

**Report to the NHS Somerset Clinical Commissioning Group on 19 September 2019**

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| <b>Title: Financial Report 2019/20<br/>1 April 2019 – 31 July 2019</b> | <b>Enclosure<br/>J</b> |
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| Clinical Lead:           | NA   |
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**Summary and Purpose of Paper**

The enclosed paper provides an update summarising the current and forecast financial position for 2019/20.

This report sets out the overall financial position for the Somerset Clinical Commissioning Group for period 1 April 2019 to 31 July 2019 and provides an analysis of the financial performance across the following areas:

- Summary Financial Position
- Financial Framework
- QIPP
- Somerset System Financial Position

**Recommendations and next steps**

The Somerset Clinical Commissioning Group is asked to approve the report of the financial position.

**Impact Assessments – key issues identified**

|                 |  |
|-----------------|--|
| <b>Equality</b> | Financial decisions are made with due regard to eliminate discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations between people who share a relevant protected characteristic (as cited in under the Equality Act 2010) and those who do not share in it. |
| <b>Quality</b>  | Financial decisions are made to deliver with regard to the best possible value for service users.  |

|                             |   |            |            |          |
|-----------------------------|---|------------|------------|----------|
| <b>Privacy</b>              | No issues identified.   |            |            |          |
| <b>Engagement</b>           | No issues identified.   |            |            |          |
| <b>Financial / Resource</b> | The Somerset Clinical Commissioning Group has a current budget of £869,838,000 in 2019/20.                        |            |            |          |
| <b>Governance or Legal</b>  | The financial report details any constitutional standards required to be met by the Clinical Commissioning Group. |            |            |          |
| <b>Risk Description</b>     | The Somerset Clinical Commissioning Group must ensure it delivers the planned financial target.                   |            |            |          |
| <b>Risk Rating</b>          | Consequence   | Likelihood | RAG Rating | GBAF Ref |
|                             | 4   | 3          | 12         | SO2      |

# **SOMERSET CLINICAL COMMISSIONING GROUP**

## **FINANCE REPORT TO THE GOVERNING BODY**

**AS AT 31 JULY 2019**

### **1 INTRODUCTION**

- 1.1 The purpose of this report is to update the Governing Body on the Clinical Commissioning Group's financial performance for the financial year 2019/20 as at 31 July 2019.
- 1.2 The Clinical Commissioning Group has a planned in year deficit position of £4.5m for 2019/20 and is currently anticipating delivery of this position for the financial year. This is under-pinned by a requirement to deliver Quality, Innovation, Productivity and Prevention (QIPP) plans and mitigate any in year risks as they arise.
- 1.3 The Clinical Commissioning Group is still waiting for feedback from regulators with regard to the latest Somerset health system Operational Plan, submitted on 23 May 2019. This is being regularly followed up with NHS England / NHS Improvement.
- 1.4 Subject to a quarterly review by NHS England on achievement of the financial plan and adherence to the conditions of the Commissioner Sustainability Fund, the Clinical Commissioning Group will be eligible to receive £4.5m Commissioner Sustainability Funding (CSF) in 2019/20. Receipt of this funding will enable the Clinical Commissioning Group to deliver a balanced in year position for 2019/20. To encourage sensible profiling of plans and to discourage phasing of savings plans towards the latter part of the year, the payment of CSF funds is weighted towards the latter part of the year. Clinical Commissioning Groups are eligible to receive 10% of the total allocation for quarter 1, 25% for quarter 2, 30% for quarter 3, and the balance of 35% for the final quarter of the year.
- 1.5 The Clinical Commissioning Group has demonstrated achievement of the CSF conditions for quarter 1 of 2019/20 and has been confirmed eligible for receipt of CSF for this period. This funding has now been received by the Clinical Commissioning Group and equates to 10% of the total available CSF annual allocation, at a total value of £450,000.
- 1.6 It should be noted that the Clinical Commissioning Group has a cumulative brought forward debt of £3.556m to repay as part of the Financial Recovery Plan.
- 1.7 The following areas are reported on in this paper:
- forecast outturn
  - Revenue Resource Limit
  - financial performance highlights and exceptions

