



Annual Report & Annual Accounts 2020/21

Yeovil District Hospital NHS Foundation Trust

Annual Report and Annual Accounts 2020/21

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1. FOREWORD FROM CHIEF EXECUTIVE

The last year has been like no other for Yeovil District Hospital and the NHS in general with the pandemic putting unprecedented pressure upon our services, and requiring our staff to respond in the most extraordinary way.

Our Trust has been required to think strategically and innovatively about keeping staff, patients and visitors safe, without compromising care. This has included the physical reconfiguration of our site and new processes which together minimise infection risks and provide safe pathways for those attending the hospital for work or care.

As part of the efforts to maintain essential services and keep patients safe, the oncology and haematology services were moved to a new home at St Margaret's Hospice, Yeovil. This prevented patients having to attend the hospital and meant that they could maintain their care within a dedicated space, remote from the hospital's other clinical services, staff and patients.

In April, with numbers of COVID-19 positive patients in our hospital and in the local community having significantly decreased, we were pleased to introduce a new scheme for safe and responsible visiting. This allows people to book their visits online, allowing wards to control the number of additional people in an area to ensure their safety and that of patients and staff.

The Trust embraced new digital systems alongside the rest of the world, by delivering appointments digitally through the introduction of the Attend Anywhere system, allowing patients to attend virtual appointments by telephone and video. Between March 2020 and March 2021, there were nearly 73,000 appointments carried out in this way.

In 2020/21, Yeovil District Hospital treated 692 patients with COVID-19. Nearly 40,000 patients were admitted during the year, and there were over 46,000 attendances to the Emergency Department. Despite the significant operational pressures and the reconfiguration of hospital services, the hospital has maintained positive feedback from patients about their care.

During the year Yeovil District Hospital became one of the first 50 locations in the world to start providing the COVID-19 vaccine, establishing and operationalising a hospital clinic in an exceptionally short timeframe. The Trust was extremely proud to be part of one of the biggest immunisation campaigns in history and at the time of writing the vaccination programme has delivered more than half a million vaccinations within Somerset. This has been completed in conjunction with partners within the Somerset health and care system, including Somerset NHS Foundation Trust (the lead organisation for the programme), primary care, Somerset CCG, Somerset County Council and the voluntary sector.

As we look to the future, we need to recognise our colleagues' physical and emotional wellbeing whilst being aware of the needs of our patients and service users who have had to wait longer as a direct consequence of the pandemic. While we embed these new ways of working into everyday practice, we have also started to shift our focus towards the recovery of those elective services that we were unable to safely maintain during the height of the pandemic.

This has been a year in which much has been achieved at Yeovil District Hospital and the hospital has enjoyed fantastic support from the local community, examples of which are too numerous to mention.

This has been a year in which the skills and commitment of our staff have been thoroughly tested, and in which we have been called upon to demonstrate ingenuity to maintain access to life-changing, often life-saving care for people when they needed us most. Throughout, the support from local communities – both residents and businesses – has been unwavering and has helped us maintain the energy to continue rising to the challenges of the pandemic.



Jonathan Higman, Chief Executive, 11 June 2021

2. PERFORMANCE REPORT

The purpose of this performance report and overview is to give the reader a short summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

History of Yeovil District Hospital and its Statutory Background

The hospital opened in 1973 and was established as an NHS Foundation Trust on 1 June 2006. It took over the responsibilities, staff and facilities of the previous organisation, East Somerset NHS Trust. As a public benefit corporation, Yeovil District Hospital NHS Foundation Trust (“YDH” or Yeovil District Hospital” or “the Trust”) is authorised under the National Health Service Act to provide goods and services for the purposes of the health service in England.

Purpose and Activities of Yeovil District Hospital

Yeovil District Hospital provides outpatient and inpatient consultant services to a catchment population of circa 200,000, primarily from the rural areas of South Somerset, North and West Dorset and parts of Mendip. Services are overseen by the Trust’s two strategic divisions (urgent and elective care), which cover the following areas: A&E, acute and general medical services (including inpatient cardiology, gastroenterology, respiratory medicine, elderly care medicine, diabetes & endocrinology), a full range of medical outpatient services, critical care, trauma and orthopaedics, emergency and general surgery (including urology, ENT, ophthalmology and oral surgery), oncology, diagnostic services, paediatrics, obstetrics/maternity and gynaecology. The Trust is an accredited Trauma Unit as part of the Severn Trauma Network. It is registered without conditions as a healthcare provider with the Care Quality Commission (CQC). The Trust has no branches outside the United Kingdom.

Statement on the Performance of YDH from the Chief Executive and Key Risks/Issues

Strategic Context

Yeovil District Hospital is situated in Somerset, which is a largely rural county with a population of circa 550,000. In recent years, the Somerset population has continued to grow in size, with an ageing demographic. Nationally, one in three patients admitted to hospital as an emergency has five or more health conditions, up from one in ten a decade ago. This is putting significant pressure on traditional services. While smoking rates in the county are decreasing; diabetes, obesity, dementia and mental health issues are on the rise. Faced with these challenges, as well as those from COVID-19, the case could not be clearer for joining up and integrating care around people rather than around traditional institutional silos.

In common with the experience across England, we have seen collaboration across health and social care take place at a pace and scale unimaginable even a little over a year ago. The pandemic has accelerated collaborative working in Somerset, enabling us to deliver outstanding care to those in need while at the same time radically changing ways of working, tackling local bureaucracy and becoming more integrated.

The scale of the challenge to improve health and wellbeing and reduce health inequalities in Somerset is immense and has been particularly highlighted by the COVID-19 pandemic. Furthermore, the pandemic response has shown that no individual organisation in Somerset has what it takes to respond to these challenges alone. We need to bring our skills, knowledge and resources in health together with those of our colleagues in social care, education, housing and the voluntary sector if we are to tackle health inequalities and enable our communities to thrive.

In May 2020, Yeovil District Hospital and Somerset NHS Foundation Trust signed a Memorandum of Understanding (MoU) in which the Trusts committed to work together for the benefit of the Somerset population by aligning the Trusts' strategic goals and operational activities. The Trusts signed the MoU to improve services for patients, but it was not intended to be a permanent position. Moving towards acting as one Trust, but legally being two separate organisations, carries cost and time inefficiencies which are hard to justify in the long-term. There is also a risk of lack of clarity around accountabilities as we continue to integrate and blur organisational boundaries.

Following directly from this greater collaborative working, the Trust Boards explored options for the future. This included using an agreed selection criteria leading to three shortlisted options. Independent support was sought from Deloitte LLP, resulting in the conclusion that a Partnership Board nor a Strategic Group Board model would deliver the sustainable system change that Somerset needs; and that a single leadership team and board would be the most effective mechanism for realising the significant benefits to be had from closer collaboration. The Trust Boards therefore concluded that a merger of the two organisations was the preferred model.

A Strategic Case, which sets out the high-level case for the merger of Yeovil District Hospital and Somerset NHS Foundation Trust, was submitted to NHS England and Improvement in April 2021. The proposed merger will bring together all of Somerset's acute, community, mental health and learning disability services, and around a fifth of primary care into a single NHS Foundation Trust. The Strategic Case sets out the high-level rationale for merging the two Trusts, our developing plans for how the merged Trust would operate, the expected benefits, and the next steps we will take if we receive approval to move to Business Case stage. We are working closely with our system partners as we develop our plans, and our partners have provided formal letters of support for our proposed merger. The merged Trust will be in a unique position to provide genuinely integrated mental and physical health care, spanning whole patient pathways.

The success of our local joint working was recognised in December 2020 when the Somerset Sustainability and Transformation Partnership (STP) was designated an Integrated Care System (ICS). ICS status facilitates our system working and enables us to collectively manage our resources to improve the health and care of the Somerset population. The development of the ICS runs in parallel with the development of the case for merger with Somerset NHS Foundation Trust. The ICS vision is to work together for the benefit of the Somerset population to provide a place-based, joined-up system of health and social care and the proposed merger is a key step in realising this vision. The merged Trust and the local authority, Somerset County Council, would serve the same population – the 562,000 people living in the county of Somerset. This would put us in a powerful position to

implement a population health approach, building on the strong existing relationships with the Council, the local voluntary sector, and non-integrated primary care.

The Trust continues to be actively engaged as a key partner in the Somerset health and care system, for which there are five identified key aims:

- **Aim 1:** Enable people to live healthy independent lives, to prevent the onset of avoidable illness and support active self-management
- **Aim 2:** Ensure safe, sustainable, effective, high quality, person-centred support in the most appropriate setting
- **Aim 3:** Provide support in neighbourhood areas with an emphasis on self-management and prevention
- **Aim 4:** Value all people alike and give equal priority to physical and mental health
- **Aim 5:** Improve outcomes for people through personalised, co-ordinated support.

In February 2021 the Secretary of State for Health and Social Care published a White Paper *Integration and Innovation: working together to improve health and social care for all*. The White Paper builds on the NHS Long Term Plan and aims to support recovery from Covid-19 by removing unnecessary bureaucracy, empowering local leaders and services and tackling health inequalities. The proposed merger with Somerset NHS Foundation supports the objects set out in the White Paper.

There is recognition of the growing challenges across the health and care system and the need to ensure that the various parts of the system work more closely together. Successful integration of patient pathways will require close collaborative working between all providers, including primary and social care, neighbouring Trusts, other public sector organisations and the voluntary sector.

In response to COVID-19, NHS organisations including Yeovil District Hospital were required to rapidly re-design services on a large scale in order to provide capacity and resource for the treatment of patients with COVID-19. This included the postponement of planned treatment, changing the way that appointments are provided, through the use of online and telephone consultations, redeploying staff and identifying additional bed and intensive care capacity. These changes in demand and supply not only affect patients with COVID-19, but have had a significant (and lasting) impact on the care we provide to the wider population.

The longer-term impact has resulted in some patients postponing or deciding against seeking treatment in order to avoid healthcare organisations, potentially resulting in long-term health problems and a change in the demand profile. The impact has been different on some age and socio-economic groups than others.

These changes in demand, coupled with the challenges in recruitment of medical staff and the wider system challenges in the availability of health and social care services, particularly home care, has been experienced by the entire Somerset health and social care system. The proposed merger gives us the opportunity to capitalise on the innovations made particularly in the early stages of the pandemic and embed them across the county. It is clear that work to deal with the consequences of COVID-19, including reducing the elective backlog and delivering the national vaccination programme will be required for some time – possibly for years. The proposed merger would put Somerset in a better position to assemble and manage the dedicated and flexible workforce necessary to provide COVID-related care into the medium and long term, alongside business as usual.

A merger will mean we are more resilient to future periods of pressure (COVID-19 or otherwise) and give us greater capacity to flex and redirect our resources to areas of

greatest need. It will also enable us to improve our offer to existing and potential colleagues and make the merged Trust a great and exciting place to work.

Despite the challenges faced during 2020/21, Yeovil District Hospital remained one of a small number of trusts in the country that continued to maintain performance across the range of key performance standards, including the four-hour accident and emergency waiting times. Further information on performance indicators and constitutional standards can be found on page 13 onwards.

In addition, the Trust was immensely proud of the 2020 staff survey results, which reflect the positive culture that exists within Yeovil District Hospital. For the third year running, the Trust had the highest recorded response rate of any hospital in the country – 65% per cent compared to a national average of 43%. The staff survey results also identify Yeovil District Hospital as the “Best performing organisation” for Equality and Diversity. In addition, Yeovil District Hospital also scored extremely positively across a number of other areas, including staff engagement and quality of managers. More information on the staff survey results can be found on page 63.

Vision and Strategy

Yeovil District Hospital’s vision and strategy are shown below with the four strategic objectives supported by a clear set of organisational priorities.



Our Vision: To care for you as if you are one of our family



To underpin this strategy, Yeovil District Hospital has a clear set of values that are based on our principles of iCARE. These principles were initially developed over thirteen years ago by nursing staff and underpin all activities within the hospital; whether it is providing life-saving treatment, how staff relate to one another or our ambition of providing a warm and caring welcome to our hospital.

- i Treating our patients and staff as individuals
- C Effective communication
- A Positive attitude
- R Respect for patients, carers and staff
- E Environment conducive to care and recovery



2020/21 Performance Summary

Yeovil District Hospital has a fully comprehensive Quality Improvement Strategy for 2019-2021, which outlines the areas of focus for quality improvement. The review of the strategy for 2019-2021 considered and built upon the previous strategy in its deliberations, as well as national reports including recommendations from:

- Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (Francis, 2013)
- A promise to learn – commitment to act: improving the Safety of Patients in England (Berwick, 2013)
- A Review of the NHS Hospitals Complaints System Putting Patients Back in the Picture (Clywd, 2013)
- Cavendish Report (Cavendish, 2013)
- Safer Staffing Requirements: Safe Staffing for adult inpatients in acute care (2018)
- Better Births, Improving outcomes of maternity services in England
- The Morecambe Bay Investigation (Kirkup, 2015)
- The regulatory requirements of the Duty of Candour
- The Care Act (2015).
- Learning, candour and accountability: A review of the way Trusts review and investigate the deaths of patients in England (Care Quality Commission, 2017)
- National guidance on Learning from Deaths for Trusts (National Quality Board, 2017)
- Working with Families, (NHS Improvement, 2018).

The strategy incorporates national recommendations, including those relating to safe staffing and considers system wide challenges, Integrated Care System ambitions and local priorities that reflect patients' needs. In addition, plans to develop and implement models to provide enhanced seven-day services, which will be a key enabler to preventing admissions

at weekends and facilitating discharge, will improve the experience for patients. Improving access to high quality end of life care remains a priority.

The Trust remains committed to supporting its transformation and improvement programme beyond 2021, although progress has been impacted by the COVID-19 pandemic. The Trust's quality priorities were rolled over from the previous year. Further information on the transformation, improvement and quality priorities will be published within the Quality Account due for publication later this year.

In February 2021, the Care Quality Commission commenced an unannounced, but routine, inspection at Yeovil District Hospital, focussed specifically on infection prevention and control. The Care Quality Commission is conducting these inspections in care settings across the country and they are specifically to see that:

- Adequate PPE is available for staff and residents to control infection safely;
- Staff are properly trained to deal with outbreaks and the proper procedures are in place;
- Shielding and social distancing is being complied with; and
- Layout of premises, use of space and hygiene practice promote safety.

The findings from the report were wholly positive with the Care Quality Commission recognising that the Trust has a clear vision and strategy for continuously improving practices relating to infection prevention and control, and that these practices were align with other departments and the wider healthcare system. The report outlined that staff felt respected, supported and valued, and the service had an open culture where staff could raise concerns without fear. An assurance system was recognised to be in place for infection prevention and control, which enabled performance issues and risks to be reviewed.

The Care Quality Commission identified outstanding practice with Yeovil Hospital in relation to infection prevention and control, including the Trust recognising the importance of, and benefited from, bringing the bed management team and infection prevention and control team together to work as one team during the pandemic. Another area of outstanding practice was recognising the value and importance of a high degree of support for staff and, in the recent staff survey, the Trust was rated among the best in the country for staff engagement.

A small number of 'should-do' actions were identified, including the review of processes to update and review policies and standard operating procedures, identify and document actions to improve compliance following audits, include a review of any eye protection when auditing infection prevention and control compliance, and to consider systems and processes to easily gain assurance about cleaning regime completed.

This infection prevention and control inspection does not influence the Care Quality Commission ratings for the Trust. The Trust's rating remains in place from the full inspection conducted in 2019/20 of which an overview is provided below.

This report outlined there had been clear progress in a number of areas since the previous inspection and in two domains the highest Outstanding rating was achieved. The hospital's core services were rated as Good for caring and for being effective, responsive and well led. The hospital was rated as Requires Improvement under the safe domain. The Care Quality Commission published the Trust's Use of Resources report at the same time, which is based on an assessment undertaken by NHS Improvement. As has previously been noted, the Trust was rated as Inadequate for using its resources productively. The combined rating for the Trust, taking into account the Care Quality Commission's inspection for the quality of services and NHS Improvement's assessment for Use of Resources, is Requires

Improvement. Significant progress has been made in response with resolution of the identified actions. Further information on the Trust's response to the Use of Resources inspection is available within the Annual Governance Statement on page 68. This includes a further externally facilitated review and the development and delivery of three robust action plans.

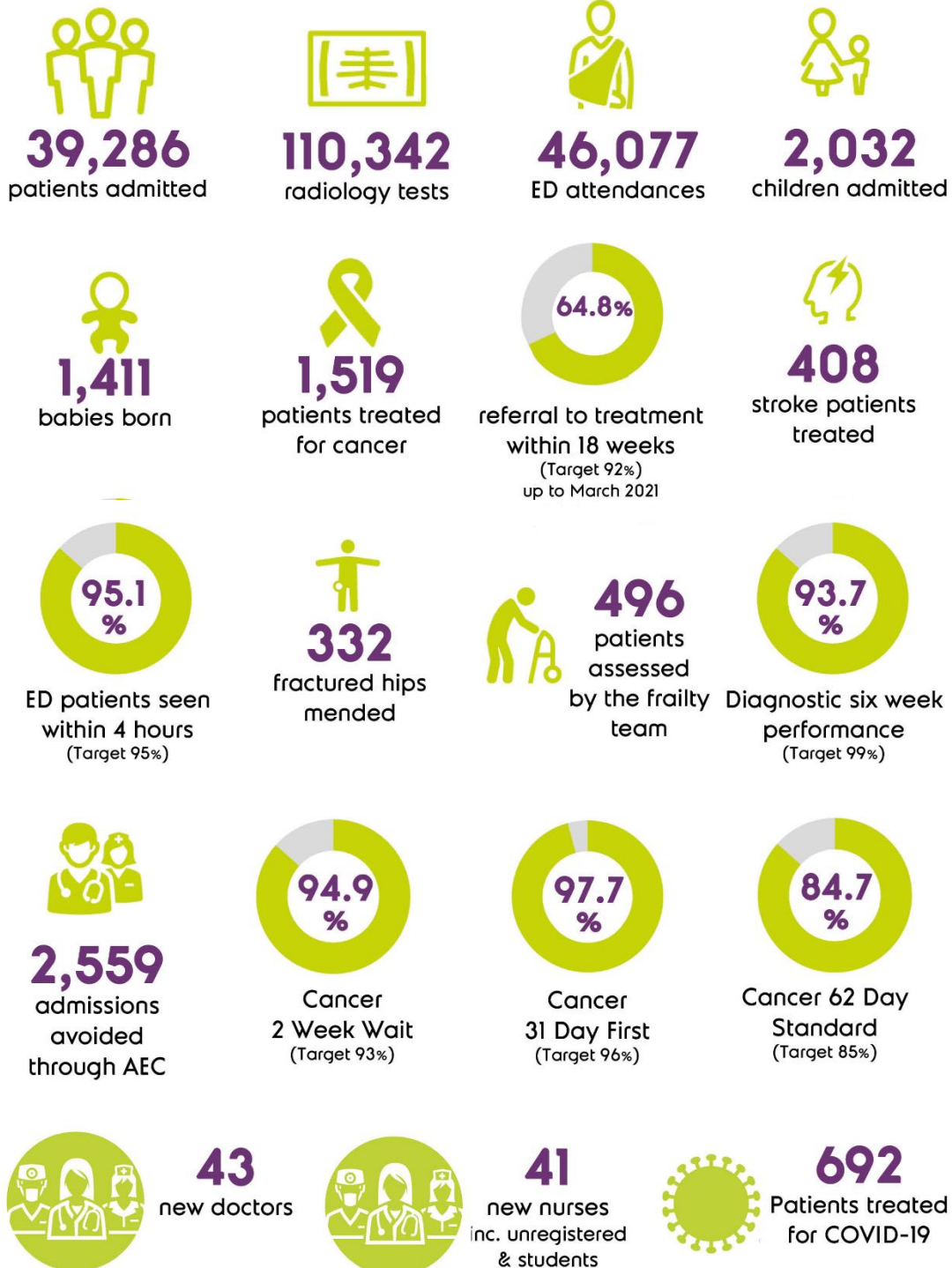
It is important to clarify the reasons behind the ratings given against the safe domain, which relate to technical aspects of the service and did not, in themselves, suggest clinical risk to patients. The Care Quality Commission noted certain areas where it would like to have seen greater clarification, evidence or improvement, including the need for greater consistency in record keeping and changes to the support provided for children and young people with mental health issues. All 'must do' actions identified by the Care Quality Commission have been completed with ongoing monitoring as to their effectiveness.

