

Report To:	AUDIT PANEL
Date:	16 March 2021
Executive Member / Reporting Officer:	Cllr Ryan – Executive Member (Finance and Economic Growth) Dr Ash Ramachandra – Lead Clinical GP Kathy Roe – Director of Finance
Subject:	STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE REPORT CONSOLIDATED 2020/21 REVENUE MONITORING STATEMENT AT 31 DECEMBER 2020
Report Summary:	<p>This report covers the Month 9 2020/21 financial position, reflecting actual expenditure to 31 December 2020 and forecasts to 31 March 2021. In the context of the on-going Covid-19 pandemic, the forecasts for the rest of the financial year and future year modelling has been prepared using the best information available but is based on a number of assumptions. Forecasts are subject to change over the course of the year as more information becomes available, the full nature of the pandemic unfolds and there is greater certainty over assumptions.</p> <p>At Month 9, the Strategic Commission is reporting a net forecast overspend of £3.328m by 31 March 2021. The Council is forecasting a year end overspend of £3.8m due primarily to a significant overspend on Children's Social Care services. Additional COVID funding has been announced in recent weeks to support testing and vaccination logistical costs, and the overall position may improve once costs and funding for this work is confirmed. On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end on CCG budgets. Further details can be found in appendix 1.</p>
Recommendations:	That the Strategic Commissioning Board and Executive Cabinet be recommended to note the forecast outturn position and associated risks for 2020/21 as set out in Appendix 1 .
Policy Implications:	Budget is allocated in accordance with Council/CCG Policy
Financial Implications: (Authorised by the Section 151 Officer & Chief Finance Officer)	<p>This report provides the 2020/21 consolidated financial position statement at 31 December 2020 for the Strategic Commission and ICFT partner organisations. The Council set a balanced budget for 2020/21 but the budget process in the Council did not produce any meaningful efficiencies from departments and therefore relied on a number of corporate financing initiatives, including budgeting for the full estimated dividend from Manchester Airport Group, an increase in the vacancy factor and targets around increasing fees and charges income.</p> <p>The budget also drew on £12.4m of reserves to allow services the time to turn around areas of pressures. These areas were broadly, Children's Services placement costs, Children's Services prevention work (which was to be later mainstreamed and funded from reduced placement costs), shortfalls on car parking and markets income. Each of these services required on-going</p>

development work to have the impact of allowing demand to be taken out of the systems and additional income generated. There was additional investment around the IT and Growth Directorate Services, to invest in IT equipment, software and capacity and to develop strategically important sites for housing and business development, including key Town Centre masterplans. A delay in delivering the projects that the reserves were funding is likely to mean more reserves will be required in future years, placing pressure on already depleting resources.

The NHS was operating under a command and control financial regime for the first six months of 2019/20. Under command and control there was no requirement or expectation that the CCG would deliver efficiency savings. Since October the NHS has entered phase 3 of the COVID recovery process. Under phase 3, financial envelopes have been issued on a Sustainability and Transformation Plan (STP) footprint. In T&G this means that a financial envelope exists at a Greater Manchester level. This report shows that local control totals required to deliver against the envelope will be met, however there is risk associated with this. In order to meet the control total QIPP savings of £7,994k are required, against which there is currently a gap of £174k.

It should be noted that the Integrated Commissioning Fund (ICF) for the Strategic Commission is bound by the terms within the Section 75 and associated Financial Framework agreements.

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

Legislation is clear that every councillor is responsible for the financial control and decision making at their council. The Local Government Act 1972 (Sec 151) states that “*every local authority shall make arrangements for the proper administration of their financial affairs...*” and the Local Government Act 2000 requires Full Council to approve the council’s budget and council tax demand.

Risk Management:

Associated details are specified within the presentation.

Failure to properly manage and monitor the Strategic Commission’s budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.

Background Papers:

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

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1. BACKGROUND

- 1.1 Monthly integrated finance reports are usually prepared to provide an overview on the financial position of the Tameside and Glossop economy.
- 1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total gross revenue budget value of the ICF for 2020/21 is £980 million.
- 1.3 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations namely:
 - Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT)
 - NHS Tameside and Glossop CCG (CCG)
 - Tameside Metropolitan Borough Council (TMBC)

2. FINANCIAL SUMMARY (REVENUE BUDGETS)

- 2.1 At Month 9, the Strategic Commission is forecasting a net overspend of £3.328m by 31 March 2021.
- 2.2 The Council is forecasting a year end overspend of £3.8m, which is a slight deterioration on the position reported at month 8. This is explored in more detail in appendix 1. Significant pressures remain across Directorates, most significantly in Children's Social Care where expenditure is forecast to exceed budget by £4.134m, with further cost pressures in Adults and Education, and income loss pressures in the Growth Directorate. These are due to underlying financial pressures that the Council would have faced regardless of the COVID pandemic.
- 2.4 On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end on CCG budgets.
- 2.5 Further detail on the financial position can be found in **Appendix 1**.

3. RECOMMENDATIONS

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