- Quality, Innovation, Productivity and Prevention (QIPP)
- risks and mitigations
- cash
- better payments practice code
- capital
- system position

## **2 FINANCE REPORT**

### **Forecast Outturn**

- 2.1 As noted in the introduction to this report, the Clinical Commissioning Group have a planned in year deficit position of £4.5m before CSF.
- 2.2 At the end of July 2019 the Clinical Commissioning Group is anticipating achievement of this position, through full mitigation of risks by targeting and delivering QIPP plans and cost saving programmes.

### **Revenue Resource Limit**

- 2.3 The annual revenue resource limit is £869.838m at month 4, which includes core Clinical Commissioning Group programme funding of £782.10m, delegated primary care commissioning funding of £75.883m and running cost allocations of £11.855m.
- 2.4 Additional resource allocations have been received during month 4 and these are detailed in Table 1 below.
- 2.5 The Clinical Commissioning Group has a carried forward deficit of £3.556m, however this is not applied to the in year allocation.
- 2.6 Table 1 below shows the breakdown of resources available to the Clinical Commissioning Group in 2019/20.

**Table 1: 2019/20 Revenue Resource Limit**

|  | <b>2019/20<br/>£'000</b> |
|--|--------------------------|
| Initial Allocations                                      | 771,901                  |
| <i>(including growth of):</i>                            | <i>42,415</i>            |
| <b>Recurrent Adjustments:</b>                            |                          |
| * Recurrent 2018/19 from NHS England                     | 872                      |
| * Primary Care Improving Access funding                  | 3,302                    |
| <b>Specialised Services</b>                              |                          |
| Identification Rules adjustment                          | 606                      |
| <b>Primary Care</b>                                      |                          |
| Delegated budget   | 75,883                   |
| <b>Non Recurrent Adjustments:</b>                        |                          |
| * Paramedic Rebanding                                    | 679                      |
| * Ambulance winter funding                               | 186                      |
| * Primary Care Improving Access funding                  | 41                       |
| * STP Infrastructure funding                             | 198                      |
| * Excess Treatment costs                                 | (35)                     |
| * Diabetes Transformation fund                           | 19                       |
| * Individual Placement Support (MH) Q1 and Q2            | 111                      |
| * GPFV – GP Retention                                    | 125                      |
| * GPFV – Practice Resilience                             | 79                       |
| * GPFV – Reception and Clerical staff training           | 97                       |
| * GPFV – Online consultations                            | 159                      |
| * GPFV – Primary Care Networks                           | 431                      |
| * GPFV – STP Funding – Workforce Training Hubs           | 99                       |
| * GPFV – STP Funding – Fellowships Core Offer            | 89                       |
| * GPFV – STP Funding – Fellowships Aspiring Leaders      | 113                      |
| * Maternity System Early Adopter site                    | 550                      |
| * Medicines Optimisation in Care Homes (MOCH) Q1 and Q2  | 49                       |
| * Suicide Prevention Post Bereavement                    | 18                       |
| * Community Mental Health Transformation                 | 1,408                    |
| * Community Mental Health Crisis Services Transformation | 223                      |
| * Mental Health Liaison Transformation                   | 330                      |
| * Q1 CSF   | 450                      |
| <b>Running Costs</b>                                     | <b>11,855</b>            |
| <b>Total In Year Allocation</b>                          | <b>869,838</b>           |

### **Financial Performance Highlights and Exceptions**

- 2.7 A number of variances to plan are emerging as at month 4, and these are highlighted below. Forecasts will continue to be reviewed and refined over the coming months as further data becomes available.
- 2.8 Specific elements of the financial position to be highlighted at this stage in the financial year include:
- **Acute Services**
    - \* **Somerset STP provider contracts:** As per the Somerset system Memorandum of Understanding (MoU), contracts with

Somerset STP providers are agreed at fixed values for 2019/20.

