment opportunity of c.£0.010m will be reimbursed.

7 RECOMMENDATIONS

7.1 The recommendations of this report are noted at the front of the report.

APPENDIX 1

Budget changes Quarter 1 – for approval

	Director of People £000	Director of Place £000	Public Health £000	Governance and Resources £000	Corporate Budgets, Capital Financing and Corporate Pressures £000	Total £000
Feb 2016 Budget Report:	58,693	54,776	1,571	9,617	43,908	168,565
Quarter 1 Changes - To Be Approved						
Additions to Budget:						
• Council tax increase					2,851	2,851
• 2015/16 balances allocated		952				952
Amendment to Accounting Treatment:						
• Airport Dividend					(3,750)	(3,750)
• New Homes Bonus					(4,357)	(4,357)
• Small Business Rate Relief grant					(1,960)	(1,960)
• Education Services Grant (£2.538m)					Nil effect	Nil effect
Revised Budget - Q1 2016/17	58,693	55,728	1,571	9,617	36,692	162,301
Virement of Budgets						
Sale of Rassbottom Garage		26			(26)	0
Sale of garage sites		7			(7)	0
Plot 5 - Windmill Industrial Estate		10			(10)	0
CCTV – transfer function	232	(232)				0
Severance	28				(28)	0
Flood Defence Levy		2			(2)	0
2016/17 Budget Increase - Staffing related costs (see para 2.2)	1,450	744	69	379	(2,642)	0

2016/17 Budget Increase - Inflation/Demographic/Living Wage Pressures (see para 2.2)	4,331				(4,331)	0
Additional Budget for Adults & Children (see para 2.3)	12,000				(12,000)	0
Social Care Precept (2%)	1,429				(1,429)	0
Active Tameside transfer		239	(239)			0
Transport Levy - One off realignment of resources as per AGMA		(469)			469	0
Revised Budget - Q1 2016/17	78,165	56,055	1,401	9,996	16,684	162,301

APPENDIX 2

DIRECTOR OF PEOPLE

1. CHILDREN'S SERVICES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Children's Social Care	23,973	24,551	578
Strategy and Early Intervention	1,906	1,775	(131)
Education	3,311	3,266	(45)
TOTAL	29,190	29,592	402

a. Overview

Reasons for the significant variations to budget:

	£000
<u>Children's</u>	
Employee Expenses inc. Agency and Training	
Staffing costs are under budget due to part year vacancies and other minor variations under £0.050m.	(28)
External Agency Placements - Residential/Fostering and 16+ Placements	
New placements that have come into the service from the start of the financial year, net effect of movement to higher/lower price care packages	553
Internal Carer Payments	
Minor variations under £0.050m	(21)
Direct Payments	
Minor variations under £0.050m	(8)
Transport Related Expenditure	
Minor variations under £0.050m	(4)
Other Expenditure	
Minor variations under £0.050m	82
Income	
Minor variations under £0.050m	4
Children's Total	<u>578</u>
	£000
<u>Strategy and Early Intervention</u>	
Employee Expenses	
Staffing costs are under budget due to maximising alternative funding sources, part year vacancies and other minor variations under £0.050m.	(192)
Transport	
Transport costs are over budget due to high spend in transporting young carers. This area is currently under review and we are seeking cost reductions.	62
Other Expenditure	

Minor variations under £0.050m	(11)
Use of one-off monies	
Minor variations under £0.050m	10
Strategy and Early Intervention Total	(131)

£000

Education

Employee Costs

Expenditure is below budget on employee costs due to the vacant Head of Schools Performance & Standards position (£0.085m), some part year vacancies (£0.043m) and other minor variations under £0.050m (203)

Special Education transport

Minor variations under £0.05m 44

Other Expenditure

Other Expenditure is below budget due to both the traded Governors Support (£0.064m) and Education Psychology (£0.047m) services spending less on external support and resources than originally planned, along with other minor variations of less than £0.050m. (105)

Non-Academy Schools Income

Income is less than budget for Non Academy Schools due to a reduction in the buy in from schools to the Behaviour for Learning & Inclusion Service (£0.148m) and the Governors Training Traded Service (£0.030m). 179

Academy Schools Income

Minor Variations Under £0.050m 46

Sales, Fees & Charges

Minor Variations Under £0.050m (6)

Education Total **(45)**

2. ADULT AND EARLY INTERVENTION SERVICES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Adult Social Care	41,980	43,261	1,281
TOTAL	41,980	43,261	1,281

a. Overview

£000

Adults and Early Intervention

Changes to Better Care Fund National conditions have resulted in £1.1m less funding being available for Adult Social Care core services. Costs associated with Direct payment agreements have also increased on last year's figure. 1,336

The CCTV service has transferred to Adults with insufficient funding further work to be done to understand the full costs associated with this service 184

Staffing budgets in Homemaker properties were set in conjunction with the service manager on the basis of assessed hours of need for individuals in each property, current indications are that these budgeted hours are above the requirement and therefore spend is less than the budget. Periodic reviews will be undertaken to ascertain the suitability of these budgeted hours (820)

Reduced client contributions towards residential and nursing care placements based on financial assessments of clients' ability to pay. There has also been a small increase in the number of people being placed into care homes. 470

Other variations across the service including DOL's costs to meet legal duties (£0.055m) and transport related spend (£0.047m) 111

Adults and Early Intervention Total 1,281

3. STRONGER COMMUNITIES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Stronger Communities	6,995	6,906	(89)
TOTAL	6,995	6,906	(89)

a. Overview

£000

Reduction in Supporting People contracts in effect from part way through the year, full year effect will materialise in 2017/18 60

Contract variation for homelessness demographics due to change in legislation increasing demand not coming into effect until 1st October 2016 at the earliest (66)

Contract variation for supporting people & homelessness contracts to pay living wage not coming into effect until 1st October 2016 at the earliest (83)

Stronger Communities Total (89)

DIRECTOR OF PUBLIC HEALTH

4. DIRECTOR OF PUBLIC HEALTH

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Director of Public Health	1,401	1,621	220
TOTAL	1,401	1,621	220

a. Overview**£000**

2016/17 Public Health Grant Reduction

363

Efficiencies identified through reduction in contracts and staffing

(143)

Public Health Total**220**

DIRECTOR OF PLACE

5. ASSET AND INVESTMENT PARTNERSHIP MANAGEMENT

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Asset and Investment Partnership Management	5,070	5,560	490
TOTAL	5,070	5,560	490

a. Overview

£000

Corporate Landlord

The variation relates to an estimated cost of disposal costs relating to capital receipts where the expenditure is greater than that allowed to be netted against the capital receipt, for example small plots of land. 250

Ongoing expenditure in relation to building repairs and maintenance. 240

Corporate Landlord Total **490**

6. ENVIRONMENTAL SERVICES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Environmental Services	46,818	45,498	(1,320)
TOTAL	46,818	45,498	(1,320)

a. Overview

£000

Employees Expenditure

Expenditure greater than budget for Employee costs as a result of additional staffing required for additional Blue and Brown bin collections 260

Other Expenditure

Expenditure in excess of budget for Additional Core Hire as a result of additional Blue and Brown Bin collections 198

Expenditure below budget for Street Lighting Energy as a result of the Implementation of LED Street Lighting replacement scheme (219)

Expenditure below budget that has been identified across the service following detailed review and challenge e.g. increases in fees and charges, review of security contracts and review of bulky waste (988)

Other minor variations under £0.050m (90)

Sales, Fees and Charges

Income anticipated to be in excess of budget for Car Parking Pay and Display Income	(191)
Income anticipated to be in excess of budget for Traffic Flow Management	(290)

Environmental Services Total **(1,320)**

7. DEVELOPMENT GROWTH AND INVESTMENT

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Development Growth and Investment	2,222	2,107	(115)
TOTAL	2,222	2,107	(115)

a. Overview

£000

Expenditure below budget for Employee costs as a result of vacant posts across the service and service re-design currently in progress. (100)

Savings planned for 2016/17 (15)

Development Growth and Investment Total **(115)**

8. DIGITAL TAMESIDE

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Digital Tameside	1,945	1,945	0
TOTAL	1,945	1,945	0

a. Overview

No variation to budget is projected for Digital Tameside.