The matrix of core service results is shown below:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Good ↑ Apr 2019	Good ↑ Apr 2019	Good ↔ Apr 2019	Outstanding ↑↑ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019
Medical care (including older people's care)	Requires improvement ↔ Apr 2019	Good ↔ Apr 2019	Good ↔ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019
Surgery	Requires improvement Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016
Critical care	Good Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016
Maternity	Good Apr 2019	Good Apr 2019	Outstanding Apr 2019	Good Apr 2019	Good Apr 2019	Good Apr 2019
Services for children and young people	Requires improvement ↔ Apr 2019	Good ↔ Apr 2019	Good ↔ Apr 2019	Good ↔ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019
End of life care	Requires improvement ↓ Apr 2019	Good ↑ Apr 2019	Good ↔ Apr 2019	Good ↔ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019
Outpatients	Good Jul 2016	N/A	Good Jul 2016	Good Jul 2016	Good Jul 2016	Good Jul 2016
Overall*	Requires improvement ↔ Apr 2019	Good ↑ Apr 2019	Good ↔ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019	Good ↑ Apr 2019

This rating comprised of 35 'good' or 'outstanding' ratings in a total of 39 inspection themes. Patients attending our hospital to receive care or treatment from any of these services can therefore do so confident that we are meeting or exceeding national benchmarks for hospital services. Whilst the overall assessment of all core hospital services is 'Good' – the second best rating available from CQC – we are also delighted that two of our services achieved the highest possible 'Outstanding' results in certain areas.

Our year 2020/21



From an operational performance perspective, the financial year 2020/21 has been one of the most challenging years experienced by the NHS in its entire 72-year history. In common with all other Trusts in the country the COVID-19 pandemic resulted in the need for the Trust to postpone non-urgent routine hospital treatment in order to free up staff and bed capacity to deal with the increased demand caused by the pandemic. This had a significant impact on waiting times across all specialties. The Somerset system's elective waiting lists have significantly increased during the pandemic. The recovery of this position is likely take some

time. However work has commenced in earnest on this, focussing on patients with the highest clinical priority and those who have waited the longest.

Lower rates of referrals into the hospital during the pandemic has resulted in a slightly reduced number of patients waiting overall, however the postponement of the majority of non-urgent hospital treatment has led to an increase in average waiting time for treatment, with a significantly higher number of patients waiting over 18 weeks. As of the end of March 2021, 3448 pathways were waiting over 18 weeks for a definitive treatment, compared to 1387 for the same period the previous year. 746 pathways were waiting over 52 weeks compared to 2 in March 2020. This position has already improved in April 2021.

In the initial part of the year, the Trust saw a significant decrease in the rate of referrals, both for routine care and cancer care; largely assumed to be a result of people feeling anxious about attending healthcare facilities or visiting their GP during the COVID-19 pandemic. Therefore, it is anticipated that there will be a 'bounce back' in the number of referrals once members of the public once again start to access services in greater numbers.

One of the other consequences of the pandemic was a reduction in the number of people attending the hospital's Emergency Department. 2020/21 saw a decrease of 20.75% in emergency department attendances compared to the previous year. Despite this drop in activity, the acuity level of patients attending has risen and ambulance attendances have been consistent with previous years. In March 2021, 35.48% of emergency department attendances resulted in an inpatient stay. Across the financial year, Yeovil District Hospital remained one of a small number of trusts to maintain achievement of the emergency department four hour waiting times target set by NHS England with 95.1% of patients seen and either discharged or admitted within four hours. This is an amazing achievement during what has been an extremely challenging year.

As a direct need to respond to the COVID-19 pandemic, performance against the diagnostic waiting times standard varied throughout the year, most notably in March and April 2020. The pandemic resulted in a number of diagnostic pathways having to be altered or suspended. Diagnostic waiting times recovered in the latter part of the year following the introduction of various COVID-19 safe patient pathways. In addition, the arrival of a new CT scanner at Yeovil District Hospital in September 2020 provided additional capacity. This 'CT scanner in a box' is supporting the hospital's recovery phase by reducing the amount of time people will need to wait for their diagnostic testing. Across the entire financial year, diagnostic six-week wait performance was 93.7% against the 99% target.

Early on in the pandemic, the Trust recognised the importance of supporting and protecting patients whose condition or treatment put them at increased risk of severe COVID-19 symptoms. Therefore, in May 2020, as part of the efforts to maintain essential services and to keep patients safe, the oncology and haematology services were moved to a new home at St Margaret's Hospice, Yeovil. This prevented patients having to attend the hospital and meant that they could maintain their care within a dedicated space, remote from the hospital's other clinical services, staff and patients.

The maintenance of these essential services has meant that cancer services has continued throughout the year, with 1,519 patients treated in 2020/21. The Trust prioritised cancer diagnosis and treatment throughout the year and performance against the key national indicators has remained strong. There have been some month on month fluctuations, largely as a direct result of patient choice, increasingly complex pathways and clinical decisions. A significant issue has resulted from patients, understandably choosing to delay or postpone their treatment due to COVID-19. Despite this, the data for March 2021 demonstrates that 88.28% of patients were treated within the 62-day cancer standard against a national target of 85%. Strong performance was achieved with the two-week wait

(95.98.7%) against the 93% target and against the 31-day first treatment 96% target at 100%.

Notwithstanding the challenges faced, in 2020/21 Yeovil Hospital was consistently rated as a high performer against the whole range of national indicators. This continued good performance is testament to the commitment and dedication of our staff and volunteers.

Owing to the COVID-19 pandemic the Operational Planning process for 2020/21, which is the mechanism by which the financial targets and budgets are set for the year, was suspended. A national funding regime was implemented to support NHS organisations through the pandemic. The Trust continued to retain robust controls on expenditure, whilst ensuring necessary expenditure during the pandemic was not delayed, with any increases in expenditure related to COVID-19 considered on a daily basis by the Daily COVID-19 Coordination Huddle. At the end of the year, the Trust achieved a small surplus of £0.04million against its financial target for the year. After accounting for donated assets and additional funding provisions, the Trust is presenting an income and expenditure of £2.3million for 2020/21. This is a significant achievement in what has been an extremely challenging year however, it is important to recognise the scale of the underlying financial challenge that remains and will need to be tackled in the future.

The Board recognises the continued challenges regarding the financial position and is committed to work to address these through its own internal focus on efficiency and productivity. It will also work collaboratively with local partners to ensure a system response to the countywide deficit position and address the key strategic issues identified as driving this position. The Somerset Integrated Care System acknowledges that the county's health and care services are not keeping pace with demand and the changing needs of local people and that the Somerset system requires radical transformation to ensure its financial and clinical sustainability.

Performance Analysis and Assurance

Throughout the organisation, structured governance arrangements remain in place with clear lines of reporting from "Ward to Board" across operational, quality, safety, patient experience and finance metrics, through steering groups and assurance committees, to the Board. The Board monitors and reviews key quality, operational and financial performance metrics through the Board of Directors, which meet eight times a year. Further scrutiny takes place within the Audit Committee, Governance and Quality Assurance Committee, the Financial Resilience and Commercial Committee and the Workforce Committee on a monthly, bi-monthly or a quarterly basis.

Operational dashboards are monitored and reviewed by individual wards and departments and the urgent and elective care strategic business units. These dashboards include key quality metrics covering infection control, patient safety and falls. The performance metrics for Yeovil District Hospital are set nationally and reported to NHS England and Improvement who hold the hospital to account along with the Trust's commissioners through contracting arrangements.

Each report or paper received by either the Board or a Board Assurance Committee includes a cover sheet outlining how the relevant information contained within the report links with the strategic priorities of the Trust in conjunction with any specific risks that are addressed by the paper. These risks may be recorded on the corporate risk register and/or departmental risk registers.

Alongside the Board Assurance Committees, the business unit reviews through the Accountability Framework ensure direct oversight of the operational performance reporting

and assurance process. These meetings include the executive team, business managers, senior nurses and clinical directors who review Trust-wide performance along with a focus on any specific risks identified through departmental and corporate risk registers. The performance overview includes a balanced scorecard of financial, workforce, quality and operational performance KPIs. Any areas where performance has declined is reviewed and any risks will be considered.

Equality of Service Delivery

As a public sector organisation, Yeovil District Hospital is statutorily required to ensure that equality, diversity and human rights are embedded into all our functions and activities as per the Equality Act 2010, the Human Rights Act 1998 and the NHS Constitution. In all aspects of our business we will have due regard to the need to working towards achieving the general duties set out in the act:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share protected characteristics and those who do not.

This means that the Trust should:

- Work towards removing or minimising disadvantages suffered by people due to their protected characteristics;
- Take steps to meet the needs of people from protected groups where these are different from the needs of other people; and
- Encourage people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

The Somerset system has identified a number of priorities as part of the restoration of NHS services inclusively following the COVID-19 pandemic. This includes identifying the disparities in access or outcomes for patients from the bottom 20% Index of Multiple Deprivation and black and minority ethnic populations to inform how treatment may be prioritised; the implementation of a countywide dermatology service to reduce inequalities in current provision by June 2022; working with system providers to identify and reduce screening inequalities and improve access to services in line with published guidance; work with Primary Care Networks for patients with learning disabilities and physical disabilities to ensure equity of access to cancer services; and improve access to care for those people not registered with a GP, including those with no fixed abode, asylum seekers, gypsy and travelling community, sex workers, people with mental health conditions, and non-English speakers.

To support this work, the Somerset system is developing reporting to monitor and record activity levels for the 20% most deprived neighbourhoods in Somerset and Black, Asian, Minority Ethnic background. These reports will draw out any issues and be used to outline and develop mitigating plans. This will include the reporting of the outcome of the harm reviews as part of the restoration of services following the pandemic. This will have a focus on our deprived population in terms of wait and unmet needs and access to services.

Summary of the Principal Risks faced and how these have affected the delivery of objectives

As described in the foreword to this Annual Report the past year has been a year like no other for the NHS as a direct consequence of the COVID-19 pandemic. The hospital site

has had to be reconfigured in order to care for patients and introduce safe pathways for patients attending. A number of colleagues were redeployed across services and departments to support the Trust's response. This inevitably resulted in the postponing and suspension of some planned treatment pathways or the need to carry out appointments in a virtual format. All of this was required at the same time as needing to maintain the ability to provide emergency care for patients and services users in a safe environment.

In addition to these overarching risks and issues, the Trust recognises a number of Principal Risks to the organisation, as monitored by the Board Assurance Framework. These risks are under the four key strategic headings:

- **Care for our Population** – *We will seek and seize opportunities to continually improve the quality, accessibility and safety of our services, and the experience we provide. We will support and encourage our local population to live healthier lives.*
- **Develop our People** - *We will ensure our teams have the skills, capacity and environment to enable them to provide the care that they aspire to. We will make our hospital an employer of choice.*
- **Innovate and Collaborate** - *As part of a sustainable Somerset care system, and working with our partners, we will develop and deliver outstanding services, employing new models of care and innovative technology.*
- **Develop a Sustainable System** - *We will manage our resources responsibly to ensure the sustainability of our services and the local care system, without compromising on safety and quality.*

The COVID-19 pandemic remains the most significant risk to the organisation and this is intertwined with the Principal Risks to the organisation. Following the suspension of some elective services, reducing the backlog of patients waiting remains the key priority was ensuring that access to services is equitable. Maintaining and supporting members of staff is vital whilst the Trust moves into the next phase of restoration and recovery.

Achievements, Celebrations and Anniversaries within 2020/21

Community Support and Captain Tom Legacy

The Trust has enjoyed fantastic support from the local community over the past year, examples of which are too numerous to mention. However, we were particularly humbled by the response to a video produced to mark 'Clap for our Carers' in April 2020.

Staff finishing their shift or about to start for the evening were joined on site by colleagues from South West Ambulance Service, Avon & Somerset Police, the Freewheelers blood bikes and Atlas Security. This was a fantastic opportunity for us to say our own thank you to staff, our emergency service colleagues, all those in caring roles within Somerset, as well as to the local population who are helping to protect the NHS by staying at home.

To see the film, please click [here](#)



Following the incredible Captain Tom fundraising campaign, the Trust received grants from NHS Charities Together. The Trust was in awe of Captain and the support shown from members of the public.

In order to ensure a lasting legacy and in line with intention to support post-pandemic recovery, wellbeing and mental health, the Trust's canteen was completely refurbished to provide a pleasant and socially distanced environment to all users. The refurbishment was 50% funded by Yeovil Hospital Charity through NHS Charities Together grant and 50% by the Yeovil Hospital League of Friends. In addition, funds were used to support the Trust's existing wellbeing programmes and initiatives.

The newly renamed Breeze Café allows provides additional seating, the addition of an art exhibition wall together with an outside pergola complete with glass sliding panels allowing it to be used all year around and provides a lovely respite location for members of staff working throughout the pandemic.



National Awards and Celebration Days

Throughout 2020/21, Yeovil District Hospital enjoyed great recognition through a number of national awards. Yeovil Hospital was announced as the deserving winter of the Inclusive Recruitment Award in this year's Employers Network for Equality & Inclusion (ENEI) Awards. The Trust's nomination, entitled 'Patient Centred Recruitment', described the exceptional work of our Overseas Recruitment Team and the supportive person-centric processes we have developed for recruitment and on-boarding.

In May 2020, the Trust celebrated the International Day of the Midwife with a huge number of cakes very generously made and donated by local BBC's Great British Bake Off star Val Stones. The day included the use of social media to reassure families in the local area community that the hospital continued to provide services and is still supporting women through their pregnancies and beyond. A live MatChat (Maternity Chatter) Facebook Live session was held with our Maternity Matron and Senior Midwife and Transformation Lead explaining the changes in care at that point in time.

Following the celebrations of International Day of the Midwife, on Tuesday 12 May 2020, we celebrated International Day of the Nurse on Florence Nightingale's 200th birthday.

The day began with our Chief Nurse Shelagh Meldrum being interviewed on BBC Radio Somerset, highlighting the fantastic work of all those in caring professions across the county, as well as the public and other key workers. Keeping to the theme of 'Shine a Light', the outside of the tower block was lit up with images to mark the occasion.



The Trust also celebrated Allied Health Professions (AHP) Day. A number of roles come under the AHP umbrella, including: Art therapists, Drama therapists, Music therapists, Chiropodists/podiatrists, Dietitians, Occupational therapists, Operating Department Practitioners, Orthoptists, Osteopaths, Paramedics, Physiotherapists, Prosthetists and Orthotists, Radiographers, and Speech and language therapists. These colleagues are a vital part of the care our patients receive every day at Yeovil District Hospital.



Allied Health Professions Day



- Operating Department Practitioners •Music therapists •Chiropodists •Podiatrists •Physiotherapists
- Osteopaths •Prosthetists •Orthotists •Physician Associates •Paramedics •Dietitians •Radiographers
- Art Therapists •Dramatherapists •Speech and language therapists •Occupational therapists

Thank you to all our AHPs!

Capital Developments

In September 2020, the Trust received a new CT scanner to support the restoration and recovery of diagnostic waiting times, which had been impacted by the pandemic.

Speaking about the newest addition to the radiology department, Radiology Consultant and Clinical Director Dr Sharon Brown said: “The whole radiology team is so excited about its arrival and it looks fantastic! The space is better than we could have imagined, making it a great environment for both patients and staff. This is a fantastic boost to our diagnostic capacity, helping us provide our patients with the very best possible care.”

The additional CT scanner was provided by NHS England to support Yeovil Hospital in the pandemic recovery phase and will be used for outpatients, freeing up the CT scanners within the main hospital building to be used for inpatients and complex cases.



To support both patients and staff, and after months of preparation and design, the new Health and Wellbeing Hub at Yeovil Hospital opened.



The Health and Wellbeing Hub is a welcoming space for anyone regardless of age or situation, dealing with long-term conditions or ongoing treatments, to come and book an appointment and get support or advice from our new Health and Wellbeing Lead.

The Trust partnered with Macmillan Cancer Support for this project and you can read more about this [here](#).

At the end of the financial year, work began on a million pound upgrade of Yeovil Hospital's Emergency Department (A&E), improving urgent and life-saving care for thousands of adults and children. The exciting development will double the capacity of some of the department's most critical services, including those for children with urgent mental health issues.

Since being built in 1973, the number of people attending the department has steadily increased, putting strain on both space and staff. The development will not only improve urgent care services but also help reduce pressure throughout the hospital, by reducing the need for some patients to be admitted through the expansion of our Emergency Ambulatory

Care service which supports people who would previously have been admitted to hospital for emergency care to be cared for on a day case basis. The work, which is due to be completed in the early summer, will double the number of cubicles for assessment and treatment and create a dedicated facility where children with mental health needs can be safely and comfortably cared for.

Outside, the frontage of the department is also being completely redesigned to provide separate routes for entering and leaving in order to support social distancing in the waiting room. These works are the second stage in a programme of improvement to the hospital's urgent care services. Phase one, completed in December, saw the creation of a new Ambulatory Emergency Care Unit (AEC), reducing the need for patients to be admitted for certain tests and treatment and reducing demand on ED and wards.

Consultant and Clinical Director of the Emergency Department, Dr Jon Tipping said: "With the number of patients attending the department increasing every year, it was clear we needed to redesign the space. This work now underway will not only increase capacity, it will also make the department a better place to receive care and provide care.

"The team have worked exceptionally hard during the pandemic to continue providing safe access to emergency services, so to see the new department take shape is a real boost."

Alongside the developments within the hospital itself, at the end of March 2021, after two-years of construction, the Trust were handed the keys for its brand new accommodation complex, designed and purpose-built for our staff. The complex consists of 176 bedrooms across 66 light, modern and spacious apartments. It is located just off Reckleford on Goldcroft, just five minutes' walk from the hospital. This development supports the Trust's aim to have high quality accommodation that attracts and retains the best possible staff and students and replaces the Trust's previous portfolio of mixed condition and quality.

This is a huge achievement for the Trust and we are proud to have this facility to offer existing and future staff.



Staff Survey Results

The results of the latest national NHS staff survey were released in March 2021 and we are delighted to report that Yeovil Hospital has maintained the highest rating in the country for health and wellbeing, for the third consecutive year.

As well as maintaining its health and wellbeing top-spot, our Trust was ranked top in the country for providing flexible working opportunities and in the top-three for staff engagement. It also ranked highly – significantly better than the national average – in important areas such as equality and diversity, equal opportunities and the support provided by managers. Overall, the Trust was in the top 20% of all trusts in the country for 61 of the 78 questions asked. Our Trust had the highest response rate in the country – again for the third year running – making the results even more significant.

During the past year, more has been demanded of staff than ever before. There is not a single person, regardless of their role, who has not had to adapt and rise to new challenges as part of the hospital's response to the pandemic. As a Trust we have tried hard to ensure that staff feel supported, cared for and listened to and, whilst we will not get this right all the time or for every individual, these results show we have been able to maintain this during an incredibly fast-paced and difficult 12 months.

We all know that providing good care for patients starts with providing good care for staff, so to know that those working within the YDH family have, for the most part, felt supported, engaged, and respected. There is always more to be done and we will, as always, be using the results to make YDH an even better place to work or receive care. Further information on the staff survey can be found within the Staff Report on page 47.

Vaccination Hub at Yeovil Hospital

In December 2020, following the very first deliveries of the Pfizer vaccine, the Somerset-wide COVID-19 vaccination programme for those in the highest priority groups, began at Yeovil Hospital, as part of the biggest vaccination programme in history. The hospital was part of the initial wave of 50 hospital hubs providing the first vaccinations across the country.

At the time, Yeovil Hospital's Chief Nurse, Shelagh Meldrum, said "As one of the country's designated hospital hubs we are proud to be part of the biggest and most highly anticipated immunisation campaigns in history. Thanks to an incredible amount of hard work and planning with staff and all health and care partners across the county, we have been able to start the vaccination programme in Somerset with the priority groups identified by the Joint Committee on Vaccination and Immunisation (JCVI)."



Since then, the many thousands of vaccination we have provided have contributed to an historic international vaccination programme and helped prevent serious illness, hospitalisation and death. A major milestone was met in February as the number of first doses of the COVID-19 vaccine offered to people in the south west topped one million. As the Trust provided what is expected to be the last of its COVID-19 large-scale vaccination clinics from the hospital hub for the coming months, the Trust took the opportunity to say a

huge 'thank you' to all those staff who have worked as part of the vaccination clinic so far, this has included clinical staff, administrative staff, volunteers and other support staff.

The Somerset Vaccination programme, of which Yeovil Hospital is part of, has produced commemorative badges for all those who have played a part.

Overseas Recruitment

Yeovil District Hospital is recognised as one of the most innovative and forward-thinking NHS Trusts in the country and like many hospitals, it needed to look at a different way of filling nursing vacancies. The Trust therefore embarked on an overseas programme of recruitment, resulting in zero percent vacancy rate across the wards, significant savings on nursing agency spend but also by the amazing feedback on the calibre of nurses.

As a result of the successes, the Trust has built a recruitment services that has supported over 1000 nurses on their journey to the UK within the last 18 months. In addition, the Trust also boasts one of the highest first time Objective Structured Clinical Examination (OSCE) pass rates across the UK with a dedicated team of trainers supporting both our own and external candidates. Our recruitment programme has been recognised by Health Education England as the "best end to end recruitment service in the whole of the NHS".