- \* As a system, further work is required to develop savings plans outlined during the 2019/20 planning process. The Clinical Commissioning Group currently holds these savings assumptions within its planned budget values, however it is understood that as these savings initiatives are developed and finalised the financial impact will be contractualised and reflected with the relevant provider. All system partners have agreed to regular monitoring of delivery and agree to consider in year adjustments to reflect progress and share associated risks appropriately across the system.
  
- \* **Out of County and Independent Sector Acute Contracts:** contract data available year to date is showing variances against planned contract values with the following providers;
  - North Bristol NHS Trust – this contract is over performing against planned contract value year to date, predominantly in respect of non-elective activity within the plastic surgery specialty. There has been an improvement in the reported position between months 3 and 4.
  - Royal Devon and Exeter NHS Foundation Trust – the reported year to date position shows an adverse variance to plan in respect of elective and non-elective activity and critical care. This is across a range of specialties, but particularly in elective orthopaedics and non elective nephrology as at month 4. This will be monitored over the coming months to determine whether there are any particular issues emerging.
  - Weston Area Health NHS Trust – the reported contract position year to date shows a favourable variance to plan due to under activity within non-elective inpatients, elective inpatients and daycases, and outpatients. This is across a range of specialties, but particularly elective trauma and orthopaedics, non elective general medicine, urology outpatient procedures and outpatient trauma and orthopaedics. This under performance has been consistent year to date and a forecast underspend against plan of £1m is currently included within the financial position.
  - Royal United Hospital Bath NHS Foundation Trust – this contract is currently over performing against plan. The majority of this over performance is within day cases, particularly trauma and orthopaedics and urology.

- Independent Sector Providers – the contract with Care UK is currently underperforming against plan, with under activity being seen in respect of ophthalmology services, particularly day cases. This is due to reduced capacity because of vacant staffing posts and a lack of locum cover. Activity levels are anticipated to recover in the coming months. This under performance is partially offset by over performance being delivered against planned trauma and orthopaedic inpatient activity.

The overall position in respect of Out of County and Independent Sector acute care contracts is an anticipated overspend against plan of £700,000 for the year based on data as at month 4.

- **South Western Ambulance NHS Foundation Trust contract**

Planned finance and activity levels for this contract in 2019/20 have been maintained at those contracted for 2018/19, with the agreement that both provider and commissioners will introduce measures to mitigate any in year growth. A break glass mechanism has been incorporated into the contract for 2019/20 that will be triggered should activity levels exceed planned levels by 0.8%. Once this threshold is breached, over performance costs will be incurred on all activity above plan. Early indicators for activity to date demonstrate that this threshold will be breached for at least the first quarter of the financial year. To reflect this, a forecast over commitment of £200,000 has been reported within the financial position and an additional potential cost pressure risk has been recognised within the position reported in table 6 of this report.

- **Other Community and Partnerships**

- \* **Wheelchair services contract:** based on historical expenditure trends and charges received year to date it is currently anticipated that this contract will underspend against planned budget by £250,000. For 2019/20 the payment mechanism for this contract was changed from a payment by results tariff based payment structure to one comprising a fixed overhead charge with itemised charging for equipment issues. Cost information made available throughout the year will further clarify any impact that this change in payment mechanism will have on expenditure levels and the forecast will be reviewed accordingly. It is anticipated that any cost impact will be minimal.

- **Continuing Care and Funded Nursing Care**

As at month 4, Continuing Care expenditure is above planned levels by circa £1.4m. This overspend can be attributed to a number of factors, including:

- \* delays in delivery of QIPP plans to review care packages for CHC fast track patients. The CHC team are reviewing the staffing resource dedicated to delivering these reviews and this should improve delivery over the coming months
- \* addressing a back log of CHC assessments. The number of overdue assessments is gradually diminishing and the associated costs will reduce accordingly over the course of the financial year
- \* increasing numbers of high cost Learning Disability cases meeting the eligibility criteria

The current forecast position anticipates that the actions being taken to mitigate the overspend year to date will bring expenditure back to planned levels over the remainder of the financial year.