DIRECTOR OF GOVERNANCE AND RESOURCES

9. DIRECTOR OF GOVERNANCE AND RESOURCES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Director of Governance and Resources	9,996	7,297	(2,699)
TOTAL	9,996	7,297	(2,699)

a. Overview

£000

Savings as a result of severance, restrictions in recruitment and delays in the implementation of service redesign have resulted in a projected expenditure level of £1.329m under budget. (1,329)

Ongoing restrictions in expenditure have resulted in a projected expenditure level of £1.355m under budget. (1,355)

Income projected in excess of budget. (15)

Director of Governance and Resources Total (2,699)

CORPORATE BUDGETS

10. CORPORATE COSTS

Directorate	Corporate Budgets	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Other	Corporate Costs, Capital and Financing and Other Cost Pressures	16,684	11,862	(4,822)
	Total	16,684	11,862	(4,822)

a. Overview

Corporate Costs include a range of central functions including Insurance, AGMA and Coroners costs and the cost of Democracy. Also included are budgets to cover the cost of the capital programme.

The main reasons for the projected spend of less than budget are:

- The Council have not undertaken any borrowing as at 30 June 2016
- Interest rates for borrowing are lower than estimated
- The Council has more cash than originally forecast and therefore the interest gained is greater than the budget.

- Ongoing restrictions in expenditure has resulted in a projected expenditure level of £0.470m under budget
- Ongoing efficiencies achieved as a result of the insurance review.

Any expenditure that is less than the budget will assist the Council's budget position in future years. It is imperative the Service areas continue to review their expenditure and accurately monitor future spend. Efficiencies made now will assist the future medium term financial strategy.

APPENDIX 3

The tables below detail how the Council is performing against target collection rates in both Business Rates and Council Tax. Arrears are pursued and recovery of current year arrears will continue in future years.

<u>Council Tax In-year Collection Performance 2016/17</u>				
	Cash Collected £m	Cash Collected %	Cash Target %	Variation %
April 2016	9.623	10.42	10.80	-0.38
May 2016	17.800	19.27	19.40	-0.13
June 2016	26.103	28.26	28.40	-0.14
July 2016			37.60	
August 2016			46.20	
September 2016			55.30	
October 2016			64.30	
November 2016			73.30	
December 2016			81.80	
January 2017			90.20	
February 2017			92.50	
March 2017			94.40	

<u>Business Rates In-year Collection Performance 2016/17</u>				
	Cash Collected £m	Cash Collected %	Cash Target %	Variation %
April 2016	10.789	17.18	10.70	+6.48
May 2016	15.863	25.33	18.80	+6.53
June 2016	20.918	33.65	28.80	+4.85
July 2016			38.30	
August 2016			46.70	
September 2016			55.10	
October 2016			63.50	
November 2016			72.10	
December 2016			79.50	
January 2017			88.20	
February 2017			92.70	
March 2017			96.20	

APPENDIX 4

Report to:	CARE TOGETHER SINGLE COMMISSIONING BOARD
Date:	2 August 2016
Officer of Single Commissioning Board	Kathy Roe – Director Of Finance – Single Commissioning Team Ian Duncan - Assistant Executive Director – Tameside Metropolitan Borough Council Finance Claire Yarwood – Director Of Finance – Tameside Hospital NHS Foundation Trust
Subject:	TAMESIDE & GLOSSOP CARE TOGETHER ECONOMY – 2016/17 REVENUE MONITORING STATEMENT AT 30 JUNE 2016 AND PROJECTED OUTTURN TO 31 MARCH 2017
Report Summary:	<p>This is a jointly prepared report of the Tameside & Glossop Care Together constituent organisations on the revenue financial position of the Economy.</p> <p>The report provides a 2016/2017 financial year update on the month 3 financial position (at 30 June 2016) and the projected outturn (at 31 March 2017).</p> <p>The Tameside & Glossop Care Together Single Commissioning Board are required to manage all resources within the Integrated Commissioning Fund. The CCG and the Council are also required to comply with their constituent organisations' statutory functions.</p> <p>A summary of the Tameside Hospital NHS Foundation Trust financial position is also included within the report. This is to ensure members have an awareness of the overall financial position of the whole Care Together economy and highlight the increased risk of achieving financial sustainability in the short term whilst also acknowledging the value required to bridge the gap next year and through to 2020/21.</p>
Recommendations:	<p>Single Commissioning Board Members are recommended :</p> <p>To note the 2016/2017 financial year update on the month 3 financial position (at 30 June 2016) and the projected outturn (at 31 March 2017).</p> <p>Acknowledge the significant level of savings required during the period 2016/17 to 2020/21 to deliver a balanced recurrent economy budget.</p> <p>Acknowledge the significant amount of financial risk in relation to achieving an economy balanced budget across this period.</p>
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>This report provides the financial position statement of the 2016/17 Care Together Economy for the period ending 30 June 2016 (Month 3 – 2016/17) together with a projection to 31 March 2017 for each of the three partner organisations.</p> <p>The report explains that there is a clear urgency to implement associated strategies to ensure the projected funding gap is addressed and closed on a recurrent basis across the whole</p>

economy.

Each constituent organisation will be responsible for the financing of any resulting deficit at 31 March 2017.

It should be noted that additional non recurrent budget has been allocated by the Council to Adult Services (£8 million) and Childrens' Services (£4 million) in 2016/17 to support the transition towards the delivery of a balanced budget within these services during the current financial year.

Section 5 of the report provides an update on the Transformation Fund business case submitted for the Tameside and Glossop economy to the GM Health and Social Care Partnership. It is clearly essential that the bid is approved to enable implementation of service transformation within the economy which will support the delivery of current and future year savings. The outcome of the submission is expected to be confirmed in early August 2016.

It should be noted that the Integrated Commissioning Fund for the partner Commissioner organisations will be bound by the terms within the existing Section 75 agreement and associated Financial Framework agreement which has been duly approved by both the Council and CCG.

**Legal Implications:
(Authorised by the Borough
Solicitor)**

How do proposals align with Health & Wellbeing Strategy? The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Health and Wellbeing Strategy

How do proposals align with Locality Plan? The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Locality Plan

How do proposals align with the Commissioning Strategy? The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Single Commissioning Strategy

Recommendations / views of the Professional Reference Group: A summary of this report is presented to the Professional Reference Group for reference.

Public and Patient Implications: Service reconfiguration and transformation has the patient at the forefront of any service re-design. The overarching objective of Care Together is to improve outcomes for all of our citizens whilst creating a high quality, clinically safe and financially sustainable health and social care system. The comments and views of our public and patients are incorporated into all services provided.

Quality Implications: As above.

How do the proposals help to reduce health inequalities? The reconfiguration and reform of services within Health and Social Care of the Tameside and Glossop economy will be delivered within the available resource allocations. Improved outcomes for the public and patients should reduce health inequalities across the economy.

What are the Equality and Diversity implications?

Equality and Diversity considerations are included in the re-design and transformation of all services

What are the safeguarding implications?

Safeguarding considerations are included in the re-design and transformation of all services

What are the Information Governance implications? Has a privacy impact assessment been conducted?

There are no information governance implications within this report and therefore a privacy impact assessment has not been carried out.