COVID-19 Scrapbooks

Throughout the year, the Trust has pulled together and risen to the challenges that the pandemic has given. As the Trust adapted to a new normal there have been many memorable moments along the way, which have been recorded through the Trust's COVID-19 Scrapbooks. These remember how far we have come, what has been achieved and all the support received from the community, colleagues, and friends. Every single member of the YDH family has gone above and beyond, providing exceptional support to our patients and colleagues. You can access the Part 1 and Part 2 Scrapbooks [here](#) and [here](#).



Group Entities

Yeovil District Hospital has a number of joint ventures and subsidiary companies. Joint ventures are separate entities over which Yeovil District Hospital has joint control with one or more other parties. The meaning of control is where the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits.

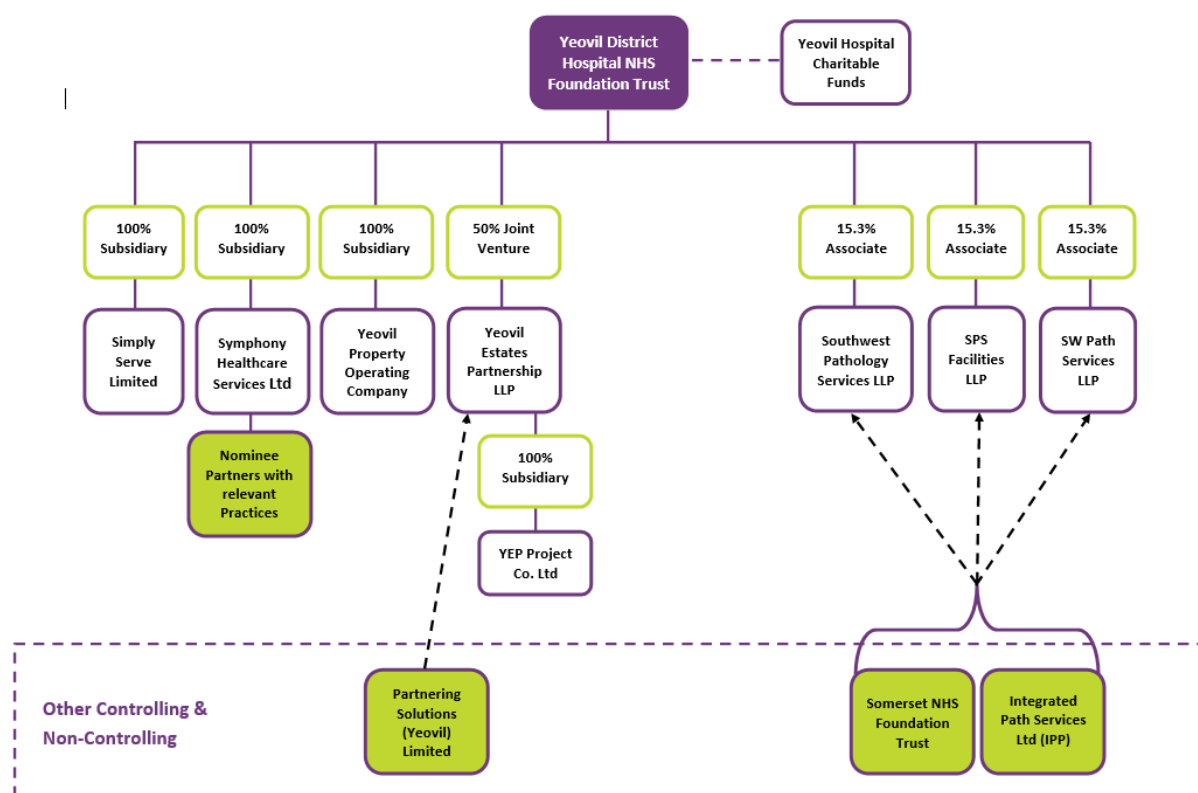
During 2020/21, Yeovil District Hospital owns or had shares in the following subsidiary companies:

- Simply Serve Limited (100%)
- Symphony Healthcare Services Limited (100%)
- Daycase UK LLP (100%) (now dissolved)
- Yeovil Property Operating Company (100%)
- Wellchester Innovation Limited (100%) (now dissolved)

Yeovil District Hospital owns a proportion of the following joint ventures and associates:

- Southwest Pathology Services LLP (15.3%)
- SPS Facilities LLP (15.3%)
- SW Path Services LLP (15.3%)
- Yeovil Estates Partnership LLP (50%)

The group structure (as of 31 March 2021) can be seen below:



Yeovil Hospital Charity: Yeovil District Hospital NHS Foundation Trust is the corporate trustee for Yeovil Hospital Charitable Fund. The charity was created to work for the benefit of Yeovil Hospital, its patients and its staff. It will work to improve patient care by funding facilities, services, projects and equipment. During the year, the Charity partly funded the refurbishment of the hospital canteen and continued to fundraise for the Breast Unit Appeal.

Simply Serve Limited: The Trust's wholly owned estates and facilities management company, Simply Serve Limited, commenced operations in February 2018. Simply Serve Limited was created to ensure that the Trust is able to develop cost effective services together with enhancing the ability to recruit and retain key staff groups. The company protects existing jobs, creates new employment opportunities in the local community and ensures the continued quality provision of crucial hospital services. The Trust considers that Simply Serve Limited and all members of staff employed are very much a part of the Yeovil District Hospital group and the values, culture and objectives for the company and the Trust are closely aligned.

Simply Serve Limited's overall performance has grown in strength with key service metrics showing strong performance and a strong financial position. The organisation has grown its profitable customer base and service offering. Courier services have been established and provide a higher quality service at a lower cost to the Trust. Maintenance, compliance and other services are provided to a number of customers including the GP practices operated by Symphony Healthcare Services Limited.

The Simply Serve Limited catering team and the Breeze Café have received their 5* food hygiene rating after an unannounced inspection from the Council. In addition, the Procurement team have been accredited with their Level 2 NHS Commercial and Procurement standard. The Level 1 standard was achieved in 2017 and Simply Serve Limited are now one of a few Procurement teams in the South West that has managed to achieve Level 2 status. The NHS Commercial and Procurement standards are set out by the Department of Health to ensure best practice and it is a benchmark of procurement performance. The assessors commented that the team were the best prepared and organised out of all the assessments that they had carried out.

All necessary accreditation for the performance of high quality, effective services has been achieved and maintained.

Symphony Healthcare Services Limited: Symphony Healthcare Services was a critical part of the national Vanguard programme designed to stabilise primary care as well as being the vehicle through which new models of care can be delivered. In particular, supporting patients to live independently, allowing GPs to focus on those most in need and reducing overnight hospital stays.

Following establishment in April 2016, the organisation has continued to develop over the last five years and now provides primary care services to over 80,000 patients. During 2020/21, Symphony Healthcare Services integrated an additional practice – Exmoor medical centre and the following are therefore part of the organisation:

Practice	Integration	Merged	List Size: March 2021
Buttercross Health Centre	07/04/16	1 July 18	7,392
The Ilchester Surgery	07/04/16		
Yeovil Health Centre	07/04/16	1 September 17	10,800
Oaklands Surgery	01/08/17		
Highbridge Medical Centre	01/04/17		12,047
Crewkerne Medical Centre	01/07/17	1 July 18	12,946
West One Surgery	01/07/18		

Wincanton Health Centre	01/10/17		8,965
Hamdon Medical Centre	01/05/18		5,745
The Meadows Surgery	01/11/18		3,952
Martock Surgery	01/12/18	Practices merged pre-Integration	10,717
South Petherton Medical Centre	01/12/18		
Bruton Surgery	01/02/19		6,019
Exmoor Medical Centre	01/04/20		3,969
TOTAL			82,552

Symphony Healthcare Services has continued to manage and support these practices by embedding the organisation's vision, mission and values and has spent a considerable time over the last year nurturing a team culture across the organisation with noticeable improvements evidenced within the Symphony Healthcare Services annual staff survey.

Specifically, under the organisations 'transformation' agenda, expedited by COVID-19, Symphony Healthcare Services implemented an online consultation system, askmyGP, within nine out of the 10 surgeries (one surgery historically used another system). This system has been revolutionary for both patients and staff members, improving the practices ability to offer help to those that need it by the right person, in the right setting at the right time.

COVID-19 prevented any further CQC inspections throughout 2020/21 and the organisation awaits an inspection date for Crewkerne Health Centre. This inspection is necessary to improve the practices rating from 'Requires Improvement' to 'Good', ensuring consistency of rating and quality across the Symphony Healthcare Services surgeries. Exmoor Medical Centre is also due a CQC inspection due to the change in provider that occurred as part of integration. Symphony Healthcare Services will continue to build upon the outcomes of all the inspections to ensure the continuing development of quality services for all patients across all practices.

Symphony Healthcare Services operated at a deficit in 2020/21; however, the entity has made a significant improvement over the year reducing its deficit by c£200k.

Moreover, the organisation continues to receive interest from practices within the South West of England and is working alongside a number of practices that currently wish to integrate. Specifically, Ryalls Park Medical Centre joined the organisation on 1st April 2021. Symphony Healthcare Services has also entered into a Memorandum of Understanding with Somerset NHS Foundation to support the four primary care practices run by the Trust, with a view for a longer term solution and formal integration of these practices into Symphony Healthcare Services in the future.

In addition to the organisations growth, Symphony Healthcare Services will continue to ensure that the 'enhance' and 'transformation' elements of its mission are supported through the new financial year. In particular, the organisation will look to continue developing it's multidisciplinary team approach which has been aided by the national development of Primary Care Networks (PCN). The Symphony Healthcare Services practices currently participate within six PCNs across the Somerset County. Over 2020/21 these PCNs have worked collaboratively to aid the COVID-19 efforts but the intention will be for them to return their focus to expanding the healthcare provision locally to support the increasing patient demand and care needs of the community.

Daycase UK LLP: Daycase UK was a subsidiary of Yeovil District Hospital that was formed in June 2016 after an OJEU procurement for a joint venture partner to support efficient day case activity. It was previously 70 percent owned by Yeovil District Hospital and 30 percent owned by Ambulatory Surgery International (ASI), which is an offshoot of AmSurg a leading US-based day case facility operator. During 2019/20, up until 28 February 2020, Daycase UK provided day surgery within the Day Surgery Unit at Yeovil District Hospital and at the Castleton Unit at the Yeatman Hospital in Sherborne across a range of specialties.

The initial business model depended upon growing the level of day case surgery activity. However, due to the financial constraints currently experienced by the wider NHS, and the Somerset system, it has not been possible to increase level of activity to the volumes required to deliver an effective partnership. On this basis and following ASI's intention to focus on other opportunities, both parties mutually agreed to terminate the partnership with Yeovil District Hospital purchasing ASI's shares in the entity. Therefore, on 1 March 2020, all staff and activities transferred back to Yeovil District Hospital. ASI formally retired from the partnership in May 2020. Daycase UK was then formally dissolved in November 2020.

Yeovil Property Operating Company Ltd: Yeovil District Hospital established a subsidiary company, Yeovil Property Operating Company Ltd, to facilitate integration of GP practices. It enables former GMS practices to sub contract service delivery to SHS whilst retaining the right to receive notional rent from NHSE. The company was incorporated on 19th January 2016. There are no transactions other than the flow of rent.

Wellchester Innovation Limited: Wellchester Innovation Limited was incorporated on 1 October 2016 to provide consultancy services leveraging YDH's knowledge of innovation in the health sector. The company was dormant until it was dissolved in September 2020.

Yeovil Estates Partnership LLP: Yeovil Estates Partnership LLP (YEP) is a strategic estates partnership with Interserve Prime to provide an estate, infrastructure and service transformation solution to generate value and savings, in line with clinical strategy. The 15-year partnership (established on 29 October 2014) enables the Trust to fully explore all its options and ensures that these are realistic and fundable, as well as identifying opportunities for the Trust to earn income, which can be reinvested into frontline services. The new residential development was delivered through the Yeovil Estates Partnership during 2020/21.

Southwest Pathology Services LLP, SPS Facilities LLP, SW Path Services LLP: Established in 2011/12, Southwest Pathology Services took responsibility for delivering the full range of laboratory services to Musgrove Park Hospital and Yeovil District Hospital on 1 June 2012, serving a population of over 500,000 and over 100 GP practices. The SPS hub laboratory provides services for the NHS and other organisations in the southwest, undertaking the high quality, efficient processing of routine and non-urgent testing, reporting results according to clinically agreed turnaround times.

Further information on all group entities can be found within the Trust's Annual Accounts 2020/21. The Trust has no overseas operations other than recruitment campaigns.



Jonathan Higman, Chief Executive, 11 June 2021

3. FINANCIAL PERFORMANCE ANALYSIS

The full annual accounts are provided at the end of this document. This section provides a summary of the key figures.

Going Concern

In preparation of the year end accounts the Board is required to undertake an assessment as to whether the Trust will continue as a going concern.

The Trust prepares its accounts under the financial reporting framework set out for the NHS in the Department of Health and Social Care Group Accounting Manual (GAM), which is based on the anticipated continued provision of services in the public sector is a sufficient basis for preparing the accounts on a going concern basis (the continuation of service principle).

As the Board has every expectation that the services provided by the Trust will continue to be provided in the public sector, it is appropriate to adopt the going concern basis in preparing the accounts for 2020/21. The Board has considered whether there are uncertainties regarding future issues which should be disclosed to enable a true and fair view.

The Trust is currently in merger discussions with Somerset Foundation Trust. This does not change the Board's expectation that the services provided by the Trust will continue to be provided in the public sector.

Therefore, these accounts have been prepared under a going concern basis as set out in IAS 1.

Summary Statement of Comprehensive Income

	Group 2020/21	Group 2019/20
	£'000	£'000
Operating income from continuing operations	222,265	195,401
Operating expenses of continuing operations	(218,075)	(193,942)
Operating Profit / (Loss)	4,190	1,459
Finance income	2	14
Finance expense – unwinding of discount on provisions and financial liabilities	(136)	(1,473)
PDC dividend expense	(1,245)	0
Net finance costs	(1,379)	(1,459)
Gain/(Loss) on disposal of non-current assets	(137)	(91)
Corporation tax Expense	(383)	28
Surplus/ (Deficit) for the year	2,291	(63)
Revaluation gains and impairment losses – property, plant and equipment	23	1,588
Other reserve movements	0	(46)
Total comprehensive income for the year	2,314	727

Income

	Group 2020/21	Group 2019/20
	£'000	£'000
Clinical income		
A&E income	0	8,317
Elective income	0	18,411
High cost drugs Income	11,544	11,675
Non-elective income	0	47,060
Other non-protected clinical income	231	372
Other NHS clinical income	2,689	28,176
Community Services Income*	15,463	13,703
Outpatient income - Firsts	0	7,448
Outpatient income – Follow ups	0	11,392
Private patient income	2,132	2,132
Block contract/system envelope*	140,228	0
Pension contribution central funding	4,240	3,763
Clinical income from activities	175,518	152,449
Other operating income		
Research and development	801	921
Education and training	5,200	4,515
Receipts of capital grants and donations	2,114	169
Resources from NHS charities excluding investment income	771	522
Top up income	18,139	0
Provider Sustainability Fund income	0	19,479
Other income**	17,342	17,346
Total other operating income	46,747	42,952
Total operational income	222,265	195,401

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes.

**Included within 'other income' is income relating to car parking, catering, staff recharges, estates recharges and additional other income.

Expenditure

	Group 2020/21	Group 2019/20
	£'000	£'000
Clinical negligence insurance	(4,305)	(4,195)
Consultancy costs	(391)	(239)
Depreciation and amortisation	(4,736)	(4,500)
Drug costs	(20,864)	(20,537)
Establishment	(4,285)	(3,266)
Fees for Audit:		
- Statutory audit	(72)	(64)
- Audit related assurance services	26	(22)

- Other assurance	0	(1)
Internal audit fees	(54)	(55)
Tax advisory services	(191)	(174)
Impairment	0	(84)
Increase provisions	(1,855)	(1,563)
Legal fees	(126)	(150)
Losses, ex gratia and special payments	(41)	(149)
NHS charities expenditure	(470)	(523)
Premises	(10,865)	(9,853)
Purchase of healthcare from non NHS bodies*	(6,934)	(6,800)
Rentals under operating leases	(729)	(755)
Operating Expenditure IFRIC 12	(541)	(561)
Services from:		
- CCGs and NHS England	(7)	(72)
- NHS Foundation Trusts	(2,645)	(2,422)
- NHS trusts	(44)	(104)
Staff costs:		
- Executive directors'	(1,427)	(937)
- Other staff costs	(139,027)	(121,402)
- Redundancy costs	(209)	(139)
- Non-executive director costs	(124)	(110)
Supplies and services (excluding drug costs)		
- Clinical	(12,434)	(9,478)
- General	(3,083)	(3,085)
Training	(447)	(681)
Transport	(975)	(1,194)
Other	(1,169)	(827)
Total Operational Expenditure	(218,075)	(193,942)

*The Trust figure includes intercompany expenditure with non-NHS wholly owned subsidiaries.

Agency Staffing

Nursing

Our success with overseas recruitment has meant that we continue to have no Band 5 nursing vacancies across inpatient clinical areas. However, there were periods of high sickness during Covid-19 that meant temporary nurse staff were required. This resulted in the Trust spending more on temporary staffing than we planned.

The number of staff we have on our Bank remains high due to our policy of “auto enrolment” for all our nursing staff to ensure that they are able to work additional shifts. Our Bank fill rates have continued to increase during 2020/21 achieving 88% for registered nurses and 99% for our unregistered shifts.

Yeovil Hospital continues to recruit overseas nurses for a number of other trusts and is a ‘Recruitment Hub’ for the South of England. Our recruitment programme has been recognised by Health Education England as the “best end to end recruitment service in the

whole of the NHS". The overseas recruitment service has supported over 1400 nurses to join the NHS over the past three years. The service includes full support in the advertising, interview, registration, pre-employment document check stages as well as providing training and assessments for the required Objective Structured Clinical Examinations (OSCE). The OSCE training programme has achieved 100% pass rate.

Medical

Medical staffing continues to be the most challenging area of recruitment with locum agencies dominating the labour market and demanding high pay rates above the national cap. However, the Trust has been successful in filling most medical vacancies and this has resulted in the Trust spending less on temporary staff than planned. This has been driven by a medical workforce key stakeholder group, which meets regularly to develop strategies and trial changes in staffing models in order to tackle the ever-changing challenges we are facing.

Capital Investment

£9.2m was invested in Capital schemes in 2020/21, which included spend on medical equipment including a new MRI scanner, TrakCare (electronic patient record system) development, general site improvements and construction works including an additional ICU bay, work on the Woman's Hospital roof, Convamore roof and the phase two Emergency Department expansion.

Summary Statement of Financial Position

	Group	Group
	2020/21	2019/20
	£m	£m
Non-current assets	77,468	70,169
Current assets	46,428	33,391
Current liabilities	(39,542)	(115,406)
Total assets less current liabilities	84,350	(11,846)
Non-current liabilities	(3,821)	(3,620)
Total assets employed	80,529	(15,466)
Total taxpayers equity	80,529	(15,466)

Cashflow Statement

	Group	Group
	2020/21	2019/20
	£'000	£'000
Cash flows from operating activities		
Operating surplus	4,190	1,459
Non-cash income and expense:		
Depreciation and amortisation	4,736	4,500
Net impairments and reversals of impairments	0	84
Income recognised in respect of capital donations	(2,114)	(169)
(Increase)/decrease in receivables and other assets	(4,106)	(4,213)
(Increase)/decrease in inventories	(246)	(41)
Increase/(decrease) in payables and other liabilities	16,832	(320)
Increase/(decrease) in provisions	1,845	1,665
Corporation Tax	(292)	(109)

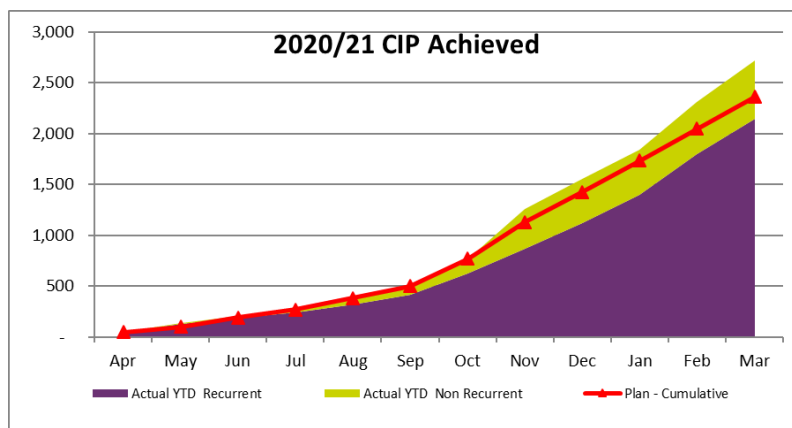
Other movements in operating cashflows	0	2
Net cash generated from operations	20,845	2,858
Cash flows from investing activities		
Interest received	2	4
Payments to acquire intangible assets	(1,110)	(500)
Payments to acquire tangible fixed assets	(8,058)	(3,301)
Sale of property, plant and equipment	0	0
Receipt of cash donations to purchase capital assets	300	48
Prepayment of PFI capital contributions (cash payments)	(253)	(463)
Other movements in investing activities	2	(53)
Net cash used in investing activities	(9,117)	(4,265)
Cash flows from financing activities		
Public Dividend Capital received	93,682	2,250
Public Dividend Capital Interest (paid)	(2,100)	0
Loans received from Department of Health and Social Care	(89,797)	9,948
Movements on other loans	156	36
Interest paid on loans	(369)	(1,415)
Loans repaid - including finance lease capital	(796)	(161)
Interest element of finance lease	(40)	(44)
Other capital movements	(13)	(14)
Net cash used in financing activities	753	10,660
Increase / (decrease) in cash and cash equivalents	12,481	9,193
Cash and cash equivalents at 1 April	14,214	5,021
Cash and cash equivalents at 31 March	26,695	14,214

Income Disclosures Statement

Yeovil District Hospital confirms that income from health services is greater than income from any other source. Income that is raised through other sources is reinvested back into the Trust to improve healthcare provision.