National increases in nursing home fees for funded nursing care patients were announced in April 2019 at a rate in excess of the increase included within the Clinical Commissioning Group's financial plans. This cost pressure was previously included as a risk but has now been incorporated into the reported forecast financial position at a cost of £400,000.

- **Primary Care Prescribing**

Based on GP prescribing data available year to date, expenditure levels are currently on plan. However, a recent announcement has been made regarding price increases to Category M drugs with effect from August 2019. This could potentially have a significant financial impact for the Clinical Commissioning Group and an estimate for this has been reflected within the reported risk position in Table 6 of this report.

- **Other Primary Care**

An underspend of £250,000 against planned budget is currently anticipated in respect of GP Local Enhanced Services.

A saving of £200,000 is also anticipated to be delivered from the decommissioning of the Urgent Care service previously provided at Oaklands Surgery.

- **Other Programmes**

Included in the position reported against Other Programmes are growth allocations identified during the planning process which have been reallocated to offset emerging cost pressures across other budgets.

- **Running Costs**

The Clinical Commissioning Group's corporate running costs are currently anticipated to be £280,000 under budget for the financial year. This is due to staff vacancies and delays in recruitment to new posts arising from a recent staffing restructure.

2.9 Table 2 below shows the forecast end of year financial position against key budget reporting lines for 2019/20, based on data available as at July 2019.

**Table 2: 2019/20 Analysis of Programme Expenditure**

| Expenditure                             | Annual Budget<br>£'000 | Forecast Expenditure<br>£'000 | Forecast Variance<br>£'000 | Previous reported Variance<br>£'000 | Variance Change |
|---|------------------------|-------------------------------|----------------------------|-------------------------------------|-----------------|
| Somerset STP Providers                  | 455,934                | 455,934                       | 0                          | 0                                   | Static          |
| Other Acute Commissioning               | 124,253                | 124,953                       | 700                        | 200                                 | Deterioration   |
| Other Community and Partnerships        | 33,544                 | 33,294                        | (250)                      | (250)                               | Improvement     |
| Continuing Care and Funded Nursing Care | 47,997                 | 49,797                        | 1,800                      | 1,200                               | Deterioration   |
| Prescribing                             | 81,322                 | 81,322                        | 0                          | 0                                   | Static          |
| Primary Care Delegated Budgets          | 75,883                 | 75,883                        | 0                          | 0                                   | Static          |
| Other Primary Care                      | 16,332                 | 15,882                        | (450)                      | (450)                               | Static          |
| Better Care Fund                        | 13,411                 | 13,411                        | 0                          | 0                                   | Static          |
| Other Programmes                        | 19,266                 | 17,746                        | (1,520)                    | (700)                               | Improvement     |
| Corporate Running Costs                 | 11,855                 | 11,575                        | (280)                      | 0                                   | Improvement     |
| Investments and QIPP schemes            | (5,909)                | (5,909)                       | 0                          | 0                                   | Static          |
| Planned Deficit                         | (4,050)                | 0                             | 4,050                      | 4,500                               | Static          |
| <b>Total Expenditure</b>                | <b>869,838</b>         | <b>873,888</b>                | <b>4,050</b>               | <b>4,500</b>                        | <b>Static</b>   |

Note: movement is assessed against the last reported position

**Key:**

|   |               |
|---|---------------|
| Improved forecast position compared to previous month                     | Improvement   |
| Static forecast position compared to previous month – favourable variance | Static        |
| Static forecast position compared to previous month – adverse variance    | Static        |
| Deteriorated forecast position compared to previous month                 | Deterioration |

2.10 Table 3 below demonstrates that the Clinical Commissioning Group is expecting to meet the planned deficit control total of £4.5m as agreed with NHS England and has received Q1 CSF funding of £450,000. Also highlighted is the carried forward cumulative deficit of £3.56m.