Risk Management:

These are detailed in Section 6 of the report

Access to Information :

Background papers relating to this report can be inspected by contacting :

Stephen Wilde, Head Of Resource Management, Tameside Metropolitan Borough Council



Telephone:0161 342 3726



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1. INTRODUCTION

- 1.1 This report aims to provide an update on the overall financial position of the economy as at Quarter 1 and to highlight the increased risk of achieving financial sustainability in the short term whilst we all acknowledge how much it will take to bridge the financial gap next year also.
- 1.2 The report includes the components of the Integrated Commissioning Fund (ICF) and the progress made in closing the financial gap for the 2016/17 financial year. The total ICF is approximately £442m in value (**Appendix C**), however this value is subject to change throughout the year as new Inter Authority Transfers (IATs) are actioned and allocations are amended.
- 1.3 The Tameside & Glossop Care Together Single Commissioning Board will be required to manage all resources within the Integrated Commissioning Fund and comply with both organisations' statutory functions from the single fund.
- 1.4 The 2016/17 financial year is particularly challenging due to the significant financial gap and the risk of QIPP schemes not being sufficiently developed to deliver the required level of efficiencies in year. This report also considers the financial risks of the ICF in 2016/17. Please refer to section 6 for further details.
- 1.5 It should be noted that section 2 of the report includes details of the financial position of the Tameside Hospital NHS Foundation Trust. This provides members with an awareness of the projected total financial challenge which the Tameside and Glossop economy is required to address during 2016/17.
- 1.6 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations within the Care Together programme, namely:
 - Tameside Hospital NHS Foundation Trust
 - NHS Tameside and Glossop CCG
 - Tameside Metropolitan Borough Council

2 FINANCIAL SUMMARY

- 2.1 Table 1 details the 2016/17 budgets, expenditure and forecast outturn of the ICF and the Tameside Hospital NHS Foundation Trust. However there are a number of key risks that have to be managed within the economy during the financial year:-
 - Achievement of the original £21.5m projected commissioner financial gap (£13.5m T&G CCG and £8.0m TMBC);
 - Delivery of the £17.3m projected financial deficit (i.e. agreed control total) of Tameside Hospital NHS Foundation Trust;
 - Management of any potential over spend within Acute services. Any over spend would be an additional pressure over and above the financial gap stated above;
 - Ensure Parity of Esteem is achieved in relation to Mental Health Services;
 - Management of Care Home placements due to the volatility in this area;
 - Management of unexpected and complex dependency placements within Children's Services;
 - Emergency In-year reductions to Central Government resource allocations;
 - Pro-active management of Continuing Healthcare and Prescribing which are subject to volatility;
 - Remaining within the running cost allocation for 2016/17.

Table 1 – Summary of The Tameside and Glossop Economy – 2016/17

Tameside and Glossop Integrated Commissioning Fund 2016/2017

Description	Year to Date (M3)			Year End			Movement	
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Acute	48,954	49,561	(607)	198,348	198,533	(185)	155	(340)
Mental Health	7,231	7,221	10	29,096	29,230	(134)	(135)	1
Primary Care	20,002	20,470	(468)	80,379	80,816	(437)	(489)	52
Continuing Care	3,693	4,077	(384)	14,236	14,443	(207)	(207)	0
Community	6,882	6,885	(3)	27,394	27,394	0	0	0
Other	7,460	6,138	1,322	23,434	22,877	557	442	115
QIPP	0	3,375	(3,375)	0	13,010	(13,010)	(13,238)	228
CCG Running Costs	1,243	1,113	130	5,162	4,756	406	234	172
CCG Sub Total	95,465	98,840	(3,375)	378,049	391,059	(13,010)	(13,238)	228
Adult Social Care & Early Intervention	8,673	9,970	(1,297)	38,072	43,260	(5,188)	(5,123)	(65)
Childrens Services, Strategy & Early Intervention	6,742	7,158	(416)	24,662	26,327	(1,665)	(1,594)	(71)
Public Health	(46)	217	(263)	1,591	2,643	(1,052)	(1,164)	112
TMBC Sub Total *	15,369	17,345	(1,976)	64,325	72,230	(7,905)	(7,881)	(24)
GRAND TOTAL	110,834	116,185	(5,351)	442,374	463,289	(20,915)	(21,119)	204

Tameside Hospital NHS Foundation Trust

	Year to Date (M3)			Year End			Movement	
	Plan	Actual	Variance	Plan	Actual	Variance	Previous Month	Movement in Month
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Surplus/(Deficit)	(5,525)	(5,317)	208	(17,300)	(17,300)	0		

Summary

Tameside & Glossop Commissioner - Projected Gap - 31 March 2017	(20,915)
Tameside Hospital NHS Foundation Trust - Projected Deficit - 31 March 2017	(17,300)
Tameside & Glossop Economy - Projected Gap - 31 March 2017	(38,215)

* Please note that accruals are included within the year end projections for the Council and not within the year to date totals. Projected expenditure and income within Council services is monitored on a monthly basis via data maintained within the respective service management information systems.

2.2 Assumptions included to deliver the Tameside Hospital NHS Foundation Trust projected deficit of £17.3m include:

Savings of £7.8 million (the FT's Cost Improvement Plan) are delivered (section 3.10 refers)

- £1.1 million of additional income is received for the use of independent sector providers (this will finance associated expenditure incurred);
- There is a small over performance on PbR commissioner contracts;
- £6.9 million Sustainability and Transformation funding is received (it should be noted that this is reliant on the condition that all financial and performance criteria is met);
- £17.3 million working capital/loan is received to finance the projected year end deficit position;
- The Trust bed base is not increased;
- No significant unfunded additional expenditure materialises;

2.3 If these assumptions are not realised, sensitivity analysis suggests there is a risk that the projected year end deficit could increase by £1.2 million (to a projected £18.5 million deficit). It should be noted that by the end of 2016/17, the Trust will have £52 million of repayable loans which have been borrowed to fund the deficit over the past 3 financial years. Repayment of this sum is scheduled to begin in 2018. However whilst it is anticipated the Department of Health will convert the loans into non repayable loans, the timescales and exact criteria required to facilitate this remains subject to confirmation.

3 FINANCIAL GAP

3.1 The Commissioner Financial Gap in 2016/17 for the ICF is £21.5m which includes £13.5m CCG QIPP target and an £8.0m TMBC financial savings target. It should be noted that this gap is a commissioner only gap. The economy wide position including the deficit at Tameside FT increases the scale of the challenge to £45.7m.

Commissioner Financial Gap

3.2 Table 2 lists the schemes identified to address the commissioner financial challenge and meet the QIPP targets in 2016/17. Each scheme is summarised with an evaluation of the risk of achievement and delivery in 2016/17.