Cost Improvement Plans (CIP)

Due to the COVID-19 pandemic, the focus on cost improvement plans in year was reduced and the original planned target for the year was revised to a lower value. In year, savings of £2,714k were delivered against this revised target of £2,361k. 79.1% of cost improvement plans achieved were recurrent (£2,147k, with the full year effect of recurrent savings being £2,231k).



Whilst the target was lower than in previous years, delivery of this level of savings during the COVID-19 pandemic is a significant achievement, equating to 1.2% of turnover.

Environmental Sustainability

The NHS Net Zero Carbon initiative from NHS England in 2020 has given focus to all trust's across the UK to aim to be the world's first net zero national health service. It sets out two key deliverables, namely:

- For the emissions controlled directly (the NHS Carbon Footprint), to reach net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032;
- For the emissions the Trust can influence (our NHS Carbon Footprint Plus), to reach net zero by 2045, with an ambition to reach an 80% reduction by 2036 to 2039.

What this means for Yeovil District Hospital is to consolidate the Trust's strategy in the setting of clear targets to reach the 2028/32 reduction from the original baseline established in 1992. In order to support this work, Yeovil District Hospital and Somerset NHS Foundation Trust are working collaboratively through the appointment of a joint Sustainability Manager, who will co-ordinate efforts and share learning experiences across both sites.

Simply Serve Limited continues to monitor and benchmark the Trust's performance against its peers and is in the process of establishing a Sustainability Working Group in order to spread and embed the sustainability agenda across the whole site, recognising that sustainability as a function is wider than the services provided by Simply Serve Limited.

Simply Serve Limited have also signed up and are working towards achieving ISO 140001; the internationally recognised standard for an environmental management system that an organization can use to enhance its environmental performance. This Standard is being sought in a confirmed effort to manage the environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

Therefore, our priorities for 2021/22 are to:

- Set up and seek accreditation under the requirements identified within ISO 140001
- Operate in partnership with Somerset NHS Foundation Trust to work jointly to reduce waste, learn from each other and to share experiences and goals.
- Continue to review and reduce waste wherever possible through regular communications, the exploration of new waste streams and seeking further possibilities to recycle.

Energy Management

As an integrated part of the Net Zero Carbon strategy, the Trust is also seeking to reduce its carbon emissions in line with NHS England's targets and this will be achieved through a concerted effort in understanding the carbon footprint for everything we do and to establish methodologies for seeking reductions in the same.

The Trust and Simply Serve Limited is currently introducing carbon reduction strategies, primarily through the investment of spend to save capital monies where a clear distinction between any investments considers the carbon impact and wherever possible, reduces this.

The Trust sought funding from the SALIX initiative, which unfortunately was not received; however, a further grant is being sought this year to invest in replacing near end of life

boilers with plant that is more efficient and to consider replacing our Combined Heat and Power Units (CHP's) with either ground or air source heat pumps. In addition, the Trust will be seeking to replace our out of date Building Management System (BMS) to be able to manage and control lighting and heating systems effectively.

Simply Serve Limited is continuing to work with Veolia Ltd on an energy performance contract (EPC) to review our current contract for best and most efficient use of its two Combined Heat and Power Units and to consider options to seek eventual low carbon replacement of these units.

The efficient use of energy has been difficult to manage within the pandemic, as there were many additional ventilation requirements placed upon the Trust, however, even in response to this, more efficient plant was installed where possible and the reduction of desk fans during this period has led to lower than expected electricity consumption.

Following on from the priority investment targets set in 2020/21, the Trust has purchased windows for three whole wards, providing double-glazing and a draft free environment and has replaced an air handling unit and a main theatre chiller plant using the most efficient plant available.

Simply Serve Limited, on behalf of the Trust, is also in discussions with suppliers of LED lighting to expand the use of LED on site, which will form part of our spend to save strategy.

Waste Management

The reduction of waste and correct segregation can and continues to form our focus on managing waste effectively. For instance, using a refillable bottle for a year saves 64kg of CO2 compared with single use plastic bottles.

Simply Serve Limited, with the full support of the Trust, has set up a Food Waste Action Group, with its sole intention to reduce the current amount of food waste from the current 23% to at least a 40% reduction. This will be achieved through a review and assessment of our current meal request system to understand if it can be made at a more suitable time for patients and to make sure that the protected mealtime is observed.

The amount of waste generated by the need to wear and replace face masks at all times whilst within the hospital has inevitably increased the amount of waste produced despite efforts to determine whether these disposable masks can be recycled.

The Trust continues to recycle all metals, the use of plastic cutlery has been changed for plant based substitutes and all staff are encouraged to reuse receptacles that would ordinarily be single use items, where appropriate, and work with our Procurement teams to introduce carbon neutral products where possible in all the Trusts purchases.



Jonathan Higman, Chief Executive, 11 June 2021

3. ACCOUNTABILITY REPORT

NHS Foundation Trust Code of Governance Disclosures

The directors are required to prepare an annual report and accounts for each financial year. The directors consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and stakeholders to assess Yeovil District Hospital's performance, business model and strategy.

Yeovil District Hospital has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

How the Board of Directors and the Council of Governors Operate (Including the Handling of any Disputes)

The Trust's constitutional documents, relevant legislation and the regulatory framework set out how the Board and the Council of Governors exercise their functions. Yeovil District Hospital retains a register of interests for the Council of Governors and the Board and these are reviewed at least annually. The register for all Board members is presented to the Board of Directors meeting at each meeting. The registers are also available, on request, from the Company Secretary. A list of interests of the Board are available within published Board papers.

The general duty of the Board and of each director individually is to act with a view to promoting the success of the Trust to maximise the benefits for its members and for the public. As such, the overall objective of the Board is to secure the long-term success of the organisation. The Board has the same role as that of any other unitary Board – to set strategic direction and to oversee the work of the executive to ensure that corporate objectives and performance targets are achieved. No individual on the Board has unfettered powers of decision. All powers which have not been retained by the Board or delegated to a committee of the Board are exercised on its behalf by the Chief Executive. If the Chief Executive is absent, powers delegated to him may be exercised by a nominated officer after taking appropriate advice from the Chief Finance Officer. The Board remains accountable for all of its functions, including those that have been delegated.

The Board may appoint committees consisting wholly or partly of directors, or wholly or partly of persons who are not directors. The committees of the Board are: Audit Committee, Governance and Quality Assurance Committee, Financial Resilience and Commercial Committee, Workforce Committee and a Remuneration Committee (which approves the appointment of executive directors and reviews their performance annually along with their levels of remuneration).

The National Health Service Act 2006 gave the Council of Governors various statutory roles and responsibilities and these were expanded, clarified and added to through the 2012 Act.

The Council of Governors is responsible for appointing and, if appropriate, removing the Chairman and non-executive directors (on the recommendation of the Appointments Committee), for appointing the external auditors and for approving (or not) the appointment of the Chief Executive. It is responsible for deciding the remuneration and other terms and conditions of the Chairman and non-executive directors (on the recommendation of the Appointments Committee), for receiving the annual accounts, any report of the auditor on them, and the annual report at a general meeting of the Council of Governors.

The Council of Governors is also responsible for holding the non-executive directors, individually and collectively, to account for the performance of the Board, representing the interests of members, approving significant transactions or any application by the Trust to enter into a merger, acquisition or dissolution, deciding whether its non-NHS work would significantly interfere with its NHS work, and reviewing amendments to the organisation's Constitution.

The Council of Governors comprises elected and appointed governors and is chaired by the Trust Chairman. The Council of Governors may not delegate any of its powers to a committee or sub-committee, but it may appoint committees or working groups consisting of governors, directors, and other persons to assist it in carrying out its functions. The committees and working groups of the Council of Governors in operation during 2020/21 were: Appointments Committee, Strategy and Performance Working Group and Membership and Communications Working Group. Members of the Board, including the non-executive directors, regularly attend the Council of Governors and their working groups. The Chairman and Chief Executive regularly meet face-to-face with the governors who are also encouraged to attend and observe meetings of the Board and its assurance committees as part of their role. Due to the restrictions on visiting during the COVID-19 pandemic, the clinical walkarounds with the Chairman and a member of the Clinical Governance Department were suspended in 2020/21.

During 2020/21, the Council of Governors discharged its statutory duties. The governors contributed to the development of the Trust's forward plans and reviewed key aspects of finance, performance and quality through its various activities. They received the Annual Accounts and the Annual Report at the Annual General Meeting. To comply with its role to hold the Non-Executive Directors to account, the Council of Governors regularly met with them and requested updates and attended meetings of the Board and its assurance committees. The governors received regular updates on the proposed merger with Somerset NHS Foundation Trust and the associated due diligence processes. The governors will be required to approve the application by the Trust to enter into any proposed merger, acquisition, separate or dissolution.

In the event of a dispute between the Council of Governors and the Board, in the first instance the Chairman shall seek to resolve it (on advice from the Company Secretary and/or Senior Independent Director and such other guidance as the Chairman may see fit to obtain). If the Chairman is unable to address the dispute, he shall appoint a special committee comprising equal numbers of directors and governors to consider the circumstances and to make recommendations to the Council of Governors and the Board. If the recommendations (if any) of the special joint committee are unsuccessful, the Chairman may refer the dispute back to an external mediator appointed by an organisation selected by him. There were no disputes between the Council of Governors and the Board during 2020/21.

The Senior Independent Director is available to governors and members should they have concerns which they have not been able to resolve through the normal channels of communication via the Chairman and Chief Executive or for which such contact is inappropriate. To contact the Senior Independent Director, all correspondence, marked private and confidential, should be sent to the Company Secretary at Yeovil District Hospital NHS Foundation Trust, Higher Kingston, Yeovil BA21 4AT.

Audit Function and Audit Committee Role

The Audit Committee has responsibility for providing assurance to the Board concerning the system of internal control, risk management, financial statements and compliance and

governance. The Audit Committee oversees the effective operation of the internal and external audit programme and counter fraud activities.

BDO are the Trust's appointed internal auditors and they undertake reviews for the level of assurance on the adequacy of internal control arrangements, including risk management and governance. The Trust's external auditors are KPMG who provide the Trust's statutory audit services.

During 2020/21, KPMG reviewed whether their general procedures support their independence and objectivity, including any matters related to the provision of non-audit services, and positive affirmation has been presented to the Audit Committee. This is in line with guidance from the National Audit Office, which states that the total fees for advisory services should not exceed 70% of the total fee for all audit work carried out a public body.

When considering the effectiveness of the external auditors, the Audit Committee:

- Reviews in detail the presentations, reports and communications from KPMG;
- Expects attendance from KPMG at every scheduled Audit Committee; and
- Receives the external audit plan and keeps it under review to ensure the quality of the external audit and to assess any risks of delivery against plan.

In addition, the non-executive director members of the Audit Committee, including the Chair of the Audit Committee, regularly meet with KPMG and BDO and seek views about the executive directors, particularly the Chief Finance Officer, as to their effectiveness. KPMG and BDO also meet regularly with members of the executive team to broaden their knowledge of Yeovil District Hospital and to provide information on sector developments and examples of best practice. KPMG have built a strong and effective working relationship with the internal auditors to maximise assurance to the Audit Committee, avoid duplication and provide joint value for money. During the year, the Audit Committee considered the following significant audit risks identified by external audit:

- Fraudulent recognition of revenue
- Fraudulent recognition of non-pay expenditure
- Management Override of Controls

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. KPMG issued an unqualified opinion on the Trust's financial statements audit for 2020/21. In addition, no significant weaknesses were identified with regard to the Trust's arrangements for ensuring value for money. The external auditors did not identify any recommendations based upon their risk assessment or work completed in response to the identified risk.

Governors and Membership Information

The Council of Governors meets on a quarterly basis and comprises 13 elected public governors, four elected staff governors, three local authority governors and four other partnership governors. The organisations currently specified as Partnership Organisations that may appoint a partnership governor are NHS Somerset Clinical Commissioning Group (CCG), NHS Dorset CCG and the subsidiary companies of the Trust as one "Partnership Organisation Group", which may appoint up to two members to the Council of Governors.

Members of the public who reside within the Trust's various constituencies can be elected as a public governor. Elected governors (public and staff) are usually appointed for three-year terms. Alison Whitman remained Lead Governor following her appointment from 1 September 2020.

Anyone aged 14 and over who lives in England may become a member of Yeovil District Hospital, subject to a small number of exclusions. The public constituency is divided into six areas, five of which cover core wards and districts served by the hospital across Dorset and Somerset. The sixth constituency (Rest of Somerset and England) acknowledges the interest of members from a wider catchment area.

As at 31 March 2021, membership of the public constituency saw a small decrease compared to the previous year at 7,485. Public membership equates to approximately 4% of the Trust's catchment area. As at 31 March 2021, membership of the staff constituency saw a small increase to 2,304.

Continuous internal quality assurance assessments of membership data are undertaken to promote accuracy, remove duplicate records and resolve any other inconsistencies. The membership statistics and details of elected governors across all constituencies are provided as follows:

Public Membership

Constituency	Greater Yeovil	South Somerset (S&W)	South Somerset (N&E)	Dorset	Mendip	Rest of Somerset & England	Total
At 31 March 2021	2,380	1,673	1,755	935	536	204	7,485

Staff Membership

Staff Membership	2020/21
At 31 March 2021	2,304

Elected Governors – Public Constituency

Name	Constituency	Date Elected	Duration of Term of Office (Years)	Attendance at Council of Governor Meetings 20/21
Michael Beales	Greater Yeovil	01/06/2018	3	4/4
John Webster	Greater Yeovil	01/06/2014 01/06/2017 01/08/2020	3 3 1	4/4
Roger Wharton	Greater Yeovil	01/06/2019	2	3/4
Tony Robinson	South Somerset	01/06/2016 01/06/2019	3 2	4/4
Sue Bulley	South Somerset	01/09/2014 01/06/2017	3 3	3/4
Jenny Flory	South Somerset	01/06/2019	2	4/4
Sue Brown	South Somerset	01/06/2015 01/06/2018	3 3	3/4
Janette Cronie	South Somerset	01/06/2017 01/08/2020	3 1	4/4
Chris Elsworth*	South Somerset	01/08/2020	0	0/4
Nigel Stone**	South Somerset	01/06/2017 01/08/2020	3 1	3/3

David Moses	South Somerset	01/08/2020	1	2/3
Charlotte Brill***	Dorset	01/08/2020	0	0/0
Peter Shorland	Dorset	01/09/2019	2	4/4
Virginia Membrey	Mendip	01/06/2017 01/08/2020	3 1	4/4
Alison Whitman	Rest of Somerset & England	01/06/2014 01/06/2017 01/08/2020	3 3 3	4/4

*Chris Elsworth stepped down as a Public Governor for South Somerset (North & East).

**Nigel Stone was co-opted in as Public Governor for South Somerset (North & East) as the elected Governor had to step down.

***Charlotte Brill stepped down as Public Governor for Dorset.

Elected Governors - Staff Constituency

Name	Constituency	Date Elected	Duration of Term of Office (Years)	Attendance at Council of Governor Meetings 20/21
Michael Fernando	Staff	01/06/2012 01/06/2015 01/06/2018	3 3 3	4/4
Paul Porter	Staff	01/06/2013 01/06/2016 01/06/2019	3 3 2	2/4
Julie Reeve	Staff	01/09/2019	2	4/4
Fiona Rooke	Staff	01/06/2016 01/06/2019	3 2	4/4

Appointed Governors

Name	Stakeholder Organisation	Attendance at Council of Governor Meetings 20/21
Dirk Williamson	YDH Subsidiary Company "Partnership Organisation Group"	4/4
David Recardo	South Somerset District Council	4/4
Rob Childs	Dorset CCG	0/4
Lou Evans	Somerset CCG	2/4
Faye Purbrick	Somerset County Council	4/4

Membership Strategy and Representation

YDH recognises the importance of having a strong and representative membership. With approximately 7,500 public members, the Trust has access to an extensive community of users and supporters. The aim during the coming year is to maintain those numbers, to improve the quality of engagement with them and to recruit younger members. YDH has a membership coordinator (Corporate Services Assistant) who works with the communications team and patient experience team to develop and implement the membership strategy. In 2020/21, the governors unfortunately could not continued with their 'Governor Surgeries' within the outpatient department due to the COVID-19 pandemic as all non essential visits were stood down. Options are constantly being discussed to assist with further membership and public engagement in a socially distanced and safe manner.

There is a Membership and Communications Working Group of the Council of Governors, which was established to set and evaluate the strategic priorities in relation to membership and to review recruitment opportunities and activities. The working group comprises public and staff governors and reports to the Council of Governors.

Yeovil District Hospital holds events, produces marketing and publicity material and distributes a hospital newsletter to all members. Governors will also undertake opportunistic recruitment and communication within their communities.

Contact Information for Members

The Corporate Services Assistant acts as the key point of contact for governors. Any member wishing to raise an issue with a director or governor can do so by writing, emailing or telephoning the individual at Yeovil District Hospital or by speaking to the governor in their constituency. Contact details for directors, governors and the Corporate Services Assistant are available on the YDH website.

Directors Report

Statement of Disclosure to the Auditors

So far as the directors are aware, there is no relevant audit information of which the Trust's auditor is unaware. The directors have taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Statement on Compliance with Cost Allocation and Charging Guidance Issued by HM Treasury

Yeovil District Hospital has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

Income Disclosures

The income received from the provision of goods and services for purposes other than providing healthcare is less than that received for providing healthcare. The other income received enables the Trust to invest in healthcare for the benefit of patients. No political or charitable donations have been made by Yeovil District Hospital.

Better Payment Practice Code

Under the national Better Payment Practice Code, the Trust aims to pay non-NHS invoices within 30 days of receipt. As outlined below, 88% of NHS invoices and 95% of Non-NHS invoices were paid within this target in 2020/21. This is an improved position from 2019/20.

	2020/21		2019/20	
	Number	£'000	Number	£'000
Total NHS trade invoices paid in year	811	5,101	1,553	5,778
Total NHS trade invoices paid within target	714	4,815	1,222	4,508
Percentage of NHS trade invoices paid within target	88%	94%	79%	78%
Total Non-NHS trade invoices paid in year	30,697	102,157	47,714	87,627
Total Non-NHS trade invoices paid within target	29,288	97,028	43,440	82,780
Percentage of non-NHS trade invoices paid within target	95%	95%	91%	94%

Quality Governance

The Quality Account (due for publication later this year) and the annual governance statement provide an overview of the arrangements in place to govern service quality, including descriptions of how the Trust is continuing to improve patient care and enhance the patient experience. Details of Yeovil District Hospital's activities in research and development and information about patient care activities will be set out in the Quality Account.

The Board

The membership, skills and expertise of the Board during 2020/21, together with attendance at meetings, the commitments of the Board members were as follows:

Paul von der Heyde+

Chairman



Paul von der Heyde joined the Trust Board as a Non-Executive Director in June 2012 and assumed the role of Chair of the Audit Committee from June 2013 – April 2016 and the Board Remuneration Committee from March 2014 – January 2016. He began his post as Chairman in January 2016.

Paul was in practice as a Chartered Accountant for almost 30 years helping people and businesses thrive and develop their commercial and financial affairs. Following that he became Chief Executive of the UK arm of a substantial European group for eleven years whose principal purpose was to develop working environments within which enterprise could flourish. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Public Board Attendance: 8/8

Board Remuneration Committee Attendance: 6/6

Martyn Scrivens+*

Non-Executive Director



Martyn joined the Trust Board in April 2018.