**Table 3: 2019/20 Planned Financial Position**

| Description                                    | £m          |
|--|-------------|
| 2019/20 in-year planned deficit                | 4.50        |
| 0.5% mandated reserve                          | 0.00        |
| Commissioner Sustainability Fund Received (Q1) | (0.45)      |
| <b>End of year deficit</b>                     | <b>4.05</b> |
| Anticipated Commissioner Sustainability Fund   | (4.05)      |
| <b>Anticipated in-year financial position</b>  | <b>0.00</b> |
| Carried forward (surplus) / deficit            | 3.56        |
| <b>Cumulative financial position</b>           | <b>3.56</b> |

**Recurring Underlying Financial Position**

2.11 Table 4 below demonstrates the recurring underlying financial position of the Clinical Commissioning Group, accounting for non-recurrent cost commitments, non-recurrent financial benefits and full year effects.

**Table 4: Recurring Underlying Financial Position**

|  | £'000   | £'000          |
|--|---------|----------------|
| Total Clinical Commissioning Group allocation 2019/20                  | 869,838 |                |
| Less: non recurrent allocation   | (5,419) |                |
| <b>Total recurrent allocation 2019/20</b>                              |         | <b>864,419</b> |
| Total forecast expenditure 2019/20                                     | 873,888 |                |
| <b>Less: non recurrent resource allocations and other commitments:</b> |         |                |
| Non recurrent spend funded by non recurrent resource allocations       | (4,928) |                |
| Fit for My Future programme cost                                       | (940)   |                |
| Somerset System Providers – planning gap support                       | (445)   |                |
| Ambulance service contract over performance                            | (200)   |                |
| Continuing Healthcare assessment backlog and QIPP slippage             | (1,100) |                |
| <b>Add: Non recurrent QIPP/Benefits</b>                                |         |                |
| Brought forward system support funds                                   | 2,500   |                |
| Running cost vacancy savings   | 280     |                |
| DToC investment slippage   | 180     |                |
| <b>Add: Full Year Effect of cost commitments</b>                       |         |                |
| Primary Care Test and Learn projects                                   | 88      |                |
| <b>Total Recurring Expenditure 2019/20</b>                             |         | <b>869,323</b> |
| <b>2019/20 Underlying Surplus/(Deficit) Position</b>                   |         | <b>(4,904)</b> |

**Quality, Innovation, Productivity and Prevention (QIPP)**

2.12 The current Clinical Commissioning Group QIPP target for 2019/20 is £22.8m.

2.13 As identified in section 2.6 of this report, these QIPP values include savings targets for which detailed delivery plans are still being developed across the Somerset health system. As these initiatives are developed and finalised, the financial impact will be recognised through contract adjustments to reflect delivery by the relevant provider. Planned savings to be achieved by delivery against these QIPP schemes are profiled

across the latter half of the financial year. The current reported financial position assumes that these QIPP schemes will deliver to plan.

2.14 Table 5 below summarises the current QIPP plans for the Clinical Commissioning Group.

**Table 5: 2019/20 QIPP Plans**

| Description                      | £m          | Delivery |
|----------------------------------|-------------|----------|
| Demand Management                | 5.2         | Green    |
| Community Services               | 2.9         | Green    |
| High Cost Drugs                  | 1.5         | Green    |
| Corporate Services Review*       | 1.6         | Yellow   |
| Acute Services Review*           | 4.2         | Yellow   |
| Independent Sector#              | 1.0         | Red      |
| Delegated Primary Care services# | 0.2         | Red      |
| GP Prescribing                   | 1.3         | Green    |
| Continuing Healthcare            | 1.8         | Yellow   |
| Unidentified#                    | 2.5         | Red      |
| Other                            | 0.6         | Green    |
| <b>TOTAL QIPP</b>                | <b>22.8</b> |          |

\*non delivery included in CCG risk position at 50%

#non delivery included in CCG risk position at 100%

2.15 The corporate risk register is routinely updated to reflect risks around the delivery of QIPP plans which are under achieving and will impact on the financial position.