Table 2 – Commissioner - Financial Gap Schemes (£'000) 2016/17

Scheme	16/17 Savings			Risk	Notes
	CCG	TMBC	Total		
SCHEMES WITH A QUANTIFIED FINANCIAL IMPACT IN 2016/17					
Public Health - savings found	0	217	217	G	Planned reduction to the annual Management fee payable to Active Tameside and additional incidental savings delivered within the service
Public Health - savings still to find	0	1,164	1,164	A	A proposal to reduce the Community Services contract by £ 0.220 million in 2016/17 is under consideration. It is expected that a decision will be known during quarter 2 of the current financial year. The temporary resourcing of the Active Tameside capital investment prudential borrowing repayments is also under consideration. The temporary resourcing arrangements will be replaced in future years via recurrent savings achieved from a significant reduction to the annual management fee payable.
Adult Social Care - savings still to find	0	4,905	4,905	R	The Council is currently in the process of identifying options to address the projected financial gap that is expected to arise during 2016/17. Updates will be reported within future monitoring reports. It should be noted that there is £ 0.283 million of additional expenditure which is expected to materialise during 2016/17. This is primarily related to additional CCTV service expenditure.
Childrens Social Care - savings found	0	120	120	G	Reduction to inflationary increases that were projected to materialise during 2016/17
Childrens Social Care - savings still to find	0	1,594	1,594	R	The Council is currently in the process of identifying further options to address the projected financial gap that is expected to arise during 2016/17. Updates will be reported within future monitoring reports.
Wheelchair Service	230	0	230	G	Contract now signed, guaranteeing 16/17 saving. Procurement exercise is on-going to determine scale of recurrent benefit.
ISCAN	230	0	230	G	Business case rejected at June PRG. Therefore money which was held in reserves is no longer required
RADAR	32	0	32	G	Money held in reserve in anticipation of additional spend with Greater Manchester West FT. No longer required.
MH Safer Staffing	100	0	100	A	Business case to PRG in August. Depending on outcome and subsequent negotiation with Pennine Care savings of upto £200k could be available.
Efficiency Savings: Admin Budgets	500	0	500	A	A small unallocated budget line exists against the opening admin budget (i.e difference between running costs allocation and forecast costs). Further savings/slippage possible following budget holder review and in the event of any staff vacancies. A separate paper was presented to SCB in July.
Efficiency Savings: Programme Budgets	500	0	500	A	Individual budget holder review meetings already held as part of budget setting process. Therefore all of the obvious savings have already been captured. However further reviews to identify slippage and savings will be held in year.
Risk Stratification/Review of high risk patients	1,000	0	1,000	A	Review by Practices of high risk patients via risk-strat information - All practices and neighbourhoods to be supported to analyse their risk stratification data and identify where support can be optimised to prevent unnecessary urgent and planned care system demand. Data has been shared with practices and benefits are expected from September onwards
Effective Use of Resources	500	0	500	A	Non-payment of un-authorised EUR procedures. Significant potential savings based on benchmarking data across GM. Monitoring and financial challenge system being finalised and will go live at the end of July to challenge M3 data. THFT implementing internal processes to prevent listing
GP Prescribing	1,000	0	1,000	R	Challenging target to reduce prescribing costs, building on schemes implemented in 15/16.
Total	4,092	8,000	12,092		
SCHEMES WITHOUT A QUANTIFIED FINANCIAL IMPACT IN 2016/17 - BUT WHERE WE ASPIRE TO REALISING SOME BENEFITS IN YEAR					
Neighbourhood Development	0	0	0		Part of the transformational funding request from devolution. Joint savings claimed in the business case (from neighbourhood development, home care and healthy lives) to stop future years activity growth and maintain at 16/17 plan levels. Dependent upon GM funding in order to realise the benefits. While the business case does not assume any savings until 2017/18, we hope to be able to bring forward some of the benefits to address the 16/17 QIPP challenge.
Home Care	0	0	0		Part of the transformational funding request from devolution. Joint savings claimed in the business case (from neighbourhood development, home care and healthy lives) to stop future years activity growth and maintain at 16/17 plan levels. Dependent upon GM funding in order to realise the benefits. While the business case does not assume any savings until 2017/18, we hope to be able to bring forward some of the benefits to address the 16/17 QIPP challenge.
Living Well - Self Care	0	0	0		Part of the transformational funding request from devolution. Joint savings claimed in the business case (from neighbourhood development, home care and healthy lives) to stop future years activity growth and maintain at 16/17 plan levels. Dependent upon GM funding in order to realise the benefits. While the business case does not assume any savings until 2017/18, we hope to be able to bring forward some of the benefits to address the 16/17 QIPP challenge.
Digital Health	0	0	0		Part of the transformational funding request from devolution. Digital Health Suite allowing care home residents/carers to consult on health conditions as they arise and allowing the person to be treated remotely which will reduce A&E attendances and emergency admissions. Savings dependent upon GM funding in order to realise the benefits. While the business case does not assume any savings until 2017/18, we hope to be able to bring forward some of the benefits to address the 16/17 QIPP challenge.
Home First	0	0	0		Admission Avoidance & Discharge to Assess. Part of the transformational funding request from devolution which should reduce length of stay allowing the FT to close wards. Early implementation pilot on 2 wards from June but full realisation of benefits is dependent upon GM funding.
Flexible Community Beds	0	0	0		Reconfiguration of intermediate care beds. Part of the transformational funding request from devolution. Savings dependent upon GM funding in order to realise the benefits.
Referral Management System	0	0	0		New referral management system reviewing all referrals. Will ensure availability of advice & guidance and appropriate use of diagnostics prior to consultation. Not part of the GM Devolution transformation fund bit but will require non-recurrent funding. Service design on-going and currently reviewing IM&T solution. Business case planned for September.
Integrated Elective Services	0	0	0		Bridging arrangements in place with Care UK / GM Primary Eye Care for 2016/17, with fully integrated service in place for MSK, ENT & ophthalmology through the ICO from April 2017. Pathway development on track. Service model due for approval December 2016.
Commissioning Improvement Scheme	0	0	0		GP led schemes to manage demand, reduce inappropriate referrals and ensure value for money. Practices may be eligible to receive a payment under the scheme in 2017/18 based on achievement at both individual practice and neighbourhood
Anti Coag Review	0	0	0		Work on-going in transformation directorate to standardise service across all providers and ensure appropriate level of follow up in secondary care
Estates	0	0	0		Potential savings against the budgeted payments to Propco/CHP
Total	0	0	0		
SAVINGS TARGET	13,500	8,000	21,500		
SAVINGS STILL TO FIND	9,408	0	9,408		
SAVINGS STILL TO FIND FOLLOWING OPTIMISM BIAS ADJUSTMENT	11,608	6,431	18,039		Assumes: 10% of red rated schemes will be realised in 2016/17. 50% of amber rated schemes will be realised in 2016/17. 100% of green rated schemes will be realised in 2016/17.

3.3 On a year to date basis £0.829m of savings have been achieved (the green rated schemes in the table), £0.492m of this relates to CCG schemes while £0.337m has been found at the Council.

- 3.4 In total £12.092m of savings have been identified, of which £7.499m have been risk rated red. £9.408m remains unidentified. We expect that some of this funding gap will be met by a combination of new schemes which will be brought forward, together with the implementation and acceleration of schemes which are included in the table but are not currently quantified. These schemes are unlikely to resolve the total gap meaning we have significant risk of non-delivery against the financial savings target in 2016/17. It is therefore essential that this risk is widely understood across the economy and all efforts channelled in addressing this problem to ensure the provision of clinically safe and sustainable services for our residents.
- 3.5 If we make an assumption that we will be unable to realise all of amber and red rated savings in 2016/17 and apply some optimism bias, the total savings which still need to be identified by the Commissioners increases to £18.039m.
- 3.6 At the CCG Finance Committee in June a number of options were considered to address the residual gap on the assumption that we will be unable to address this using activity backed recurrent schemes.
- 3.7 On the assumption we are able to enact the options discussed, this would appear to be sufficient to address the CCG financial position on a non-recurrent basis in 2016/17. However it is important to understand that some of the interventions would in effect be a form of financial support which we would need to repay in 2017/18. As things stand the extent of the ICF financial gap for 2017/18 is projected to be £44.6m, which may increase further.
- 3.8 One final point to acknowledge is that the 2016/17 CCG QIPP target assumes that expenditure on secondary care, CHC, prescribing and other areas at risk of overspending against plan are assumed to perform in line with plan. If we have significant over spend in these areas we will have to review our options for addressing the gap.
- 3.9 The Council is currently in the process of identifying options to address the projected financial gap that is expected to arise during 2016/17. It is anticipated that the outcome be reported within future monitoring reports.