Martyn was a Fellow of the Institute of Chartered Accountants and chaired the Institute's Internal Audit Advisory Panel. He has 40 years of experience in audit and risk management, operating at Board level with both the public and private sector. Over the last 15 years he has led the internal audit functions first at a major UK bank and then at a global investment and wealth management bank. From 2010 to 2012, he was a board member of the East Kent Hospitals NHS Trust. Martyn chairs the Trust's Financial Resilience and Commercial Committee and is Chairman of Simply Serve Limited.

Public Board Attendance: 7/8

Audit Committee Attendance: 4/5

Board Remuneration Committee Attendance: 5/6

Maurice Dunster+**Non-Executive Director**

Maurice Dunster joined the Trust Board in June 2012. After a career as a science teacher Maurice Dunster moved to the John Lewis Partnership. There he held a number of posts including HR Director for the John Lewis Department Store division, and finally Corporate Director of Organisational Development.

Maurice was Chair of the Workforce Committee. He stood down from the Yeovil Hospital Board in January 2021. He remains Chairman of Symphony Healthcare Services.

Public Board Attendance: 6/6

Board Remuneration Committee Attendance: 5/5

Jane Henderson+***Deputy Chairperson / Non-Executive Director / Senior Independent Director**

Jane Henderson joined the Trust Board in June 2013. Jane has held a number of high-profile regional and national leadership roles, including Chief Executive of the South West Regional Development Agency, Regional Director of the Government Office for the South West and Director of Finance and Funding for the Higher Education Funding Council for England. Previous non-executive board roles include Dementia UK, and Bath Spa University, where Jane was chair of the governing body. Jane is Chair of the Governance and Quality Assurance Committee and is the Trust's Senior Independent Director.

Public Board Attendance: 8/8

Audit Committee Attendance: 5/5

Board Remuneration Committee Attendance: 6/6

Graham Hughes+**Non-Executive Director**

Graham Hughes joined the Trust Board in April 2018. Graham has over 40 years of experience in the financial and legal sectors and was previously an Executive Director of Bank and Clients PLC. Prior to this, in his capacity as Managing Partner and latterly Chairman, he developed a legal practice to a multi office large employer. He has a deep understanding of commercial and risk management within the financial sector together with a thorough knowledge of the core strategic principles of heavily regulated and competitive sectors.

He has also been involved in change management, developing policies for large and complex organisations including Whistle blowing, IT Security and Data Protection and People policies. Graham chairs the Trust's Remuneration Committee.

Public Board Attendance: 8/8

Board Remuneration Committee Attendance: 6/6

Paul Mapson+***Non-Executive Director**

Paul joined the Trust Board in March 2020. After a career spanning 41 years in the NHS, including 17 years as Director of Finance and Information at University Hospitals Bristol NHS Foundation Trust, Paul retired in June 2019. He is Chair of the Audit Committee and member of the Financial Resilience and Commercial Committee.

Public Board Attendance: 8/8

Audit Committee Attendance: 5/5

Board Remuneration Committee Attendance: 6/6

Jonathan Higman**Chief Executive**

Jonathan Higman joined the Trust Board in January 2009 and became Acting Chief Executive in December 2017. He was appointed as Chief Executive in March 2019. During his time on the Board, he has held a number of Director level posts, including Director of Strategic Development and Director of Operations at the Trust.

Jonathan graduated from the University of Reading in 1993 and has over 20 years' experience working in a variety of roles in both hospitals and commissioning across the NHS in the South West and South East of England.

Public Board Attendance: 8/8

Shelagh Meldrum**Deputy Chief Executive / Chief Nurse & Director of People**

Shelagh Meldrum joined the Trust Board in February 2016. Shelagh joined YDH with a background in nursing and as a clinical services leader in both the NHS and private facilities. Shelagh began her career in the NHS as a senior nurse working in acute medicine, and subsequently as a senior specialist nurse in neurology. She later became a clinical services lead, managing the six departments, which formed the directorate of specialist medicine. Following a 14-year career in the NHS Shelagh worked as Head of Clinical Services in various independent healthcare facilities. Shelagh previously worked for Circle Healthcare, opening and holding the position of Registered Manager at CircleBath Hospital for five years and then took up the role of Registered Manager at CircleReading Hospital in 2014.

Public Board Attendance: 8/8

Sarah James**Chief Finance Officer**

Sarah James joined the Trust Board in October 2019. Sarah qualified as a member of the Chartered Institute of Public Finance and Accountancy in 1993, through the NHS Graduate Finance Training Scheme. She has worked in a range of finance roles at Salisbury FT, Royal United Hospital Bath FT, Avon and Wiltshire Mental Health Partnership and Wiltshire PCT and joined YDH after six years as Chief Finance Officer at Bath and North East Somerset CCG. Sarah has also undertaken roles in corporate governance, project management and performance management.

Public Board Attendance: 8/8

Dr Merry Kane**Chief Medical Officer**

Merry Kane joined the Trust Board in December 2019. Merry graduated from Nottingham University in 1993 and then trained as a Paediatrician with a special interest in Emergency Paediatrics, qualifying in 1996. She gained a Masters Degree in Medical Ethics and Law from Keele University in 2005, and later established the Trust's Medical Ethics Committee. Merry has occupied a number of management roles at YDH, including Clinical Director of both Emergency Medicine and Paediatrics, Associate Medical Director, and Responsible Officer. She is an alumna of the NHS Leadership Academy, with time spent at Harvard University and the Institute for Healthcare Improvement in Boston, USA. Merry is passionate in her belief that a well-supported and valued workforce is imperative for the delivery of the best possible care for patients and their families. Merry lives in Somerset with her husband and their four children.

Public Board Attendance: 7/8

Simon Sethi**Chief Operating Officer**

Simon Sethi joined the Trust Board in June 2015. Simon is a graduate of the NHS General Management Training Scheme and has an MSc in Healthcare Leadership from Birmingham and an MBA from Warwick Business School. Simon has experience in commissioning, system redesign, public health and hospital management. In 2018, Simon undertook a fellowship studying health services around the world to understand what lessons they could bring for the NHS. He is passionate about listening to clinical teams and supporting them to develop and improve services. Simon left Yeovil Hospital in January 2021.

Public Board Attendance: 6/6

Non-voting directors who attended meetings of the Board during the year were:

Jeremy Martin

Director of Transformation



Jeremy Martin joined the Board in February 2020. Prior to joining the Board, Jeremy was the Programme Director for the Symphony Vanguard Programme, which introduced new integrated models of care for the 150,000 population of South Somerset through a collaboration between primary care, NHS organisations, the local authority and voluntary sector. Prior to becoming Programme Director, Jeremy was Director of Planning and Performance at Yeovil Hospital, where he led on strategy, planning, performance, communications, IT and corporate governance.

Public Board Attendance: 6/8

Matthew Bryant

Chief Operating Officer



Matthew joined the Board in January 2021. He is also in the same role for Somerset Foundation Trust, and was appointed when the Trust was formed in April 2020. He is responsible for the day-to-day running of Yeovil Hospital, Musgrove Park Hospital and the community hospital service in Somerset. Matthew has worked in the NHS in the south west since 1998. He led medical and surgical services at the Royal Devon and Exeter Hospital for over a decade, and was part of the management team as it became one of the country's first foundation hospitals.

Public Board Attendance: 2/2

Stacy Barron-Fitzsimons

Director of Operations



Stacy Barron-Fitzsimons joined the Board in January 2021. Stacy has over 14 years' experience and throughout her career has held a wide variety of roles across Acute, Commissioning and Social Care settings, including Contracting, Information and Performance management and Project management. Stacy has an MBA from Bournemouth University and prior to joining the Board, she was the Deputy Director of Elective Care. Stacy is passionate about patient access and outcomes and supporting clinical teams to develop and improve services.

Public Board Attendance: 2/2

Key

* Indicates member of the Audit Committee

+Indicates member of the Board Remuneration Committee

Further information on all Directors' declarations of interest are published within the Board of Directors meeting papers that are available on the Trust's website.

Performance Evaluation of the Board/Governance Arrangements (Including Details of External Facilitation)

The Board continuously reviews and considers its expertise and experience and Yeovil District Hospital is confident that it has the necessary skills and capability within the Board and that its balance is complete and appropriate to the requirements of the Trust. The Board is satisfied that Yeovil District Hospital applies those principles, systems and standards of good corporate governance that reasonably would be regarded as appropriate for a supplier of healthcare services to the NHS. The Trust has structured governance arrangements in place with clear lines of reporting from "ward to Board" across operational, quality, safety, patient experience and finance, through assurance committees, to the Board.

NHS Foundation Trusts are subject to the recommendations of the *NHS Foundation Trust Code of Governance* (modelled on best practice UK governance principles) and the *Well-Led Framework*, which encourage Boards to conduct a formal evaluation of their own performance and that of its committees and directors. Accordingly, Yeovil District Hospital took part in a joint Care Quality Commission and NHS Improvement pilot inspection under the new well-led framework in 2017/18. This pilot inspection was considered to fulfil the requirements outlined in the well-led framework. In addition, the Trust was formally inspected by the Care Quality Commission and NHS Improvement in December 2018 and January 2019 where areas of good practice were identified during both inspections.

The Trust continuously reviews its Board governance structure and in 2019/20, BDO were invited to complete a review of the Effectiveness of Governance. This review focussed on the following key areas:

- The governance and management structure, including documented terms of reference and guidance to the committees
- The performance reporting processes and escalation through the committees to the Board, including the effectiveness of the information received, how performance action plans are developed, and how risks are delegated to the individual committees
- The membership and actual attendees of the committees and groups within the governance structure, and the resources and capacity available to staff with governance responsibilities

A number of areas of good practice were identified from the review, including:

- A clearly documented Governance Framework is in place at the Trust. This outlines the responsibilities of the key Board Assurance Committees, as well as the sub-groups and committees that feed into them
- Terms of Reference are in place for each of the committees and groups reviewed within the Governance Framework. These outline the responsibilities of the committee, as well as the frequency of meetings and the required attendees
- There is a separate Hospital Management Team, which monitors divisional and operational matters to ensure the Governance Committees can focus on overarching strategic governance.

The report also identified potential opportunities for the membership of the committees to be reviewed and reduced to improve their effectiveness. As such, the Trust took immediate action to reduce the duplication of both executive directors and deputy directors attending the same meetings. Alongside this, a piece of work is ongoing to review the sub-groups of the various Board assurance committees to understand whether certain groups could be merged or reduced.

In addition to the above, the Trust introduced a new Accountability Framework. This Framework outlines how the Trust will ensure clear lines of accountability from the Board to all teams across the organisation and its subsidiaries. It has been instigated by the Trust's recent Financial Governance Review, which recommended that the Trust introduce a clear accountability framework including monthly reviews with Executive Directors holding Divisional Teams to account.

This accountability framework takes as its guidance the framework used by UHBristol and tailors it for YDH's smaller size and fewer Divisions. The attempt is to balance the need for robust and clear accountability with an ability to remain agile and un-bureaucratic.

A monthly Executive Committee was also formed, formalising the executive decision-making group. This Committee is established by the Board of Director as the key senior leadership committee of Yeovil Hospital and is accountable to the Board for the management of the Trust and the delivery of the objectives set by the Board. The purpose of the Executive Committee is to consider all aspects of operational oversight and delivering the strategic direction for the Trust, and its associated strategies.

Previously, the Trust undertook a review of the effectiveness of the Board of Directors. This review included a revised schedule for the Board of Directors that now rotates between strategically and operationally focussed meetings, providing a suitable framework for the review and consideration of strategic developments, both within the hospital, the Somerset Integrated Care System and the wider healthcare system. This revised schedule has worked well in practice throughout 2020/21.

In 2020/21, an internal review, led by the Company Secretary and Head of Risk and Litigation, was commenced to ensure that the risk reporting arrangements remained adequate and identify if any further improvements could be made. This resulted in additional review and reporting of risk through the newly formed Executive Committee. In addition, a Board seminar session took place to consider the Trust's Risk Appetite Statement in light of the current environment resulting from COVID-19.

The Board considered that the current scoring for the Risk Appetite Statement remained appropriate and additional scrutiny would take place through the various Board assurance Committees on the contingency plans for any risks outside of the Risk Appetite level. Further information on internal control, the organisation's performance and the governance framework (including the Board Assurance Framework and Risk Appetite) is contained within the annual governance statement.

No material inconsistencies between the annual governance statement, corporate governance statement, annual report and reports from the Care Quality Commission have been identified.

A handwritten signature in black ink, appearing to read 'J. Higman', with a long horizontal line extending to the right.

Jonathan Higman, Chief Executive, 11 June 2021

Annual Remuneration Report

Annual Statement on Remuneration and Senior Managers' Remuneration Policy

The Remuneration Committee of the Board is responsible for reviewing and agreeing the salary and allowances payable to and the performance of the Chief Executive and Board level executive directors of Yeovil District Hospital. Details of the membership and the number of meetings held by the Remuneration Committee are contained in the directors report from page 44. In 2020/21, the Committee was chaired by Graham Hughes, Non-Executive Director. The Chief Executive, Company Secretary, Director of Human Resources and Organisation Development and Chief Medical Director attended the Remuneration Committee to give advice as required. No other person attended the Remuneration Committee to provide advice or services. To ensure there are no conflicts of interest concerning items on the meeting agenda, the member of staff to which discussions pertain is not in attendance.

With the exception of the Chief Executive, directors, doctors, and some key functional roles, all staff of Yeovil District Hospital are remunerated in accordance with the NHS National Pay Structure, Agenda for Change. The Chief Executive and all executive directors of Yeovil District Hospital are employed on substantive contracts under the Very Senior Managers pay scheme. A six months' notice period is required for loss of office as set out in their service contracts. The principles, on which the determination of payments for loss of office will be approached, will be to comply with statutory and contractual obligations and to ensure the continuing effectiveness of the organisation.

When reviewing executive pay, the Remuneration Committee undertakes a competitive benchmarking exercise and considers whether it is set at a sufficient rate to attract, retain and motivate executive directors to successfully lead the organisation and deliver its strategic objectives. While the Trust did not consult with employees on the remuneration policy regarding senior managers, it did take into account the national pay and conditions on NHS employees. The Remuneration Committee adopts the principles of the Agenda for Change framework when considering executive directors' pay. Where an individual director is paid more than £150,000, the Trust has taken steps to assure itself that remuneration is set at a competitive rate in relation to other similar NHS Foundation Trusts, and that this rate enables the Trust to attract, motivate and retain senior managers with the necessary abilities to manage and develop the Trust's activities fully for the benefit of patients.

During 2020/21, the Remuneration Committee considered whether the Board had appropriate composition and skill mix to meet the strategic objectives of the organisation and set executive director remuneration to reflect this position. In line with the Trust's strategic priorities, objectives are set for the Chief Executive and executive directors annually and performance is assessed through a formal appraisal process.

During the year, the Committee considered the executive directors performance and in line with the national guidance provided by NHS England and Improvement, the Remuneration Committee considered the Very Senior Managers pay uplift. In addition, the Committee considered any potentially significant redundancy or settlement payment.

Fair Pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director at Yeovil District Hospital in the financial year 2020/21 was £165,000 to £170,000 (2019/20 £165,000 to £170,000).

This was 5.8 times (2019/20 – 6.8 times) the median remuneration of the workforce which was £28,277 (2019/20 - £25,551). The calculation is based on employed members of staff and agency staff.

In 2020/21, the number of employees receiving remuneration in excess of the highest paid director was nine (2019/20 - three). Remuneration ranged from £166,000 to £216,000 in 2020/2021. The employees receiving remuneration in excess of the highest paid director are medical consultants.

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include employer pension contributions; the cash equivalent transfer value of pensions or severance pay.

Expenses of the Governors and Directors

The Trust has policies on the payment of expenses that governs all staff, including directors, governors and volunteers. During 2020/21, the expenses paid to members of the Board and directors attending the Board totalled £462. During the same period, the expenses paid to the members of the Council of Governors totalled £77. The combined sum for expenses was £539, which compares to £5,540 for 2019/20, £12,570 for 2018/19 and £14,579 for 2017/18. This reduction is a result of the COVID-19 pandemic and the reduction in travel to and from meetings and conferences.

Salary and Pension Entitlements of Senior Managers 2020/21

Name and Title		2020/21					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£00	£000	£000	£000	£000
P von der Heyde	Chairman	45 – 50	0	0	0	0	45 - 50
M Scrivens	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
M Dunster	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
G Hughes	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
J Henderson	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
P Mapson	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
J Higman	YDH Chief Executive	160 - 165	5	0	0	62.5 - 65	220 - 225
S James	YDH Chief Finance Officer	120 - 125	0	0	0	130 – 132.5	245 – 250
S Sethi	YDH Chief Operating Officer	90 - 95	0	0	0	70 - 72.5	160 - 165
M Bryant	YDH Chief Operating Officer	0 - 5	0	0	0	0	0 - 5
Dr M Kane	YDH Chief Medical Officer	135 - 140	0	0	0	82.5 - 85	215 - 220
S Meldrum	YDH Deputy Chief Executive / Chief Nurse & Director of People	140 - 145	0	0	0	0	140 - 145
J Martin	YDH Director of Transformation	95 - 100	0	0	0	25 - 27.5	120 - 125
S Barron-Fitzsimons	YDH Director of Operations	15 - 20	0	0	0	30 – 32.5	50 - 55
K White	SHS Managing Director	105 - 110	0	0	0		105 - 110
Dr K Patrick	SHS Director of Primary Care	30 - 35	0	0	0	32.5 - 35	65 - 70
Dr B Balian	SHS Medical Director	130 - 135	0	0	0	0	130 - 135
Dr H Sampson	SHS Strategic Development Director	0 - 5	0	0	0	0	0 – 5
Dr I Wyer	SHS Director of Wider Primary Care	0 - 5	0	0	0	0	0 – 5
D Stevens	SSL Managing Director	95 - 100	0	0	0	30 – 32.5	125 - 130
R Perkins	SSL Health and Sciences & IT Director	45 - 50	0	0	0	2.5 - 5	50 - 55
C Radstock	SSL Estates and Facilities Director	70 - 75	0	0	0	0	70 – 75

Notes: M Kane' salary includes pay for their clinical and non-clinical responsibilities.

*Pension related benefits is the in-year increase in the overall pension of any given employee. As the pension scheme is a final salary scheme any large increase or decreases to salaries significantly changes the in-year benefits calculation. This amount is not paid by the Trust.

The list of names includes those who commenced and/or finished their period of employment, or were in temporary positions in the financial year.

The remaining taxable expense payments relates to the additional mileage allowance paid over and above the Inland Revenue allowance.

Salary and Pension Entitlements of Senior Managers 2019/20

Name and Title		2019/20					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£00	£000	£000	£000	£000
P von der Heyde	Chairman	45 – 50	0	0	0	0	45 - 50
M Scrivens	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
M Dunster	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
G Hughes	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
J Henderson	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
P Mapson	Non-Executive Director	0 - 5	0	0	0	0	0 - 5
C Moore	Non-Executive Director	5 - 10	0	0	0	0	5 – 10
J Higman	YDH Chief Executive	160 - 165	0	0	0	20 - 22.5	180 - 185
T Newman	YDH Chief Finance and Commercial Officer	165 - 170	0	0	0	0	165 - 170
M Barber	YDH Interim Director of Finance	35 - 40	0	0	0	0	35 - 40
S James	YDH Chief Finance Officer	55 - 60	0	0	0	112.5 - 115	170 - 175
S Sethi	YDH Chief Operating Officer	120 - 125	0	0	0	65 - 67.5	185 - 190
Dr T Scull	YDH Chief Medical Officer	110 - 115	0	0	0	0	110 - 115
Dr M Kane	YDH Chief Medical Officer	60 - 65	0	0	0	0 - 2.5	65 - 70
S Meldrum	YDH Deputy Chief Executive / Chief Nurse & Director of People	135 - 140	0	0	0	0	135 - 140
T Norton	YDH Director of Transformation	105 - 110	0	0	0	0	105 - 110
J Martin	YDH Director of Transformation	15 - 20	6	0	0	15 - 17.5	30 - 35
M Seymour-Hanbury	SHS Managing Director	120 - 125	0	0	0	0	120 - 125
K White	SHS Managing Director	45 - 50	0	0	0	50 - 52.5	95 - 100
Dr K Patrick	SHS Director of Primary Care	65 - 70	0	0	0	45 - 47.5	115 - 120
Dr B Balian	SHS Medical Director	130 - 135	0	0	0	0	130 - 135
D Stevens	SSL Managing Director	100 - 105	0	0	0	42.5 - 45	145 - 150
R Perkins	SSL Health and Sciences & IT Director	70 - 75	0	0	0	30 – 32.5	105 - 110
D Shire	SSL Estates and Facilities Director	75 - 80	0	0	0	30 – 32.5	105 - 110

Notes: M Kane and T Scull's salary includes pay for their clinical and non-clinical responsibilities.