2.16 Areas where projected savings are not achieving planned levels are reported through variations within the 'Highlight and exceptions' section above or highlighted in the risks section, below, with appropriate mitigations.

### Risks and Mitigations

2.17 A number of risks have been identified during the planning and financial monitoring process. The most significant risks are highlighted in Table 6 below, along with measures being pursued to mitigate these risks.

**Table 6: 2019/20 Risks and Mitigations**

| <b>Risks and Mitigations</b>  | <b>2019/20 Risk Value<br/>£'000</b> |
|---|-------------------------------------|
| Acute services review QIPP delivery                                   | 2,100                               |
| Corporate services review QIPP delivery                               | 800                                 |
| Other QIPP schemes still to be developed                              | 2,484                               |
| Independent sector activity QIPP delivery                             | 1,000                               |
| CHC fee uplifts   | 500                                 |
| Primary Care delegated budgets  | 200                                 |
| Partnership working   | 400                                 |
| Out of county contracts / ambulance contract performance              | 700                                 |
| Prescribing – Category M drug price increases                         | 1,200                               |
| Prescribing – Flash Glucose Monitoring                                | 565                                 |
| Prescribing – Flash Glucose Monitoring – national funding anticipated | (365)                               |
| <b>Total Net Risks</b>  | <b>9,584</b>                        |

2.18 Within Clinical Commissioning Group national core business rules there is a requirement to set aside 0.5% of financial allocations as a local contingency to cover any risks to delivery of financial plans. For Somerset Clinical Commissioning Group this would be equivalent to £3.9m in 2019/20. During the planning process for 2019/20 the required level of contingency has been released into the financial position in order to enable delivery of a balanced financial plan. The Clinical Commissioning Group is therefore not meeting this business rule requirement for the financial year.

**Cash**

2.19 The Clinical Commissioning Group is required to manage its cash to minimum levels by the end of the financial year; however during the year the level will vary. The forecast and actual end of month cash book balances are shown in Table 7 below.

**Table 7: Cash Book Balances**

| <b>Month end</b> | <b>Actual Cash Book<br/>Balance<br/>£'000</b> | <b>Forecast Cash Book<br/>Balance<br/>£'000</b> |
|------------------|---|---|
| April 2019       | 30  | 802   |
| May 2019         | 115   | 883   |
| June 2019        | 88  | 867   |
| July 2019        | 1,023   | 813   |

2.20 The July closing cash book balance was higher than anticipated due to a late payment by NHS England against recharge invoices raised in respect of the 2018/19 financial year.

## Better Payment Practice Code (BPPC)

- 2.21 The Clinical Commissioning Group is required, as part of its administrative duty, to pay 95% of all creditors within 30 days of receipt of goods or valid invoice. Table 8 below shows the cumulative position for April 2019 to July 2019. Performance exceeds the target of 95%.

**Table 8: Better Payment Practice Code Performance**

| <b>NON NHS PAYABLES</b>                                 | <b>Number</b> | <b>£'000</b> |
|---|---------------|--------------|
| Total Non-NHS trade invoices paid in the year           | 3,327         | 44,890       |
| Total Non-NHS trade invoices paid within target         | 3,320         | 44,385       |
| Percentage of Non-NHS trade invoices paid within target | 99.79%        | 98.88%       |
| <b>NHS PAYABLES</b>                                     | <b>Number</b> | <b>£'000</b> |
| Total NHS invoices paid in the year                     | 1,228         | 191,245      |
| Total NHS invoices paid within target                   | 1,203         | 191,166      |
| Percentage of NHS invoices paid within target           | 97.96%        | 99.96%       |

## Capital

- 2.22 Clarity over capital funding and spending plans tends to evolve as the year progresses. Table 9 below sets out the current position regarding capital schemes, allocation and progress made in 2019/20.
- 2.23 Once agreement on schemes is received from NHS England, progress on programme areas can commence.