Tameside Hospital NHS Foundation Trust Efficiency Savings

- 3.10 Table 3 provides a summary of the Tameside Hospital NHS Foundation Trust efficiency savings for delivery in 2016/17

Table 3 -Tameside Hospital NHS Foundation Trust: Efficiency Savings Programme 2016/17

	Month 3 - Year to Date			Year End Forecast		
	Plan (£'000)	Actual (£'000)	Variance (£'000)	Plan (£'000)	Actual (£'000)	Variance (£'000)
In Year Total Savings	1,392	1,327	(65)	7,832	7,832	0
Recurrent Savings	1,392	349	(1,043)	7,832	4,568	(3,264)

- 3.10.1 Although the savings are forecast to deliver in year, only 58% are recurrent which will result in a financial pressure in 2017/18 if recurrent savings are not identified.
- 3.10.2 £1.4 m of the recurrent savings have a high risk of delivery. These schemes include reduction in use of medical agency by recruiting substantively and service reconfigurations.
- 3.11 Whilst the current priority of the economy is to deliver a balanced budget during the current financial year, it is essential that additional efficiency schemes are progressed at scale and with urgency to address the projected financial gap the economy will need to address in the next and subsequent financial years. A summary of the projected gap for each financial year to 2020/21 is provided within table 4.

Table 4 – Projected Tameside and Glossop Economy Financial Gap

T&G Projected Financial Gap	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Tameside MBC	8,000	22,114	22,601	21,752	25,837
Tameside & Glossop CCG	13,500	22,485	22,083	22,209	18,547
Tameside FT (after CIP)	*24,200	24,380	24,686	25,049	25,786
Economy Wide Gap	45,700	68,979	69,370	69,010	70,170

* This represents the underlying recurrent financial position at THFT. However, the Trust is in receipt of £ 6.9 million sustainability funding in 2016/17 resulting in a planned deficit of £ 17.3 million (referred to in section 2, table 1)

4 MONTH 3 UPDATE

Acute

- 4.1 The overall Acute budgets are forecast to over spend by (£0.185m) at year end. It must be noted only 2 months of activity data has been received at the time of writing therefore there is an element of risk associated with these figures. Activity will be monitored closely on a month by month basis.
- 4.2 Table 5 below details the position of our main acute providers, which contribute £0.053m of the total overspend:-

Table 5 - Main Acute Providers

Provider	Year to Date			Forecast		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
TFT	31,290	31,802	(512)	127,075	127,075	0
CMFT	5,586	5,648	(62)	22,280	22,531	(251)
SFT	2,977	2,820	158	11,969	11,795	174
UHSM	1,619	1,763	(143)	6,568	6,675	(107)
PAHT	1,000	926	74	4,029	3,904	125
SRFT	808	891	(83)	3,226	3,338	(112)
WWL	346	314	33	1,409	1,291	118
BOLT	20	20	0	80	80	0
TOTAL	43,647	44,182	(535)	176,635	176,687	(53)

4.3 Tameside FT

- 4.3.1 Contract is over spending by (£0.512m) on a year to date (YTD) basis based on month 2 data. Despite this significant YTD variance we continue to forecast a year end break even position.
- 4.3.2 This is due to transformational schemes which are expected to be implemented from M07 onwards and which are anticipated will reduce activity back into line with budget by the end of the year.

- 4.3.3 The risk associated with the forecast position needs to be appreciated within the context of the risk/gain share agreed as part of the contract, where a floor/ceiling has been set at £0.500m above/below this contract value. In the eventuality that full year overspend is in excess of this ceiling, premium payments of 50% are triggered. Based on the current levels of overspend and if the final contract reconciliation point was today, this clause would be triggered and over performance of £0.802m would be payable. This is not captured within the current financial position and poses a significant financial risk to the CCG which has been recorded in the risk register. It is imperative that action is taken in the months to come to ensure that agreed transformation schemes are implemented to drive down activity to the contracted level. This is in the financial interests of both provider (who have a marginal cost in excess of tariff) and commissioner (who do not have the resource to fund the overspend). Conversations are being progressed at director level in order to determine how to move forward with this risk.
- 4.3.4 In addition to the direct PbR tariff cost and volume pressures covered in the narrative below, the FT have identified cost pressures related to premiums they are paying to the commercial sector (£0.141m) and in relation to uncharged excess bed days for patients whose spell of care crossed the previous and current financial year (approximately £0.200m). These pressures are not included in either the YTD or forecast positions of the CCG, which presents a further risk but is something which will need to be resolved within the context of the risk share agreement and as part of the director level conversation alluded to above.
- 4.3.5 Within the reported YTD position, elective activity is 5.3% above planned activity levels resulting in an over spend of (£0.170m). The majority of this overspend is driven by Trauma & Orthopaedics (£0.100m), General Surgery (£0.038m) and Gastro (£0.024m). An additional provision of £0.005m per month has been allowed for growing over performance within Trauma & Orthopaedics.
- 4.3.6 Emergency Care is over spending by (£0.140m) based on month 2 data which is due to pressures within Ambulatory Care (£0.148m). The increased use of ambulatory care is in line with our Care Together service redesign intentions yet the expected corresponding move away from high cost admissions has not been realised within month 2 data. In addition, Deep Vein Thrombosis treatments are over spending by (£0.038m) raising concerns around implementation of the D-Dimer scheme. This is being reviewed with the commissioning team. It is noted that the tariff for ambulatory care is based on same day emergency care tariff hence this isn't a direct saving to the commissioner, however this is more cost effective for the local health economy.
- 4.3.7 Non-Elective Non-Emergency care is over spending by (£0.125m), which is due to pressures on Maternity / Obstetrics activity. This overspend at Tameside FT sits within the context of a marked increase in antenatal pathways at a number of other providers, but births which are at or below plan. An exercise will be completed for month 4 to review maternity pathways across all providers to ensure we understand the cost drivers, look for potential double counts and ensure forecasts for future births reconcile to validated antenatal pathways.

4.4 **Stockport FT**

- 4.4.1 Stockport is currently underspent by £0.158m based on month 2 activity data. This is due to an underspend within elective and day case services of £0.112m across multiple specialties, in particular Urology and Trauma & Orthopaedics. This trend is likely to continue and is offset by an increase in day case activity hence this has been reflected in both the YTD and full year forecast.
- 4.4.2 The stroke pathway is underspent by £0.040m based on month 2 activity and this has been recognised in the values presented. The forecast position to year end has been set to plan

until certainty has been established with regards to the activity trend. In addition, the 2016/17 annual plan was increased by £0.100m at the request of Stockport based on expected growth hence the forecast to plan is prudent to this expected growth. Close review will continue in M04 and M05.

4.5 Central Manchester FT (CMFT)

4.5.1 CMFT is overspent by (£0.062m) based on month 2 data. The forecast position to year end is an over spend of (£0.162m). There are two main issues that feature in the YTD position.

4.5.1 Age Related Macular Degeneration (AMD) is (£0.088m) over spent year to date. It is expected that this pressure will come back into line with plan once more accurate data is received in M04 and M05. It is noted that due to the financial envelope the plan was negotiated down for 2016/17. Activity will be closely monitored during quarter 2 in order to establish the true driver for the over spend.

4.5.2 Transport - The forecast out turn for Transport is over spent by (£0.054m) due to a 2 month extension of the Easy Go contract for renal dialysis patients which is due to transfer to North West Ambulance Service.

4.6 The CCG has now received the final month 12 freeze files for its acute trusts in relation to 2015/16. The CCG has a cross year benefit of £0.206m on its acute contracts with the majority of this being with the University Hospital of South Manchester (UHSM) (£0.196m).