*Pension related benefits is the in-year increase in the overall pension of any given employee. As the pension scheme is a final salary scheme any large increase or decreases to salaries significantly changes the in-year benefits calculation. This amount is not paid by the Trust.

The list of names includes those who commenced and/or finished their period of employment, or were in temporary positions in the financial year.

The remaining taxable expense payments relates to the additional mileage allowance paid over and above the Inland Revenue allowance.

Pension Benefits of Senior Managers 2020/21

Name and Title		Real increase in pension at pension age (bands £2,500)	Real increase in pension lump sum at pension age (bands £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2020	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
J Higman	YDH Chief Executive	2.5 - 5	0 – 2.5	50 - 55	115 - 120	895	61	972	0
S James	YDH Chief Finance Officer	5 – 7.5	10 – 12.5	45 - 50	125 - 130	891	139	1,045	0
S Sethi	YDH Chief Operating Officer	2.5 – 5	0 – 2.5	25 - 30	40 - 45	287	41	334	0
M Kane	YDH Chief Medical Officer	2.5 - 5	2.5 - 5	40 - 45	90 - 95	669	73	754	0
J Martin	YDH Director of Transformation	0 – 2.5	0 – 2.5	30 - 35	70 - 75	591	29	630	0
S Barron-Fitzsimons	YDH Director of Operations	0 – 2.5	0 – 2.5	15 - 20	25 - 30	171	18	192	0
K Patrick	SHS Director of Primary Care	0 – 2.5	0 – 2.5	15 - 20	30 - 35	210	23	236	0
D Stevens	SSL Managing Director	2.5 - 5	5 - 7.5	20 - 25	40 - 45	259	104	371	0
R Perkins	SSL Health and Sciences & IT Director	25 – 27.5	80 - 82.5	25 -30	80 - 85	0	620	620	0

Notes: As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme. The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table.

NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement. (This is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design.). We believe this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

Pension Benefits of Senior Managers 2019/20

Name and Title		Real increase in pension at pension age (bands £2,500)	Real increase in pension lump sum at pension age (bands £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
J Higman	YDH Chief Executive	0 – 2.5	0 - 2.5	45 - 50	115 - 120	835	45	895	0
S James	YDH Chief Finance Officer	2.5 - 5	2.5 - 5	40 - 45	110 - 115	754	57	891	0
S Sethi	YDH Chief Operating Officer	2.5 – 5	0 – 2.5	20 – 25	35 – 40	239	44	287	0
Dr M Kane	YDH Chief Medical Officer	0 – 2.5	0 – 2.5	35 – 40	85 – 90	646	4	669	0
J Martin	YDH Director of Transformation	0 – 2.5	0 – 2.5	20 – 25	70 – 75	107	61	591	0
Dr K Patrick	SHS Director of Primary Care	0 – 2.5	5 – 7.5	10 – 15	30 – 35	166	41	210	0
D Stevens	SSL Managing Director	2.5 – 5	5 – 7.5	20 – 25	45 – 50	371	51	429	0
R Perkins	SSL Health and Sciences & IT Director	0 – 2.5	5 – 7.5	25 – 30	85 – 90	620	61	693	0
D Shire	SSL Estates and Facilities Director	0 - 2.5	0 – 2.5	10 - 15	0 - 5	118	30	151	0

Notes: As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme. The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table.



Jonathan Higman, Chief Executive, 11 June 2021

Staff Report

This past year has been like no other in the history of the NHS, and our staff have responded in the most extraordinary way. Their commitment, sacrifice, dedication and hard work has been incredible and humbling. Their bravery has not gone unnoticed as patients and the local population have written letters of thanks, painted inspiring pictures, and clapped on their doorsteps. During the Covid-19 pandemic, we have also experienced low levels of absence as staff have continued to come to work and care for their patients, putting aside their own concerns and worries.

We are so proud of our staff and we have done what we can to support them with health and wellbeing programmes, which has included psychological support, wellbeing apps, on-line training, flexible working, free car parking, free emergency accommodation plus so much more. Supporting our staff has been a huge priority for us as we have recognised the working environment has been extremely difficult for them.

Despite the pressures during the past year, our performance has been incredible, and staff have continued to look for new and innovative ways of working in the best interests of our patients. We have not taken the dedication of our staff for granted, and are always looking for new ways to engage and involve them in decisions that affect them. Our aim is to be the best trust in the country to work for, and we are always looking for new ways to improve the training, health and wellbeing, and happiness of our staff.



The Trust Group (including subsidiary companies) employs the following people (as at 31 March 2021):

Headcount (Excluding Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	7	5	12
Non Executives & Chairman	1	9	10
Other Senior Managers	15	14	29
All other employees	2290	644	2934
Grand Total	2313	672	2985

Headcount (Including Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	7	5	12
Non Executives & Chairman	1	9	10
Other Senior Managers	15	14	29
All other employees	2775	835	3610
Grand Total	2798	863	3661

Full-Time Equivalent (Excluding Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	6.22	5	11.22
Non Executives & Chairman	1	9	10
Other Senior Managers	13.51	13.6	27.11
All other employees	1906.53	604.76	2511.29
Grand Total	1927.26	632.36	2559.62

The average number of employees employed by the Group:

Average Number of Employees (Full-Time Equivalent)	2020/21			2019/20
	Permanent	Other	Total	Total
Medical and dental	5	0	5	5
Ambulance Staff	298	49	347	330
Administration and estates	712	1	713	663
Healthcare assistants and other support staff	551	31	582	616
Nursing, midwifery and health visiting staff	751	14	765	702
Scientific, therapeutic and technical staff	255	4	259	220
Total Average Numbers	2,572	99	2671	2,536

Staff Costs

Group	2020/21	2019/20
	Total	Total
	£000	£000
Salaries and wages	107,335	93,697
Social security costs	9,298	8,427
Employer's contributions to NHS pensions	10,356	9,462
Additional Pension Costs 6.3%	4,240	3,763
Agency/contract staff	9,516	6,796
Apprenticeship levy	405	304
Termination benefits	209	139
Total staff costs	141,359	122,588

Absence Data

The Trust's sickness absence data is published as part of the national NHS Digital publications and is available here: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates>

We have been working hard to support our people and help them stay health and well. We provide a raft of support programmes including fast-track physiotherapy support, occupational health services, and sheltered working. Monthly sickness reports are available to managers to help them manage absence with support from their Human Resources Business Partner.

Staff Turnover

In recent years, the Trust has seen a continuous reduction in staff turnover rates. In March 2021, the staff turnover rate was 13.95% compared to 16.4% for the same period the previous year. This is a result of the ongoing work to retain staff and ensure that Yeovil Hospital is seen as an employer of choice.

Equality, Diversity and Human Rights (Including Policies Relating to Disabled Persons)

As a public sector organisation, The Trust is statutorily required to ensure that equality, diversity and human rights are embedded into its functions and activities as per the Equality Act 2010, the Human Rights Act 1998 and the NHS Constitution. Anyone who is an employee of Yeovil District Hospital, or who uses NHS services as a patient, has a right to be protected from discrimination and be treated fairly. To this end, and in common with other NHS trusts across the country, Yeovil District Hospital has taken part in numerous initiatives and embedded good practice within the organisation. We are also a disability symbol user.

To ensure equality of opportunity, the Trust supports disabled persons working at the hospital to access learning and development opportunities. This includes meeting with them individually and putting in place a tailored support plan. From this, additional requirements to support their learning may be identified such as additional time and/or access to resources.

For medical and nursing students, any support needs are aligned with those of the university to which they are affiliated. However, we want to go above and beyond what is statutorily required. We also offer Pre Interview support and guidance, tailoring advice to each individual's needs, ensuring feedback is gained to aid career and personal development.

To advance equality throughout the workforce the Trust has addressed the needs of Minority and underrepresented groups by promoting Staff Led Networks, chaired by Staff and supported by the Equality, Diversity & Inclusion Lead as Network Coordinator. We want to be an organisation that not only embraces equality and diversity, but also embeds fairness and inclusion into everything that we do.

Information on the Trust's Workforce Disability Equality Standard (WDES), Workforce Race Equality Standard (WRES) and Gender Pay Gap is available on the Yeovil District Hospital website [here](#).

Staff Policies and Actions applied during the Financial Year

Yeovil Hospital has been advised by the CQC that it has the best set of HR policies in the NHS. All of our policies are in a single 'flip book' Human Resources Manual, which is

available on the Trust's YCloud (intranet) and public website. The policies are concise, easy to read, colourful, and co-written with trades unions and a Plain English Editor.

We make every effort to ensure our policies comply with the Equalities Act and the recruitment and selection policy ensures that full and fair consideration is given to applications for employment made by Black, Asian and Minority Ethnic people, and other disadvantaged persons, having regard to their particular aptitudes and abilities.

Such policies apply to those who become disabled persons during the year requiring the provision of tailored measures to ensure that the needs of disabled employees are met. We desire to treat all people equally and kindly, and provisions are made for reasonable adjustments where required. We also actively encourage people with disabilities to apply for roles within the hospital, and each year we provide opportunities for young people to gain work experience working within different areas of the hospital.

Actions on Areas of Concern and Involvement of Staff in the Improvement of Performance

We ensure that our staff are involved in addressing areas of concerns, and we are keen to develop a culture of openness where our people can freely express their concerns without any fear of reprisal. Raising a concern early can also prevent minor issues becoming more serious and thus avoid an adverse incident. The focus of this approach is to protect the public from harm and improve standards of care.

Senior manager presence on wards is really important and executive and non-executive directors regularly visit wards and departments to find out more about the work people do, and discuss any concerns they may have relating to the service delivered to patients, enabling our people to discuss day-to-day operational issues. The Trust has implemented a system to ensure that all departments are visited in the financial year by the executive and non-executive directors.

Yeovil Hospital has three 'Freedom to Speak up Guardians' and we have a simple accessible process for raising concerns. We have also increased the use of social media such as blogs and Twitter as a mechanism of interaction, in addition to regular team meetings, and monthly meetings for all staff and managers.

Our staff are also encouraged to stand in Staff Governor Elections and become directly involved through the Trust's governance structure. Our four Staff Governors and subsidiary company Partnership Governors come from a variety of posts within the Trust, both clinical and non-clinical. The role of Staff Governor allows employees to strengthen the link between their workplace communities and the broader decision-making process.

Health and Safety

Fire, health and safety arrangements during 2020/21 have been enhanced with improvements across a number of areas. Fire safety risks have been reduced in line with fire risk assessment priorities. Installation of main ward fire doors has been completed throughout the Women's Health and Maternity Unit enhancing fire safety and security measures. Enhancement to the ventilation fire damper control system has been added with expansion of fire and smoke dampers across departments. In addition the fire risk assessment programme has been augmented utilising an electronic format reporting for fire risk assessments developed to enable risk to be highlighted and for priorities to be evidence. Fire strategy building plans have been developed with a fire door survey undertaken to prioritise upgrading and supporting essential fire door safety checks.

A programme of workplace risk assessments focussed on COVID Safe premises with extensive cleaning regimes, one way systems developed and signage enhancing segregation and safe movement around buildings. Clinical and non-clinical departments were assessed for maintaining 2 metres between staff and patients. Screens were placed between beds to maintain separation and window ventilation systems and isolation screening introduced to maintain COVID safe areas. A programme of face fit testing took place to ensure staff selected and fitted the protective masks correctly. Enhanced levels of personal protective equipment was made available and assessed to ensure that infection prevention and control measures were maintained.

A safety first contractor's induction video was developed to include measures to be taken to prevent incidents and inform and involve safe contractors. Waste storage areas were reviewed with secure facilities developed to unify waste streams to free up clinical space and keep free circulation routes.

Security guarding and response has been enhanced with restraint trained staff on site and support measures in place to protect patients and staff before incidents escalate. Joint working with mental health, safeguarding, substance abuse specialists and community forums have improved intelligence and cross working to reduce and prevent violence and abuse of NHS staff. Enhanced CCTV and body worn video use on clinicians has been introduced where known personnel security risks are identified.

A combined Security and Safety Committee meet quarterly to review a comprehensive action plan with measures identified from proactive audits and response to incident trends. In addition security involvement with national meetings has enabled learning and experiences to be shared using proactive body worn video surveillance equipment.

Occupational Health

Yeovil Hospital has an outsourced Occupational Health Service which managers can refer staff to as required through an online portal or by telephone. Managers then receive regular updates on the progress of the referral via a dashboard.

A range of management information is provided which enables us to identify key areas in which support is needed. We pay particular attention to the top three reasons for sickness absence, namely musculoskeletal, stress and mental health. We work with key stakeholders to support staff as best as we possibly can.

Yeovil Hospital also has an 'Employee Assistance Programme' in place to support our people by offering specialist information on a range of topics such as counselling, debt management support, stress intervention support, and career guidance. All our people are able to access the service via a freephone hotline, which is available 24 hours a day 365 days a year, or by using a website with comprehensive information and guidance.

Counter Fraud and Corruption

Yeovil District Hospital complies with the Secretary of State's directions on countering fraud. All anti-fraud and corruption work is overseen by the Chief Finance Officer who is regularly updated on the progress of anti-fraud work within Yeovil District Hospital through liaison with, and reports produced by, the Trust's local counter fraud specialist (LCFS) who was employed through BDO. The LCFS provides regular progress reports and concluding investigation reports to the Audit Committee. The Trust's counter fraud arrangements and procedures are set out in the Anti-Fraud, Bribery and Corruption Policy.

Engaging our People

We recognise the vital importance of staff engagement in enabling it to operate and perform effectively and efficiently. In the 2020 staff survey, Yeovil Hospital was identified as being third in the country for 'Staff Engagement'. This is something we have worked hard to achieve.

To ensure staff remain informed and can feedback their successes and concerns, we use a range of corporate communication channels, known as CONECT, in conjunction with multiple two-way staff meetings and briefings and our intranet, YCloud. Our suite of CONECT communications includes regular newsletters, all staff emails for operational and internal initiatives, and monthly staff meetings featuring the iCARE Champion award along with questions submitted by staff.

Trust wide meetings such as Big Gov and Schwartz Rounds enable staff to come together to learn and discuss how they can provide the best patient care possible. For staff unable to attend meetings in person, we use recordings to make them as accessible as possible. This includes our Chief Executive, Jonathan Higman, recording a summary of our board meetings, which are shared on YCloud. We also have an electronic Staff Suggestion Box, and this is regularly used by staff to provide all sorts of feedback and suggestions to the Executive Team.

Staff Survey

The 2020 Staff Survey results built on the successes of the previous year, and were the best we have ever had. Our response rate was 65%, which was the highest in the country for an acute trust.

We maintained our position of having the highest rating in the country for health and wellbeing. We were also ranked amongst the top in the country for the quality of our senior managers, for our flexible working opportunities, and for equality and diversity. Overall, the Trust was in the top 20% of all trusts in the country for 61 of the 78 questions asked.

During the past year, more has been demanded of our staff than ever before, and there is not a single person, regardless of their role, who has not had to adapt and rise to new challenges as part of the hospital's response to the pandemic. As a trust we have tried hard to ensure staff feel supported, cared for and listened to and, whilst we will not get this right all the time or for every individual, these results show we have been able to maintain this during an incredibly fast-paced and difficult 12 months.

We all know that providing good care for patients starts with providing good care for staff, so to know that those working within the trust have, for the most part, felt supported, engaged, and respected is crucially important.

Our results also show how important good managers are to staff experience. With the pandemic putting a stop to many large meetings, we have relied more on managers to keep staff informed and engaged and to teams to adapt working practices and respond to the needs of individuals to keep people safe and comfortable at work.

One area of continued focus for the Trust, and one of just two areas in which we are below the national average, is in relation to staff experiencing abuse or violence from patients – though fewer staff said they had experienced such incidents compared to the previous year.

Due to the nature of the care we provide and with many patients living with conditions such as dementia, it is unfortunately inevitable that some staff will experience abuse from those

they care for at some point. It is also true that some staff will have been subject to aggression from those who have full capacity and this can never be excused. Regardless of its nature, any experience of abuse can be distressing and we continue to provide training and promote the importance of reporting any such incidents, whatever their nature, so we can respond appropriately to safeguard our staff and our patients. It is encouraging that levels of reporting such instances are higher in our Trust than the national average.

There is always more to be done and we will, as always, be using the results to make this an even better place to work or receive care.

Benchmark scores

	2020		2019		2018	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.1	9.1	9.2	9.0	9.2	9.1
Health and wellbeing	6.9	6.1	6.7	5.9	6.7	5.9
Immediate managers	7.2	6.8	7.4	6.8	7.2	6.7
Morale	6.6	6.2	6.6	6.1	6.4	6.1
Quality of appraisals	n/a	n/a	5.9	5.6	5.7	5.4
Quality of care	7.7	7.5	7.7	7.5	7.5	7.4
Safe environment – bullying and harassment	8.4	8.1	8.3	7.9	8.2	7.9
Safe environment – violence	9.4	9.5	9.4	9.4	9.3	9.3
Safety culture	7.0	6.8	6.9	6.7	6.7	6.6
Staff engagement	7.4	7.0	7.4	7.0	7.3	7.0
Team working	6.7	6.5	n/a	n/a	n/a	n/a

Score: 0 = low 10 = high

Future Priorities and Targets

Yeovil Hospital is only as good its people so there is a focus on making our Trust the best place to work of any organisation. The Trust is driven by its core values and we want to empower our people to do their very best, every day.

We will continue to invest in our people and develop our managers. There is recognition that managers shape the way by providing a positive atmosphere for our people to be creative. We therefore strongly believe that as an organisation we need to nurture and develop our talent to be successful in the future.

A particular focus for this year is to support our people who face violence and aggression from our patients, particularly those with dementia. We have put significant investment into our conflict resolution training, and all our ‘frontline’ people are required to attend this training.

Trades Union Disclosures

The table below sets out the amount of time our Staff Side Representatives have spent on Trades Unions activities:

	2020/21
Number of Staff Side Representatives	12
Percentage of time spend on facility time	6.77%
Amount spend on facility time:	
• Total cost of facility time	£27,250
• Total pay bill	£330,598
Percentage of paid facility time spend on trade union activities calculated as (total cost of facility time / total pay bill) x 100	8.24%

Expenditure on Consultancy

£391k – includes architect fees for the residential accommodation units, space and energy utilisation studies, feasibility studies and fees relating to the proposed merger with Somerset NHS Foundation Trust.

Off-payroll Arrangements

Nothing to declare.

Exit Packages

	2020/21 Compulsory redundancies	2020/21 Other departures	2020/21 Total Number	2019/20 Total number
< £10,000	1	0	1	2
£10,001 - £25,000	1	0	1	2
£25,001 - £50,000	0	1	1	1
£50,001 - £100,000	0	0	0	1
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	1	0	1	0
Total Number	3	1	4	6
Total resource cost			£209,000	£164,000

The data for 2020/21 may include agreements legally signed and agreed in 2020/21 although due to timing of agreements and payroll, some of these payments will be realised in 2021/22.

Other (non-compulsory) departure payments

	2020/21 Number of Agreements	2020/21 Value of Agreements £000	2020/21 Number of Agreements	2019/20 Value of Agreements £000
Mutually agreed resignations (MARS) contractual costs	1	27	3	25
Contractual payments in lieu of notice	0	0	1	11
Total	1	27	4	36

Non-Contractual Departure Payments

There were no non-contractual departure payments made.

Board Members and/or senior officials with significant financial responsibility

	2020/21
	Number of Engagements
Number of off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility".	12

Regulatory Ratings

Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. Yeovil District Hospital did not receive any notices from NHS Improvement stating that the Trust was in breach of licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Yeovil District Hospital NHS Foundation Trust has been placed in segment 2. This segmentation information is the Trust's position as at March 2021. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Statement of the Chief Executive's Responsibilities as the Accounting Officer of Yeovil District Hospital NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Yeovil District Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yeovil District Hospital NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum*.



Jonathan Higman, Chief Executive, 11 June 2021

5. ANNUAL GOVERNANCE STATEMENT 2020/21

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Yeovil District Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Yeovil District Hospital for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

As Accounting Officer, the Chief Executive is ultimately responsible for the leadership of risk management and for ensuring the organisation has adequate capacity in place to handle risk. The Board oversees that appropriate structures and robust systems of internal control are in place, supported by the Audit Committee and Risk Assurance Committee.

The Deputy Chief Executive, Chief Nurse and Director of People is the designated executive director with Board level accountability for clinical quality, safety and risk management. The Chief Medical Officer and Chief Executive support this role. Yeovil District Hospital has a designated Head of Risk and Litigation within the Clinical Governance Department together with a Maternity Risk Manager. In addition, the Boards of the group's subsidiary companies are responsible for reviewing the risks associated with that entity although the Yeovil District Hospital is ultimately responsible for risk management.