**Table 9: 2019/20 Capital Plan**

| <b>Capital Scheme</b>              | <b>Allocation</b>   | <b>Progress</b>  |
|------------------------------------|---|--|
| CCG Corporate Capital IM&T Refresh | The CCG has submitted a plan for capital funding of £35,000 | This capital funding will be used to invest in a refresh of information technology, which will enable staff to work in an environment that is fit for purpose and supports efficient and effective work processes across sites. This funding allocation has yet to be confirmed as at 31 July 2019 |

## Somerset System Position

### System Overview

- 2.24 As at the end of July 2019, the Somerset health system is reporting forecast year end financial performance in line with planned levels by all Somerset STP providers.

- 2.25 At month 4 Taunton and Somerset NHS Foundation Trust were reporting a favourable variance against plan year to date of £208,000. This position has improved from month 3, due to non elective care escalation costs.
- 2.26 All Somerset health system partners are reporting that agreed control totals are anticipated to be delivered for the financial year, as demonstrated in Table 10 below.

**Table 10: Performance against organisation specific and system control totals**

| Organisation         | Year to date (month 4)                  |                 |                   | Forecast                                |   |                 |                   |
|----------------------|---|-----------------|-------------------|---|---|-----------------|-------------------|
|                      | Plan<br>(excluding<br>CSF/PSF)<br>£'000 | Actual<br>£'000 | Variance<br>£'000 | Plan<br>(excluding<br>CSF/PSF)<br>£'000 | Plan<br>(including<br>CSF/PSF)<br>£'000 | Actual<br>£'000 | Variance<br>£'000 |
|                      | CCG                                     | (1,050)         | (1,050)           | 0                                       | (4,500)                                 | 0               | 0                 |
| T&S                  | (4,200)                                 | (4,408)         | (208)             | (17,924)                                | (6,000)                                 | (6,000)         | 0                 |
| Somerset Partnership | (207)                                   | (207)           | 0                 | 518                                     | 2,720                                   | 2,720           | 0                 |
| YDH                  | (2,937)                                 | (2,747)         | 190               | (19,339)                                | 0                                       | 0               | 0                 |
| <b>System</b>        | <b>(8,394)</b>                          | <b>(8,412)</b>  | <b>(18)</b>       | <b>(41,245)</b>                         | <b>(3,280)</b>                          | <b>(3,280)</b>  | <b>0</b>          |

- 2.27 There are significant risks to delivery of the system financial position, including those identified by the Clinical Commissioning Group in Table 6 of this report, and the continuing challenge for providers to deliver challenging cost improvement plans (CIP). Providers also anticipate a significant financial risk in relation to escalating demand from emergency admissions and further demand pressures throughout the winter period.
- 2.28 System partner risks in addition to those reported by the Clinical Commissioning Group, are detailed in Table 11 below.

**Table 11: Further 2019/20 System Risks**

| Risks                                       | 2019/20 Risk Value<br>£'m |                          |
|---|---------------------------|--------------------------|
| Provider CIP                                | 4,100                     |                          |
| Acute Services Review                       | 2,100                     | QIPP not delivered (50%) |
| Acute Providers – Corporate Services Review | 800                       | QIPP not delivered (50%) |
| Escalation                                  | 1,000                     |                          |
| Winter Escalation                           | 2,000                     |                          |
| <b>TOTAL</b>                                | <b>10,000</b>             |                          |

### 3 CONCLUSION

- 3.1 The Governing Body is asked to approve the financial report as at July 2019.
- 3.2 There are significant challenges in delivering the financial position in 2019/20 and the Somerset health system continues to pursue the actions required to improve on this position for the future, including:

- delivery of outcomes from the transformation initiatives
- continued challenge to any potential non-essential expenditure
- a continued focus on the development and delivery of the Fit for my Future work programme