4.6.1 There is an over spend within the independent sector of (£0.156m) which covers a range of services including MRI scans. This was a planned movement of service between TFT and the private sector factored into the 2016/17 contract. The expectation was for activity levels to reduce at TFT and increase with private providers. The budget allocation for the reduction of the 2016/17 plan is currently within CCG reserves.

4.7 Mental Health

4.7.1 The Mental Health budgets forecast an over spend of (£0.135m) at year end which is in line with last month's position. This is largely due to additional placements within the non continuing health care (CHC) service which were not included within the baseline budget. As with the CHC placements this continues to remain an area of volatility and risk. Work continues to take place between the finance team and the CHC team to fully review and potentially amend the current CHC and Non CHC database which will evolve over the coming weeks.

4.7.2 Confirmation has been received from Greater Manchester West FT regarding funding of the RADAR service. As noted in last month's report the CCG held a reserve of £0.032m based on the worst case scenario. This is now no longer required and has been released as a recurrent QIPP saving.

4.7.3 The non-achievement of elements of the 2015/16 CQUIN within CAMHS has created a £0.035m cross year benefit which will aid the CCG's overall financial position in 2016/17.

4.7.4 As notified to NHSE it is assumed that the 2016/17 Parity of Esteem will be met, if not exceeded (due to additional costs being incurred within Non CHC). This continues to be one area that will be monitored on a monthly basis both internally and externally by NHSE.

4.8 Primary Care

4.8.1 Month 3 Primary Care is forecast to overspend by (£0.468m). The main financial pressure in this area is prescribing. The CCG has a cross year pressure from Prescribing of £0.216m. This pressure has increased from month 2 due to additional pressure from the VAT element of Out of Hours. Month 1 data has now been received for 2016/17. Using this

data and the trend in the final quarter of 2015/16, an estimate has been made that at year end, there will be an overspend of (£0.500m).

4.8.2 The CCG in its final plan submission had allocated a £1m QIPP target to prescribing for 2016/17. There is a separate report detailing a number of potential prescribing QIPP schemes for 2016/17 that will be presented to the CCG Finance & QIPP Committee. The Medicines Management team continue to work with GP practices managing their prescribing costs and repeat orders etc. but until the CCG begins to see a reduction in its prescribing costs through the Prescribing Monitoring Document (PMD) reports, a year end forecast position of a (£0.500m) overspend is felt to be more realistic. Therefore in order for the CCG to achieve the prescribing QIPP target in 2016/17 the CCG would need to implement schemes that actually achieve savings of £1.5m compared to the current forecast. April 16 Prescribing data is now available and the overspend in month is in line with the M2 forecast. Finance are currently working with the Prescribing team to fully review and understand the underlying reasons.

4.8.3 The other significant area of spend within primary care is co-commissioned primary care, which is a budget jointly managed with NHS England and covers core contract payments to GP practices. Performance in this area is broadly in line with budgets. We do not anticipate any significant pressures or risks to materialise over the next few months therefore the full year forecast is consistent with the YTD position at £0.067m underspend against a budget of £30.5m.

4.9 **Continuing Care**

4.9.1 The month 3 forecast outturn position for CHC remains as an overspend of (£0.207m). Work is continuing between the finance team and the CHC team to fully review the detail in the CHC Database and remove some potential duplication. There has been an increase in the number of patients on the CHC database between month 2 and 3, however, a significant number of these are Fast Track patients who should have a shorter length of stay. The forecast position has continued in line with the prior month, but there is a degree of risk associated with this position.

4.9.2 A high priority for finance in July is to conduct a systematic patient level review of the CHC position which looks at estimated discharge dates in more detail. This will ensure that where a patient has more than one package of care or where the package of care is due to change, there are no double counted values. This will therefore provide assurance that the M4 forecast is as robust as it possibly can be.

4.10 **CCG Running Costs**

4.10.1 The CCG running cost allocation has been reduced in 2016/17 by £0.040m in line with NHS England guidance, which means the total budget for 2016/17 is £5.162m. The CCG is forecast to under spend on running costs by £0.406m at year end. Table 6 below shows the analysis of running costs by each directorate.

Table 6 – CCG Running Costs 2016/17

	WTE	£000's	£000's	£000's
Directorate	Estab	Budget	Forecast	Variance
Commissioning	15.36	747	757	(10)
Finance	13.03	750	673	77
CEO / Board Office	2.28	688	547	141
Chair / Non Execs	0.60	218	218	0
Communication & PR	5.00	233	184	49
Corporate Governance	9.80	455	449	6
Human Resources	1.50	45	38	7
IM&T	3.00	259	224	35
IM&T Projects	0.00	175	176	(1)
Nursing Directorate	2.00	115	113	2
Contract Management	4.40	323	251	72
Estates	0.00	430	430	0
Corporate / Other	1.00	724	696	28
TOTAL	57.97	5,162	4,756	406

Adult Social Care (Including Early Intervention)

- 4.11 **Residential and Nursing Care Homes** - The 2015/16 gross expenditure on Residential & Nursing Care home placements was £24.858m (net expenditure was £13.976m when allowing for client contributions and income from partner organisations).
- 4.12 The Council are engaging closely with the provider market to establish a new model of fees across bed types. It is expected that there will be ongoing pressures from providers in future years to increase fees as their cost base increases due to the introduction of the National Living Wage. It should be noted that the Care Together Single Commissioning Board approved an increase to the fees payable to providers on 7 June 2016 (backdated to 1 April 2016).
- 4.13 The Council are mid-range compared to other NW Local Authorities in terms of placement numbers into Residential & Nursing care for over 65's but will seek to improve the position to be top quartile performers as new models of care are implemented.
- 4.14 **Homecare** - The 2015/16 gross expenditure on Homecare was £6.161m (net expenditure was £3.658m when allowing for client contributions and income from partner organisations).
- 4.15 There have been instances of provider failure over the last 18 months which has led to capacity concerns across the homecare market.
- 4.16 The Care Together Single Commissioning Board approved an increase to the hourly rate payable to providers on 7 June 2016 (backdated to 1 April 2016) as a result of the implementation of the National Living Wage from 1 April 2016.
- 4.17 The service continues to review existing commitments in line with statutory responsibilities to deliver a balanced budget by the end of the financial year. Associated progress will be included within further monitoring reports during 2016/17.

Childrens' Services (including Strategy and Early Intervention)

- 4.18 The Service Improvement Board identifies and reviews savings opportunities whilst adhering to statutory responsibilities and managing unexpected and complex need placement demand pressures on the service budget. Associated progress will again be included within further monitoring reports during 2016/17.

Public Health

- 4.19 Current proposals to reduce the fee payable to Active Tameside for management and operation of the leisure estate will materialise during 2016/17. This will result in a cost saving to the Council of £0.350m per annum (as a minimum from 2017/18) as Active Tameside improves its financial self-sufficiency via capital investment by the Council in the estate.
- 4.20 The Directorate are engaging in negotiations on existing Public Health contracts. Details of potential cost efficiencies will be provided in future reports as the service manages the impact of reductions to the Public Health grant during the current and future financial years.

5 ADDRESSING THE LOCAL HEALTH ECONOMY GAP

- 5.1 There is considerable work underway to ensure the Economy is investment ready by early August when the Greater Manchester Strategic Partnership Board will consider the Tameside and Glossop proposals for Transformational Funds. A revised sum of £23.2m has been requested over the period to 2019/20, £5.2m of which has been requested in 2016/17. It is envisaged a decision on the proposals will be known by early August.

6 RISKS

- 6.1 The key financial risks confronting the Commissioners within the Economy at 30 June 2016 (month 3) are detailed in table 7.
- 6.2 It should be noted however that the key Tameside Hospital NHS Foundation Trust financial risks will be included within the 2016/17 financial monitoring report for the period to 30 September 2016 (month 6) which will be presented at the Single Commissioning Board meeting on 1 November 2016.