The non-executive director who chairs the Audit Committee, supported by the Governance and Quality Assurance Committee, independently reports to the Board with assurance on the appropriateness and effectiveness of risk management and internal control processes. A Risk Assurance Committee chaired by the Deputy Chief Executive/Chief Nurse and Director of People, reviews compliance against the Care Quality Commission standards across the Trust's regulated activities. This process allows for a systematic review of compliance, providing assurance and highlighting areas of risk and focus for improvement. The Executive Committee, chaired by the Chief Executive, reviews the Board Assurance Framework and Corporate Risk Register on a quarterly basis; initially prior to the end of the quarter, and again post reporting date. The meeting will undertake a deep dive review of areas of risk highlighted during the course of these reviews.

To ensure that a risk management culture is embedded across the Trust, there are actions in place to guarantee that staff are clear as to their responsibilities with regard to risk management with communication of the risk management strategy amongst staff. Guidance

and training are provided by the Head of Risk and Litigation to all new senior members of staff on the risk management process at Yeovil District Hospital. Additional on-going training is also provided through the Trust wide Governance meetings, preceptorship nurse training and supported team one-to-one or group department-led training sessions. The Head of Risk and Litigation meets regularly with risk owners and service leads to ensure all risks on the risk register, and identified risks managed locally within departments, are scored, actioned and reviewed appropriately.

In 2020/21, an internal review, led by the Company Secretary and Head of Risk and Litigation, was commenced to ensure that the risk reporting arrangements remained adequate and identify if any further improvements could be made. This review resulted in additional review and reporting of risk through the newly formed Executive Committee. In addition, a Board seminar session took place in April 2021 to consider the Trust's Risk Appetite Statement in light of the current environment resulting from COVID-19.

The Board considered that the current scoring for the Risk Appetite Statement remained appropriate and additional scrutiny would take place through the various Board assurance Committees on the contingency plans for any risks outside of the Risk Appetite level.

In addition, a review of the Risk Register and Board Assurance Framework (BAF) formats was undertaken to improve the monitoring processes and provide additional assurance on any mitigating actions. The BAF includes details of the principal risks that may affect the Trust achieving its objectives or core aims, how they are currently controlled and what sources of assurance the Board have that the risks are being addressed and managed appropriately. It also details action to address the risks to reduce the risk rating to the target level and to meet the risk appetite set. Further information on the Risk Appetite Statement can be found in the Risk and Control Framework section below.

The wider piece of work to review the Risk Register included streamlining and focussing the reports to the relevant Board assurance committees. The Executive Committee and the Audit Committee continue to receive the report in its entirety; this is to support these Committees' roles as defined within their individual terms of reference.

During quarter four of 2019/20, the Trust's internal auditors, BDO, completed a review of the Trust's risk management processes. The Trust achieved **Substantial assurance** on the design of processes in place and the Trust has continued to build upon the findings of this report during 2020/21. This review highlighted many areas of good practice including:

- having a clear Risk Management Strategy;
- clarity on the roles and responsibilities of all staff groups;
- all relevant staff receiving risk management training;
- the categorisation of all risks in topics for review by the Risk Assurance Committee; and
- close working with the Head of Risk and Compliance and Company Secretary for oversight of both operational and principal risks to the organisation.

In 2020/21, BDO completed a Risk Management Follow Up review. This highlighted that the Trust had made progress in rectifying the areas of the improvement and the two medium priority findings raised have been completed, with the Risk Management Strategy having been reviewed and an accompanying standard operating procedure devised.

Training

Risk management training is completed through various in-house channels at Yeovil District Hospital; this training is designed to equip staff with the necessary skills to enable them to

manage risk effectively. The Trust's induction programme ensures that both clinical and non-clinical staff are provided with details of internal risk management systems and processes. This Trust-wide induction is augmented by local orientation within each department or specialty. For members of staff who are likely to be risk owners or services lead, additional training and induction is provided by the Head of Risk and Litigation. In addition, and to act as a reminder, all members of staff are required to complete mandatory training. This training reflects the essential training needs and includes risk management processes such as fire, health and safety, manual handling, resuscitation, infection control, safeguarding and information governance. Skills and competencies are also assessed for medical device equipment and for blood transfusion to ensure safety in care. E-learning and workbooks support this programme and are provided as the preferred model of training.

The Trust has a number of trained investigators to undertake Level 2 serious incident investigations. Additional training for managing safety alerts is provided on a needs basis. Learning from national and internal reports and from external and internal investigations is presented at the Board, the assurance committees and/or their sub-groups.

The remit of the Patient Experience Team and the management of complaints and PALs process were integrated into the Clinical Governance Department in 2017. Learning from incidents and claims is presented through the Patient Safety Steering Group whilst complaints are reviewed through the Patient Experience Committee. These committees and/or forums continually identify opportunities for improvement with the learning cascaded via monthly peer review and governance meetings.

The Trust continues to exhibit areas of good practice with regard to integrated learning and the embedding of a learning culture throughout the Trust. This includes ensuring all responses from investigation managers are SMART actions, with allocated responsible officers and clear implementation dates. To aid this, the Trust has implemented a Ulysses action-planning module; this links in with the risk and incident reporting systems to provide a streamlined and joined up approach to identifying and drafting action plans. All managers have been reminded of their responsibilities and been provided with guidance on developing SMART actions accompanied by a template action plan for completion. A review of responses is regularly undertaken by the Patient Experience Team with spot checks on department-led investigations to ensure that actions have been identified. Other areas of good practice include the use of the Ulysses risk management system with in-built stages to assist departments in completing their investigations and recording required outcomes. Monitoring reports for complaints and incidents are produced and monitored by management and the Board of Directors. The Governance and Quality Assurance Committee receive updates from the Patient Experience Department on a quarterly basis with the Board receiving a high-level update on the learning from complaints and incidents as part of the Trust's Operational and Financial Reports.

Yeovil District Hospital also understands the importance of audits and uses these to ensure that processes in place throughout the Trust are robust and of required standards. Where recommendations have been presented, the Trust reviews these through the relevant department and Board assurance committees to make further improvements in methods of working.

The Risk and Control Framework

Risk management processes are set out in the Trust Risk Management Strategy, which was reviewed and updated in 2020/21 to include the introduction of the Executive Committee, clarifying the risk management arrangements for the subsidiary companies of the YDH Trust Group and updating roles and terminology.

The Trust's Risk Management Strategy applies to the hospital, with the Trust's subsidiary companies Simply Serve Limited and Symphony Healthcare Services having developed strategies based on the Yeovil District Hospital model. All risks across these entities are managed through the newly implemented Ulysses Risk Management System.

The Risk Management Strategy demonstrates the organisational risk management structure, which details that all committees have a shared responsibility for managing risk across the organisation. The Trust recognises that there is an acceptable level of risk within the Trust; this may be defined as potential hazards that are either small enough to have an immaterial effect on the achievement of organisational objectives, or are significant risks that have been mitigated by the establishment of effective controls. The Trust's risk appetite identifies what level of risk is acceptable at departmental level and at which point this risk is required to be escalated. Systematic identification of risks starts with a structured risk assessment with identified risks documented on departmental risk registers. These risks are analysed in order to determine their relative likelihood and consequence using risk matrix scoring.

A risk appetite statement sets out the Board's strategic approach to risk-taking by defining its boundaries and risk tolerance thresholds. The risk appetite statement does not negate the opportunity to potentially take decisions that result in risk-taking that is outside of the risk appetite. The risk appetite statement was considered against the following risk categories: quality and governance; compliance and performance; continuity of service; operational risk; financial risk; business risk; and reputation risk.

The Board of Directors set the following risk appetite in relation to these categories:

Key Element	Risk Appetite	Risk Tolerance
Quality and Governance (All quality related risks)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Low (Risks rated: 1-6)
Business Risk (Loss of referrals, loss of support from CCG, Providers etc.)	Cautious – Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	Moderate (Risks rated: 8-10)
Compliance and Performance (Risks with compliance to licence requirements, data privacy etc.)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Low (Risks rated: 1-6)
Continuity of Service (Risks to the Trust being able to provide services that are required of it)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Low (Risks rated: 1-6)
Operational Risks (Risks covering staffing, health and safety, security, fire, IT etc.)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Low (Risks rated: 1-6)
Financial Risks (Accounting risk, credit risk, market risk, liquidity risk and budget risks)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Low (Risks rated: 1-6)

Reputation Risks (Damage to reputation through bad publicity etc.)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Low (Risks rated: 1-6)
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The risk scoring matrix is outlined in the Trust's Risk Management Strategy and is summarised as using the 5x5 matrix:

1-6 = Low Risk
8-10 = Moderate Risk
12-15 = Significant Risk
16-25 = High Risk

Consequence	Likelihood				
	Rare 1	Unlikely 2	Possible 3	Likely 4	Certain 5
Negligible - 1	1	2	3	4	5
Minor - 2	2	4	6	8	10
Moderate - 3	3	6	9	12	15
Major - 4	4	8	12	16	20
Catastrophic - 5	5	10	15	20	25

- Risks scored 6 and under shall be monitored as part of the 'local' risk register reviews of activities such as team and senior management meetings.
- Risks scored between 8 and 10 shall be recorded on Strategy Business Unit or Specialty risk registers and tabled at appropriate meetings, management meetings and relevant committees with responsibility for risk management.
- Risks scored 12 and above shall be proactively managed and reported on at intervals defined within the action plan but as a minimum requirement quarterly to the Board Assurance Committees and to the Board of Directors through the Corporate Risk Register.

The Trust's Risk Management Strategy outlines who has overall responsibility for managing risk in their areas. Risk registers are held for each specialty and include all operational risks. Managers implement action plans and review the risks in line with the review dates set.

The Trust's Quality Improvement Strategy 2019-2021 is aimed at achieving excellence in clinical care. The Quality Report for 2020/21 due for publication later this year will outline the progress made in areas of patient safety, clinical outcomes and patient experience. The Patient Safety Steering Group monitors all patient safety improvement, with information on quality and patient safety is received monthly by the Board and scrutinised in depth on a quarterly basis by the Governance and Quality Assurance Committee. The Data Quality Steering Group, Information Governance Steering Group and BDO, as internal auditors, review data quality elements.

The Trust aims to promote a high level reporting, low level harm culture with regard to incident reporting with monitoring processes in place to identify incidents and risks. These are analysed for trends to prevent reoccurrence. Should an investigation be triggered, this is reviewed by the Clinical Governance team and any identified learning is reported back through clinical teams. At all times, members of staff are encouraged to report incidents with

support provided by managers and through training. One example is junior doctors meeting on a monthly basis to share their learning and experiences within a “no-blame” environment and undertaking quality improvement projects.

Yeovil District Hospital utilises the national reporting and learning system (NRLS) for the reporting of all patient safety incidents together with mechanism to ensure action on safety alerts, recommendations and guidelines made by all relevant central bodies such as NHS England, the Medical Healthcare Regulatory Authority (MHRA) and the National Institute for Health and Care Excellence (NICE).

The Risk Assurance Committee has an annual work plan for the assessment of key areas in line with national standards. This approach provides the ability to identify areas of compliance risk and co-ordinates action plans for mitigation. The Governance and Quality Assurance Committee, Audit Committee, Financial Resilience and Commercial Committee and Workforce Committee receive exception reports from the Risk Assurance Committee on a quarterly basis. The impact and requirements of Care Quality Commission regulation are reflected within internal procedural documents. The quality, operational, financial and workforce performance report presented to the Board is categorised under the Care Quality Commission standards. Regular monthly teleconferences with quarterly face-to-face meetings (where suitable in light of COVID-19) take place between the Trust and the regional Care Quality Commission to review any recent complaints, incidents, risks and learning etc. The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Continuing risks affecting the organisation

It has been a challenging year for the NHS with continuing unprecedented levels of demand that have been reflected at Yeovil District Hospital, notably in the last 14 months as a result of the COVID-19 pandemic. These challenges are reflected within the wider region including North and West Dorset and parts of Mendip for which Yeovil District Hospital also provides services. The pressure of this is felt across the local health and social care economy, with ever-increasing demand, coupled with difficulties in having sufficient staff to deal with demand and complexity of patient conditions.

With regard to COVID-19, a consistent approach was implemented for the management of the Trust’s response. The tried and tested incident management method, through the Emergency Preparedness, Resilience and Response team, allowed for quick and efficient communication and situational awareness with partners. Business continuity plans have worked well, in conjunction with the Trust’s Pandemic Flu Plan, and they have in turn provided a clear focus and direction in the management of the Trust’s response.

Alongside this, the Trust established a COVID-19 Incident Management Team for the centralised coordination of the review and roll out of new processes, guidance and instruction. This team provided comprehensive support over seven days. A daily Coordination Huddle, chaired by the Chief Executive or Deputy Chief Executive, and attended by key senior managers, reviewed the ongoing position and is the formal meeting for the consideration and sign off any required decisions and policy changes. The Trust has adapted well to this fast-paced situation.

Notwithstanding the risks relating to COVID-19, the Trust still faces a number of risks continuing into 2021/22, including:

- Risk 100 – Risk of breaching National RTT Standards at aggregate and specialty level due to performance deterioration following the direct impact of COVID-19 as well as the residual “catch up” in referrals missed during the pandemic period. This

could result in patients waiting longer than expected resulting in poorer health outcomes **Risk Score – 20 (High Risk)**

- Risk 63 - Increased use of medical locums / agency locum costs due to levels of vacancies of substantive medical workforce / those appointed delayed in arriving / 14 day quarantine on arrival. This will result in a significant financial impact for the Trust which detrimentally impacts Trust's deficit and cash position **Risk Score – 16 (High Risk)**
- Risk 542 - Inability to safely manage the increasing numbers of mental health patients in a safe and appropriate area of the ED department. This is due to the environment not being purpose designed for patients who may be suicidal, agitated, violent or distressed. There is the potential significant risk to all patient's not just mental health patients but also to staff including the security team **Risk Score – 16 (High Risk)**
- Risk 638 - Inability to deliver the endoscopy service to the full capacity of the team and unable to deliver endoscopy service for endoscopy patients requiring sedation due to space issues as a result of measures in place to manage current pandemic. This results in the inability to offer a range of options such as sedation for endoscopy patients on the cancer pathway BCSP, surveillance and routine cases and unable to meet JAG accreditation standard for environment and privacy and dignity **Risk Score – 15 (Significant Risk)**
- Risk 645 – Inability to provide specialist OT to manage stroke and neuro case load due to workforce absences. This results in additional pressures to already stretched Therapies Team, no specialist assessment OT input in patients care, delay recovery for patients, delay discharges impacting patient flow, additional pressure on the community teams who are also short staffed, major non-compliance with National Stroke Programme Assessment **Risk Score – 15 (Significant Risk)**

There are a number of mitigating actions and processes in place to reduce these risks as outlined in the Trust's Corporate Risk Register. In addition, the Trust's principal risks are captured and monitored within the Board Assurance Framework, which is published within the Trust's Board of Directors papers on a quarterly basis.

Principles of Corporate Governance

The Board is satisfied that Yeovil District Hospital applies those principles, systems and standards of good corporate governance, which reasonably would be regarded as appropriate for a supplier of healthcare services to the NHS. The Trust has structured governance arrangements in place with clear lines of reporting from "ward to Board" across operational, quality, safety, patient experience and finance, through assurance committees, to the Board.

To ensure compliance with Condition 4 (Condition FT4) of the Trust's license with NHS Improvement which relates to governance, NHS foundation trusts are subject to the recommendations of the NHS Foundation Trust Code of Governance (modelled on best practice UK governance principles) and the Well-Led and Use of Resources Frameworks.

In 2019/20, BDO were invited to complete a review of the Effectiveness of Governance. This review focussed on the following key areas:

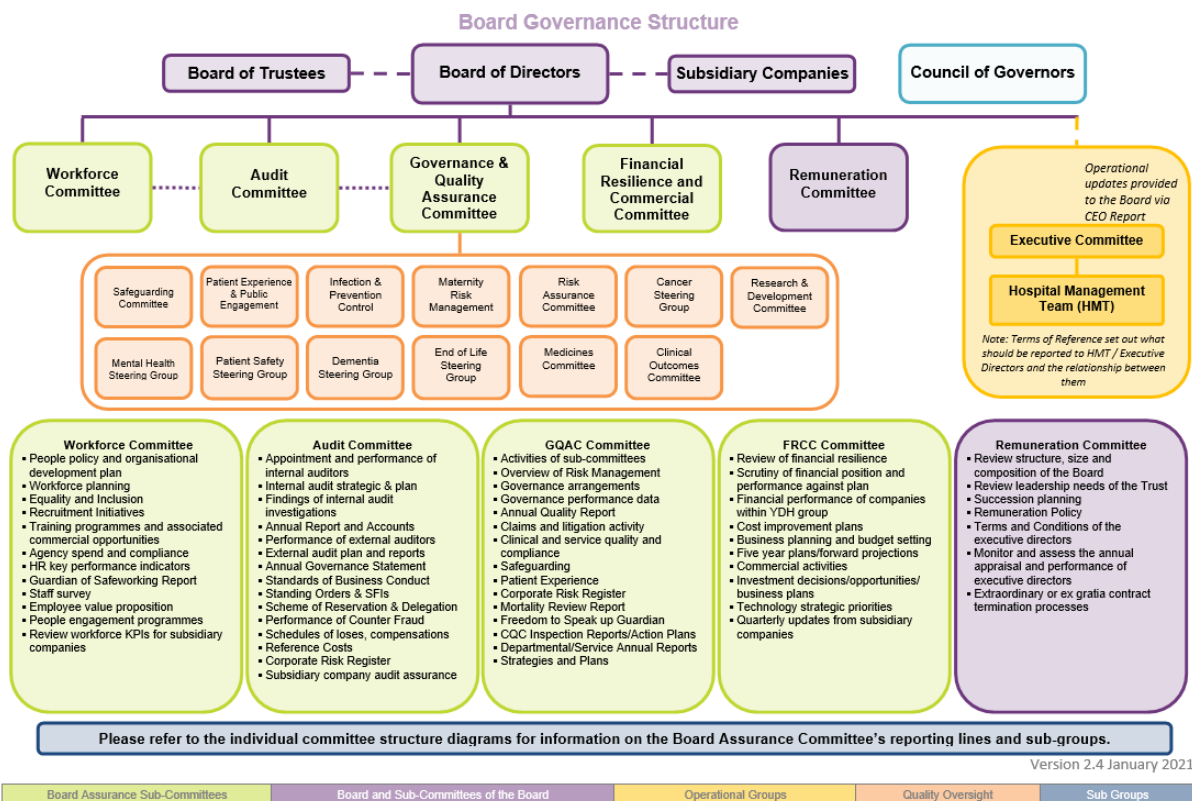
- The governance and management structure, including documented terms of reference and guidance to the committees

- The performance reporting processes and escalation through the committees to the Board, including the effectiveness of the information received, how performance action plans are developed, and how risks are delegated to the individual committees
- The membership and actual attendees of the committees and groups within the governance structure, and the resources and capacity available to staff with governance responsibilities.

Moderate assurance was provided for both Design and Operational Effectiveness alongside the identification of a number of areas of good practice. The recommendations from this report were completed; this included reviewing the streamlining the attendance lists for the various committees to improve their effectiveness. This included action to reduce the duplication of both executive directors and deputy directors attending the same meetings. A piece of work to understand if groups or meetings could be reduced or merged was completed with relevant terms of reference for meetings revised.

The Trust has a standardised rolling agenda programme for the Board and its assurance committees, accompanied by a development programme for the Board shaped through Board seminar sessions and executive monthly developmental away days. A clear Board Governance Structure is in place that outlines the reporting lines from ward to Board (see diagram below). This structure includes a number of Board Assurance Committees.

The current Board Governance Structure is shown below:



The Audit Committee receives the findings from across the Trust group of internal audit investigations, reviews the internal audit strategy and plan, annual accounts and reports, standards of business conduct, and counter fraud. It meets on a quarterly basis.

The Governance and Quality Assurance Committee has a wide remit to review a number of topics, including clinical and service quality and compliance, safeguarding, patient experience, learning from deaths, Freedom to Speak Up updates, departmental annual

reports, Quality Improvement Strategy, Annual Quality Report and claims and litigation activity. It meets on a quarterly basis.

The Financial Resilience and Commercial Committee supports the Board by reviewing financial resilience of the organisation, scrutinising the financial position and performance against the financial plan, the financial performance of the wider Yeovil District Hospital group, progress against cost improvement plans, business planning and budget setting, commercial activities and considering investment decisions, opportunities and business plans. The committee meets on a monthly basis.

The Workforce Committee advises the Board on the strategic, transformational workforce agenda and reviews the HR data sent to the Board. In addition, it focuses on agency staffing rates and the expenditure, mandatory training, appraisal, occupational health, sickness management and ESR data quality. The committee scrutinises workforce data and plans across the entire Yeovil District Hospital Group. The committee meets on a bi-monthly basis.