Table 7 : Schedule of Key Financial Risks – Month 3 2016-17

Risk	Probability	Impact	Risk	RAG	Detail of Risk	Mitigation
The achievement of meeting the Financial Gap recurrently.	3	5	15	R	The Financial Gap for 2016/17 is £21.5m. This is split £13.5 CCG and £8.0m TMBC. In total £12.092 m of savings have been identified, of which £7.499 m have been risk rated red. £9.408 m remain unidentified. To date only £0.829m of QIPP savings have been achieved	As part of the Commissioning Improvement Scheme (CIS), GP's along with Commissioners are developing schemes to improve care for patients and achieve the required financial gap in 2016/17.
Over Performance of Acute Contract	3	4	12	A	2 months SLAM data is available for 2016/17, however based on historic data and trends this is one area that is potentially volatile and could therefore create an additional pressure on the ICF in 2016/17. Despite £0.5m of YTD overspend we are currently forecasting that the TFT contract will be in line with plan by year end. If there is an over performance on the TFT contract a 50% premium will be paid.	Both finance and activity data when available for 2016/17 will be monitored and challenged where necessary. The CCG has a 1% uncommitted reserve and a 0.5% contingency that have been set aside as per NHSE guidance. The initial plan would be to utilise this funding to offset such pressures, but confirmation from NHSE would be required. It is anticipated transformational funding will be received which will enable investment in areas to redesign services that will provide savings and better services for patients.
Not receiving Transformation funding	2	4	8	A	It is anticipated transformational funding will be received in 2016/17. A decision is anticipated by August.	There is the potential to use some LA funding to bridge the gap temporarily with the remainder of the £49m to follow later. The CCG, TFT and TMBC are working closely with the GM Health and Social Care Partnership team and confirmation of how much funding will be received will be confirmed in August 2016.
Over spend against GP prescribing budgets	3	5	15	R	Despite a QIPP scheme of £1m being set for 2016/17 for prescribing, the costs in the final quarter of 2015/16 increased considerably more than planned. The CCG has incurred a cross year pressure of £216k on prescribing and is forecasting a year end over spend of £500k. Therefore there is a significant financial risk on prescribing in 2016/17.	A number of practices have or are looking to use a practice based pharmacist to review prescriptions, along with the ongoing work with the Medicines Management team. This will hopefully drive costs down and identify additional areas for savings.
Over spend against Continuing Health Care budgets	2	3	6	A	CHC was a cost pressure in 2015/16 to the CCG. Budgets have been set based on outturn plus a level of growth.	Budgets have been set at outturn plus and an element of growth and there is a provision on the balance sheet for potential restitution claims. A full detailed analysis of the Non CHC and CHC database is taking place in July 2016 between finance and the CHC team. This should ensure a robust forecast is produced and all known information recorded accurately.
Operational risk between joint working.	1	5	5	A	The Integrated Commissioning Fund and integrated working is a new way of working and reporting, bringing together different cultures and different methods of accounting, which therefore bring with it an element of risk.	Working relationships between the CCG and TMBC are very good. There are numerous meetings, and committees which both members regularly attend, contribute and make decisions. Therefore this should mitigate any risk with joint working.

CCG Fail to maintain expenditure within the revenue resource limit and achieve a 1% surplus.	4	4	16	R	If the QIPP target and risks stated above are not mitigated the CCG would fail to achieve its mandated 1% surplus.	If all of the above risks are mitigated as explained then by default the CCG would achieve a 1% surplus and the ICF would have a balanced budget.
In year cuts to Council Grant Funding	2	3	6	A	In 2015/16 the Public Health grant was reduced by £1m part way through the financial year. The Council had to fund committed expenditure through use of existing reserves.	The Council maintains earmarked reserves, although these should not be viewed as a long term solution. Discussions are ongoing about more flexible contractual arrangements to enable easier withdrawal to mitigate the effect of similar reductions in the future.
Care Home placement costs are dependent on the current cohort of people in the system and can fluctuate throughout the year	2	3	6	A	Expenditure on Residential and Nursing care home placements accounts for a significant proportion of Adult Social Care spend. The Council aims to manage placement profiles by offering community based services as an alternative wherever possible. In some cases however this is not possible due to the complexity of individual needs. The average gross annual cost per placement is £27k.	Continued development of the community based offer and use of technology where appropriate to support self-management of care. It is accepted however that it is not possible to fully mitigate the risk of additional placements.
Looked After Children placement costs are volatile and can fluctuate throughout the year	2	3	6	A	The current number of LAC supported by the Council is 435. This includes Fostering and Adoption placements as well residential care homes. Numbers have increased by 22 since April 2015 (5%) with some individual placement costs in excess of £200k per year. The service is also exposed to the risk of unexpected and complex needs placements.	Multi-agency approach around Troubled families as part of GM approved model in order to intervene earlier in the child's life and prevent the need for costly interventions (such as care home placements). Incentives of the fostering service to increase placements via this route rather than costlier residential placements,
Unaccompanied Asylum Seekers	4	3	12	A	There will be a financial impact on the Tameside Economy as unaccompanied Asylum Seekers are accommodated within the borough. There is a risk that associated Central Government funding does not equate to related expenditure incurred by the Council and CCG.	Central Government funding will be received to support related expenditure. The economy will need to ensure services are delivered within resource allocations received.
Provider Market Failure	2	5	10	A	The economy commissions services from the private provider sector e.g. Homecare, Residential and Nursing Care, Children's Residential placements. Internal intelligence suggests that some providers are anticipating financial strain due to the impact of delivering services within commissioned payment rates (e.g. impact of national living wage etc).	A review is underway to reconfigure service delivery requirements from the private sector market to ensure it aligns with the strategic commissioning objectives of the Integrated Care Organisation. The associated fee structure aligned to the revised market provision will also be considered within this review to ensure stability within the market.

7. RECOMMENDATIONS

7.1 As stated on the report cover.

8 SCHEDULE OF APPENDICES

8.1 **Appendix A** - Summary financial position of NHS Tameside & Glossop CCG.

8.2 **Appendix B** - Summary financial position of Tameside Council (services included within the ICF)

8.3 **Appendix C** – Reconciliation of the Integrated Commissioning Fund.

8.4 **Appendix D** – Practice Level Budget Reporting

8.4 **Appendix E** - Glossary.

APPENDIX A

Summary of CCG Financial Position

NHS Tameside & Glossop CCG 2016/17 Financial Position								
Description	Year to Date (M3)			Year End			Movement	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
Funding								
Programme Allocation	87,365	87,365	0	345,457	345,457	0	0	0
Admin Allocation	1,243	1,243	0	5,162	5,162	0	0	0
PC Co-Commissioning Allocation	7,730	7,730	0	30,922	30,922	0	0	0
Total Allocation	96,338	96,338	0	381,541	381,541	0	0	0
Expenditure								
Acute	48,954	49,561	(607)	198,348	198,533	(185)	155	(340)
Mental Health	7,231	7,221	10	29,096	29,230	(134)	(135)	1
Primary Care	20,002	20,470	(468)	80,379	80,816	(437)	(489)	52
Continuing Care	3,693	4,077	(384)	14,236	14,443	(207)	(207)	0
Community	6,882	6,885	(3)	27,394	27,394	0	0	0
Other	7,460	6,138	1,322	23,434	22,877	557	442	115
QIPP	0	3,375	(3,375)	0	13,010	(13,010)	(13,238)	228
Total Programme Costs	94,222	97,727	(3,505)	372,887	386,303	(13,416)	(13,472)	56
Running Costs	1,243	1,113	130	5,162	4,756	406	234	172
Total Costs (Admin + Programme)	95,465	98,840	(3,375)	378,049	391,059	(13,010)	(13,238)	228
Surplus / (Deficit)	873	(2,502)	(3,375)	3,492	(9,518)	(13,010)	(13,238)	228

APPENDIX B

Summary of TMBC Financial Position (ICF Fund Only)

Directorate	Work Group	Revenue Budget total	Actual	Projected outturn	Variance
		£'000	£'000	£'000	£'000
Adult Social Care	Adults Budget Strategy	(15,713)	(2,611)	(10,944)	(4,769)
Adult Social Care	Adults Management	0	12	0	0
Adult Social Care	Adults Performance & Development	1,326	282	1,299	27
Adult Social Care	Adults Senior Management	531	135	541	(10)
Adult Social Care	Adults Supporting People	3,141	3,011	2,968	173
Adult Social Care	Adults Transport	335	43	327	8
Adult Social Care	Assessment & Care Mgmt Contracts	742	203	713	29
Adult Social Care	CCTV	232	101	416	(184)
Adult Social Care	CHC Funding	27	9	27	0
Adult Social Care	Community Support	863	(581)	890	(27)
Adult Social Care	Dowries	169	(11)	169	0
Adult Social Care	FNC Funding	0	49	18	(18)
Adult Social Care	Homecare	3,975	592	3,883	92
Adult Social Care	Localities	1,005	257	1,041	(36)
Adult Social Care	Localities	0	37	0	0
Adult Social Care	Localities	5,446	1,497	5,879	(433)
Adult Social Care	Long Term Support	3,590	648	3,983	(393)
Adult Social Care	Mental Health	2,298	480	2,222	76
Adult Social Care	Nursing Care	2,923	992	3,624	(701)
Adult Social Care	Occupational Therapy & Sensory Services	1,016	238	965	51
Adult Social Care	Residential and Day Services - Day Services	1,217	272	1,256	(39)
Adult Social Care	Residential and Day Services - Homemakers	5,049	580	4,535	514
Adult Social Care	Residential Care	11,158	2,979	10,907	251
Adult Social Care	Supporting Accommodation	6,262	178	5,955	307
Adult Social Care	Urgent Care	2,480	578	2,586	(106)
Total		38,072	9,970	43,260	(5,188)
Public Health	Adult Pooled Treatment Budget	0	(27)	0	0
Public Health	Public Health Contracts	0	1,136	0	0
Public Health	Public Health Manager	(13,986)	(3,672)	(13,464)	(522)
Public Health	Public Health Non Prescribed	12,254	1,777	11,983	271
Public Health	Public Health Prescribed	2,019	143	2,036	(17)
Public Health	Sport	1,304	860	2,088	(784)
Total		1,591	217	2,643	(1,052)
Childrens Social Care	Adoption	1,060	375	1,015	45
Childrens Social Care	Assistant Executive Director - Children's	(1,185)	50	128	(1,313)
Childrens Social Care	Children with Disabilities	2,221	571	2,086	135
Childrens Social Care	Childrens - Safeguarding	448	27	459	(11)
Childrens Social Care	Children's Centre Services	0	127	(36)	36
Childrens Social Care	Childrens Home	1,181	342	1,390	(209)
Childrens Social Care	Childrens Legal Fees	228	89	228	0

Childrens Social Care	Children's Services Administration	1,004	216	843	161
Childrens Social Care	Childrens Social Work	2,416	594	2,504	(88)
Childrens Social Care	Early Help Contracts	130	35	106	24
Childrens Social Care	Early Help Services	1,081	374	1,024	57
Childrens Social Care	Early Years Team	160	40	160	0
Childrens Social Care	Fostering Services	600	139	683	(83)
Childrens Social Care	LAC Support Teams	1,089	268	1,119	(30)
Childrens Social Care	Local Safeguarding Children's Board	123	84	123	0
Childrens Social Care	Participation and Partnerships	47	0	24	23
Childrens Social Care	Placements Costs	13,436	3,566	13,838	(402)
Childrens Social Care	Social Work Child In Need	0	1	3	(3)
Childrens Social Care	Strategy & Early Intervention Management	374	68	374	0
Childrens Social Care	Troubled Families	0	15	0	0
Childrens Social Care	Young Carers	113	30	122	(9)
Childrens Social Care	Youth Offending Team	136	147	134	2
Total		24,662	7,158	26,327	(1,665)
TMBC Total		64,325	17,345	72,230	(7,905)

APPENDIX C

Reconciliation of the Integrated Commissioning Fund

Description	Value	Notes
	£000's	
Original ICF Value	435,519	Based on 8th February Submission
Amendment to CCG Surplus	1,239	Reduce from £4,730k to £3,491k
TMBC Adjustment	1,798	Includes inclusion of CCTV Operations
Final Adjustments	1,830	Confirmation of final contract values and amendments to BCF values
Month 1 ICF Budget	440,386	Based on Final 11th April Submission
CCG Allocation Correction	(31)	Tier 3 Specialist Wheelchairs Correction
TMBC M2 Budget Adjustment	175	Severance Budget Allocation & CCTV Adjustments
Month 2 ICF Budget	440,530	As per month 2 Integrated Single Finance Report
CCG Allocation	141	eating disorder service Q1
CCG Allocation	53	Pain management immunosuppressants
CCG Allocation	18	Supporting Primary Care nad LCPO development
CCG Allocation	807	7 day access funding
CCG Allocation	(24)	GM Stroke risk share
CCG Allocation	(40)	GM CHC Risk share
CCG Allocation	890	MH Stocktake
Month 3 ICF Budget	442,375	As per month 3 Integrated Single Finance Report

ICF Budget Reference	ICF Budget	CCG Net Budget 2016/17	TMBC Net Budget 2016/17	Total Net Budget 2016/17
		£'000	£'000	£'000
A	Section 75 Services	190.216	38.330	228.546
B	Aligned Services	156.183	25.995	182.178
C	In Collaboration Services	31.650	0.000	31.650
		378.05	64.325	442.375

APPENDIX E

Glossary

Abbreviation	Description
AQP	Any Qualifying Provider
BCF	Better Care Fund
CAMHS	Child and Adolescent Mental Health Service
CCG	Clinical Commissioning Group
CHC	Continuing Healthcare
CIP	Cost Improvement Programme
CIS	Commissioning Improvement Scheme
CQUIN	Commissioning for Quality and Innovation
CSU	Commissioning Support Unit
CT	Care Together
DC	Daycase
DDRB	Doctors and Dentists Review Body
DES	Direct Enhanced Service
EL	Elective
GM	Greater Manchester
GMSS	Greater Manchester Shared Service
GP	General Practitioner
IAT	Inter Authority Transfer
ICF	Integrated Commissioning Fund
ISFE	Integrated Single Financial Environment
MfA	Manual For Accounts
MH	Mental Health
MMC	Medicines Management Committee
NEL	Non Elective
NHSE	National Health Service England
NMP	Non Medical Prescribing
ODN	Operational Delivery Network
OP	Outpatient
PBR	Payment By Results
PES	Paramedic Emergency Services
PMD	Prescribing Monitoring Document
PPA	Prescription Pricing Authority
PRG	Professional Reference Group
QIPP	Quality, Innovation, Productivity, Prevention
QOF	Quality and Outcomes Framework
RADAR	Rapid Access Detoxification Acute Referral
SCB	Single Commissioning Board
SFT	Stockport Foundation Trust
SHMI	Summary Hospital Level Mortality Index
SLA	Service Level Agreement
SLAM	Service Level Agreement Monitoring
TFT	Tameside & Glossop Foundation Trust

UHSM	University Hospital South Manchester Foundation Trust
WTE	Whole Time Equivalent
WWL	Wrightington, Wigan and Leigh Foundation Trust

DRAFT