Individual Board meetings also take place within Simply Serve Limited and Symphony Healthcare Services. These Board meetings review the strategic and commercial direction of the respective organisations together with various key performance indicators across various categories, including performance, activity levels and workforce. These entities report directly to the Trust Board of Directors Part 2 meetings on a quarterly basis with a highlight report outlining recent developments, activity, financial performance and strategic direction. In addition, the entities report to the Financial Resilience and Commercial Committee on their financial and commercial performance. The Trust's Workforce Committee also scrutinises the workforce data of the Yeovil District Hospital group.

There are constructive working relationships in place with key public stakeholders, including governors, NHS England and Improvement, and the Somerset and Dorset Clinical Commissioning Groups. Where specific issues arise, these are addressed through proactive and candid dialogue or via scheduled monitoring meetings.

Governors are invited to observe each meeting of the Board and regularly participate in the functioning of the Board assurance committees alongside the Financial Resilience and Commercial Committee, Workforce Committee, Risk Assurance Committee, Audit Committee and Governance and Quality Assurance Committee.

The Trust held its first ever virtual Annual General Meeting on Wednesday 30 September 2020 in light of the COVID-19 pandemic. The AGM included updates from our Chairman, an overview of our year from Chief Executive Jonathan Higman, a presentation on our COVID-19 response from Deputy Chief Executive, Chief Nurse and Director of People Shelagh Meldrum, and a report from Lead Governor Alison Whitman on behalf of our Council of Governors.



The Trust has a Code of Conduct and Conflicts of Interest Policy in line with the national 'Managing Conflicts of Interest in the NHS' guidance provided by NHS England in 2017. In line with this policy and guidance, the Trust seeks declarations from all members of staff identified as a "decision maker". The interests of the Board of Directors are published within each set of Board meeting papers and are available on the public website. Additional procedures are in place to ensure that conflicts of interests are suitably managed or avoided during all procurement and tender processes.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme's regulations are complied with. This includes ensuring that deductions from salaries, employer's contributions and payments into the scheme are in accordance with the scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Emergency Preparedness, Resilience and Response

The NHS England and NHS Improvement Core Standards for Emergency Preparedness, Resilience and Response (EPRR) are the minimum standards, which NHS organisations and providers of NHS funded care must meet. Every year commissioners and providers have to complete a self-assessment. During this year due to COVID-19, the following were required to fulfil the standards:

1. Progress of partially or non-compliant organisations
2. The identification and application of learning from the first wave of the COVID-19 pandemic
3. Incorporating progress and learning into winter planning arrangements
4. Chemical Biological, Radiological and Nuclear (CBRN) Audits

YDH undertook a process of self-assessment, which was then submitted to Somerset CCG and then submitted as part of their response to NHS England and Improvement.

Yeovil District Hospital NHS FT was awarded full compliance for the 2019/20 process. The position remains the same and we are assured that the Trust is compliant with all the core standards. Notable achievements/ improvement in the last 12 months include:

- Improved system working
- Greater trust-wide engagement at all levels with business continuity planning
- Active participation in Somerset system response to Covid19

EPRR and CBRN training have suffered due to Covid19 response/ restrictions but the Trust remains compliant as confirmed by the CBRN Audit held on 16 October 2020. Plans are in place regarding e-learning, and the situation will be closely monitored to ensure the Trust remains compliant going into next year.

The Trust has consistently reviewed their incident response during the COVID-19 Pandemic to reflect on-going learning. A surge planning/ preparedness event was held to

comprehensively identify lessons and learning from Phase 1. Comprehensive documentation based on standard debriefing reporting templates has been created to support this. Examples of lessons learned and addressed include:

- Upskilling of additional staff where needed happened quickly and effectively in the first wave by clear delivery of targeted training/refreshing of skills. E-Rostering system used to clearly mark additional skills so that staff not committed to other essential areas can be identified and redeployed as required
- Significant lessons learned about our ability to implement 'virtual' OP Clinics with over 30,000 appointments performed virtually to date. This change management programme took three weeks to implement. The valuable 'can do' lessons learned are being used to shape the way we continue to manage our virtual clinics
- Implemented HR Absence Helpdesk where now, all absence is recorded and 'triaged' to ascertain if testing is required. This route is also used to access testing of a symptomatic household member if required. Data used to inform risk assessment of levels of sickness and potential impact on BAU (both Covid and Non Covid). Process is responsive and efficient.
- Early learning indicated that strong, regular, clear staff communications would be needed at dual level. Daily Managers and Staff 'Covid' briefings with key information included advice on where staff could seek guidance and support during these difficult times and key messages surrounding social distancing, PPE levels etc.

The learning identified from the learning and surge planning/ preparedness event links into the Trust's winter preparedness planning. Daily huddles of the Executive Team and their deputies created a platform for shared decision making and agreement for change in a timely way to support winter preparedness. This also built on the learning from the early stages of creating the Incident Management Team and has proved invaluable in managing decision making and governance for the Trust.

The CBRN audit was held on 16 October 2020, and the Trust was rated as 100% compliant. Whilst the Trust had concerns regarding training, as mentioned above, this does not pose a direct risk to their ability to respond, and the Trust remains compliant in all other CBRN areas. A live small-scale incident held in June 2020 allowed plans to be tested and learning applied with good effect.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The NHS continues to experience a challenging economic environment, namely as a direct result of the continuing unprecedented levels of demand on health and social care, a higher proportion of residents aged over 65 in South Somerset than the rest of England, difficulties in the recruitment of substantive staff, and an increasing complexity of patient conditions culminating in the COVID-19 pandemic response.

In previous years, due to the deficit financial position for Yeovil District Hospital and the wider Somerset system, a drivers of the deficit report was commissioned from NHS Improvement. This report outlined that the drivers of the deficit within the Somerset system were split between the following categories: structural, strategic and operational. Operational reasons were deemed to be in the control of a single organisation, such as inefficiency to be addressed through cost improvement plans. Strategic reasons were recognised to be outside of the control of one organisation and structural reasons were recognised to be outside of the control of the entire system. The drivers of the deficit report highlighted that the scale of the challenge in both the structural and strategic categories

meant that just focussing on improving operational efficiency would not close the financial gap for the Somerset system.

The Trust had a Use of Resources inspection completed by NHS Improvement in January 2019; the report was published in May 2019. The Trust was rated Inadequate for using its resources productively. NHS Improvement rated the Trust as Inadequate as “the trust had the twelfth highest overall cost per Weighted Activity Unit (WAU) nationally and had a deteriorating deficit position representing 15.1% of its turnover, the fourteenth highest nationally.” There were however a number of areas where the inspection identified outstanding practice, including the Trust having a very low rate of delayed transfers of care achieved through the Home First initiative and weekly multi-disciplinary team meetings; successes in the recruitment of overseas nursing, and a low rate of turnover for these nurses. The Trust also provides support to a number of organisations across the region on nursing recruitment. The inspection also acknowledged the zero percent nursing vacancy rate at the time of the inspection following the successful recruitment campaigns. The Trust’s procurement function was also recognised as ranking 11 out of 136 on the procurement league table.

Subsequent to the Use of Resources inspection, the Trust underwent an externally facilitated Financial Governance Review commissioned by NHS England and Improvement. The purpose of the review was to look at the Trust’s understanding of its financial position and fitness of the arrangements in place to deliver continuous improvement. In addition, the report was to provide assurance to both the regulators and the Trust Board and make recommendations for improvement.

The Financial Governance Review again outlined that the major factors contributing to the deficit related to diseconomies of scale due to the hospital’s size and rurality, loss making subsidiary companies, aspects of the 2019/20 contractual arrangements and excess operational costs. There were however, a number of areas of good practice, including:

- appropriate Board and Committee focus on finance
- sound and accurate financial reporting
- effective Financial Resilience and Commercial Committee; and
- Cost Improvement Plan delivery is well organised and reported.

A number of opportunities for improvement were identified, including strengthening the business planning process, the accountability framework, presentation of financial information, developing a more dynamic financial management culture and exploring additional CIP opportunities.

To facilitate these improvements, the Trust established three action and delivery plans. The first considered the 2019/20 financial recovery and was delivered in that year; the second is a financial governance and control improvement plan, which has been largely delivered despite the challenges of COVID-19; and finally the development of a four-year financial recovery and sustainability plan to 2023/24, which has since been superseded in its original form by the development of the merger and ICS proposals. The Trust subsequently met the control total for 2019/20 and has also delivered a surplus against the Financial Improvement Trajectory for 2020/21.

As a result of the COVID-19 outbreak, the Operational Planning processes for 2020/21 was suspended with alternative funding arrangements in place. The planning processes for 2021/22 are initially on a half-year basis with the latter half of the financial year planning to be completed during the year.

Typically, budget setting is completed through detailed analysis by qualified accountants within the finance team using current year actuals as a baseline. The team in turn liaises with various departments and managers on the proposed budgets which are amended, if required, following this input. The executive directors then consider the draft budget prior to full consideration by the Financial Resilience and Commercial Committee and ultimately by the Board of Directors. This robust process ensures that resources are planned on an economic, efficient and effective basis.

The Trust's performance is monitored via the quality, operational and financial performance quadrant at meetings of the Board in addition to the full operational and financial reports. The Trust Board schedule rotates between operational and strategic focussed meetings with an in-depth review of performance on a quarterly basis. Operational management and the co-ordination of services are delivered by the strategic business units. Performance is also reviewed monthly by the Hospital Management Team. During the year, project management leads worked with the Strategic Business Units to achieve improvements in quality, productivity and economic efficiency.

The Trust's internal audit operational plan includes sections on financial assurance and managing resources effectively; the findings of any audits are reported to the Audit Committee. There is also scrutiny as to the economy, efficiency and effectiveness of the use of resources as part of the external audit plan and the Value for Money review.

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. KPMG issued an unqualified opinion on the Trust's financial statements audit for 2020/21. In addition, no significant weaknesses were identified with regard to the Trust's arrangements for ensuring value for money. The external auditors did not identify any recommendations based upon their risk assessment or work completed in response to the identified risk.

Information Governance

The Trust recognises data security and information governance as a high priority and continues to ensure that high standards are met throughout the organisation.

The NHS Digital Data Security & Protection Toolkit (DS&PT) is a self-assessment tool that requires the Trust annually, to provide evidence of compliance with the standards laid down by the [National Data Guardian's \(NDG\) review](#) published in 2016.

In response to the COVID-19 outbreak, the submission of the DS&PT 2019/20 was postponed until 30 September 2020 and submission of the 2020/21 DS&PT is due at the end of June 2021.

Commencing November 2020, an audit of the Trust's DS&PT was carried out by the Trust's internal auditors BDO. This was based on the evidence provided for the 2019/20 Toolkit and audited against updated requirements, and assertions to support the criteria of the 2020/21 toolkit. An action plan was created following this internal audit, which will be used to facilitate the work to ensure compliance for submission in June 2021.

In line with the DS&PT reporting tool, four incidents were reported to the ICO in 2020/21. All incidents related to information being shared in error; three incidents related to letters sent and one by email. The incidents were fully investigated; action plans created where appropriate and additional targeted IG training sessions made available. The ICO was notified and no further action was required. Data security and information governance breaches were reported and monitored through the Information Governance Steering Group, which, in turn, reports to the Audit Committee.

The Senior Information Risk Owner position for 2020/21 was held by the Chief Finance Officer.

Data Quality and Governance

To provide assurance that the Trust has appropriate controls in place regarding the reporting of data, the following arrangements are in place:

- Information in relation to quality, safety and patient experience is considered by the relevant sub-groups and the strategic business units. Data is presented to the Board on a monthly basis with an in-depth review of this information taking place on a quarterly basis. In addition, the information is scrutinised by the Governance and Quality Assurance Committee (which is chaired by a non-executive director) on a quarterly basis.
- Operational leads and the Deputy Directors of Urgent and Elective Care present via divisional review meetings on a monthly basis via the Trust's Accountability Framework.
- Data and reports are presented to the Governance and Quality Assurance Committee to enable the opportunity for debate about quality measures and any key risks.
- Data quality is monitored through the Monthly Data Quality Steering Group. National Data Quality indicators such as DQMI (Data Quality Maturity Index) are published monthly by NHS England and these are used to highlight areas for improvement within all the Trust's core Hospital Information Systems.
- The Patient Safety Steering Group, Patient Experience and Engagement Steering Group and Clinical Outcomes Committees monitor safety incidents, complaints, mortality and clinical audit reports and the data presented to review progress against the quality strategy and to produce the Quality Report.
- The Deputy Chief Nurse leads quality improvement work jointly with the Clinical Director for Patient Safety and members of the Clinical Governance Team.
- Compliance with NICE guidance is measured and monitored through the Divisions and the Clinical Outcomes Committee. A high-level oversight is provided quarterly to the Governance and Quality Assurance Committee.
- External sources of information are used to inform reporting, including outcomes of inspections and peer reviews and monitoring of mortality rates provided by DrFoster.
- Quality measures and CQUINs (Commissioning for Quality and Innovation) are agreed with the Somerset Clinical Commissioning Group and these are monitored in-year through the CQUIN Steering Group.
- The Trust's Quality Report in draft form is externally reviewed by the Somerset Clinical Commissioning Group, HealthWatch and the Somerset Overview and Scrutiny Committee.
- The local indicator for the Quality Accounts is selected by the Council of Governors and monitored by them on a quarterly basis alongside quality and patient safety updates.
- Assurance is gained through the annual internal audit programme and by the work of the external auditors in reviewing the quality report indicators.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within Yeovil District Hospital who have responsibility for the development and

maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Governance and Quality Assurance Committee and Risk Assurance Committee; a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust's Risk Management Strategy outlines the process for maintaining the effectiveness of the system of internal control. Assurance as to the effectiveness of the system of internal control is primarily overseen by the Audit Committee, which reports to the Board, supported by the Governance and Quality Assurance Committee. Where weaknesses are identified, recommendations are made and action plans for improvement monitored through this assurance process to ensure continuous improvement of the system in place. The Governance and Quality Assurance Committee also reviews the Risk Assurance Committee work plan and governance framework in respect of their assigned risk review areas, reporting directly to the Board.

The 2020/21 internal audit programme was implemented which was adapted in-year to adjust for the risk profile. The Trust's Head of Internal Audit Opinion outlines that BDO are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently.

Conclusion

I am satisfied that effective systems of internal control are in place and that the culture of risk management is embedded at Yeovil District Hospital. There are no significant internal control issues which have been identified during the course of the year or in relation to this annual governance statement.

A handwritten signature in black ink, appearing to read 'J. Higman', with a long horizontal line extending to the right.

Jonathan Higman, Chief Executive, 11 June 2021

Consolidated Financial Statements For The Year to 31st March 2021



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**Statement of the Chief Executive's responsibilities as the Accounting Officer of
Yeovil District Hospital NHS Foundation Trust**

The National Health Service Act 2006 (NHS Act 2006) states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Yeovil District Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yeovil District Hospital NHS Foundation Trust and of its income and expenditure, items of comprehensive income and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Department of Health Group Accounting Manual* and the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- assess Yeovil District Hospital NHS Foundation Trust's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve Yeovil District Hospital NHS Foundation Trust or the Group without the transfer of its services to another public sector entity

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Yeovil District Hospital NHS Foundation Trust and to enable them to ensure that the accounts comply with the requirements outlined in the above mentioned Act.

The accounting officer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error and for safeguarding the assets of Yeovil District Hospital NHS Foundation Trust and hence for taking any reasonable steps for the prevention and detection of fraud and other irregularities. The accounting officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

Signed



Jonathan Higman, Chief Executive

Date: 11 June 2021

Statement of Directors' responsibilities in respect of the Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Independent Regulator of NHS Foundation Trusts, NHS Improvement, in exercise of the powers conferred on Monitor, with the approval of the Treasury, directs that these accounts give a true and fair view of the Foundation Trust's gains and losses, cash flows and financial state at the end of the financial year.

So far as the directors are aware, there is no relevant information of which the Trust's auditors are unaware. The directors have taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant information and to establish that the Trust's auditors is aware of that information.

Signed on behalf of the Board of Directors:

A handwritten signature in black ink, appearing to be 'J. Higman', written over a horizontal line.

Jonathan Higman, Chief Executive

Date: 11 June 2021

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF
YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Yeovil District Hospital NHS Foundation Trust ("the Trust") for the year ended 31 March 2021 which comprise the Group and Trust Consolidated Statement of Comprehensive Income, Statements of Financial Position, Statement of Changes in Taxpayers Equity and Cash Flow Statement, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Trust's affairs as at 31 March 2021 and of the Group and Trusts income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and the Department of Health and Social Care Group Accounting Manual 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of, the Group and Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Group and Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group and Trust's business model and analysed how those risks might affect the Group and Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit and Assurance Committee and internal audit and inspection of policy documentation as to the Group and Trust's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group and Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board and Audit and Assurance Committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.
- Reviewing the Group and Trust's accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account the current financial regime, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of incentive for revenue to be manipulated into the wrong period around the year end.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to expenditure recognition, particularly in relation to year-end accruals. We consider this risk to be applicable to non-payroll and non-depreciation expenditure.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected account pairings, unexpected users and seldom used accounts.
- Assessing significant estimates for bias.
- Inspecting transactions in the period prior to and following 31 March 2021 to verify revenue had been recognised in the correct accounting period.
- Inspecting transactions in the period prior to and following 31 March 2021 to verify expenditure had been recognised in the correct accounting period.
- Evaluating accruals posted as at 31 March 2021 and verifying accruals are appropriate and accurately recorded.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group and Trust is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group and Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group and Trust is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and

performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 2, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if:

- any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006.
- any matters have been reported in the public interest under paragraph 3 of Schedule 10 of the National Health Service Act 2006 in the course of, or at the end of the audit.

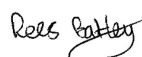
We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Yeovil District Hospital NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.



Rees Batley
for and on behalf of KPMG LLP
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

15 June 2021

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2021 have been prepared by Yeovil District Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed:

A handwritten signature in black ink, appearing to read 'J. Higman', with a long horizontal stroke extending to the right.

Jonathan Higman, Chief Executive

Date: 11 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group		Trust	
		2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Operating income from patient care activities	3	175,518	152,449	159,905	138,471
Other operating income	4	46,747	42,952	44,687	45,501
Total operating income		222,265	195,401	204,592	183,972
Operating expenses	5	(218,075)	(193,942)	(200,980)	(183,606)
Operating Surplus		4,190	1,459	3,612	366
Finance income	9	2	14	1,106	1,133
Finance expenses	9	(136)	(1,473)	(1,398)	(2,797)
PDC dividend expenses		(1,245)	0	(1,245)	0
Net finance costs		(1,379)	(1,459)	(1,537)	(1,664)
(Loss) on disposal of non-current assets	10	(137)	(91)	(137)	(91)
Share of (losses) of associates/joint arrangements		0	0	0	0
Corporation tax expense		(383)	28	0	0
Surplus/(Deficit) for the year		2,291	(63)	1,938	(1,389)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments		0	(752)	0	(752)
Revaluations	14	23	1,588	23	1,030
Other reserve movements		0	(46)	0	0
Total comprehensive income/(expense) for the period		2,314	727	1,961	(1,111)
Surplus/(Deficit) for the period attributable to:					
non-controlling interests; and the Foundation Trust		0	0	0	0
Total Surplus		2,291	(63)	1,938	(1,389)
Total comprehensive income/ (expense) for the period attributable to:					
non-controlling interests; and the Foundation Trust		0	0	0	0
Total comprehensive income/ (expense)		2,314	727	1,961	(1,111)

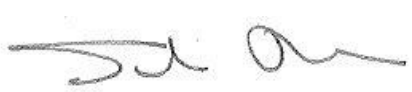
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		Group		Trust	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Note	£'000	£'000	£'000	£'000
Non current assets					
Intangible assets	13	5,618	5,151	5,417	4,938
Property, plant and equipment	14	70,864	64,179	68,262	61,755
Investments in associates and joint ventures	26	196	148	15,170	15,125
Trade and other receivables	17	786	691	30,883	32,342
Total non current assets		77,464	70,169	119,732	114,160
Current assets					
Inventories	15	2,590	2,344	1,474	1,371
Trade and other receivables	16	17,143	16,833	13,846	15,141
Cash and cash equivalents	17	26,695	14,214	18,701	7,172
Total current assets		46,428	33,391	34,021	23,684
Current liabilities					
Trade and other payables	19	(35,794)	(23,423)	(32,770)	(21,566)
Borrowings	22	(324)	(90,303)	(2,846)	(92,824)
Provisions	20	(3,424)	(1,680)	(3,328)	(1,628)
Total current liabilities		(39,542)	(115,406)	(38,944)	(116,018)
Total assets less current liabilities		84,350	(11,846)	114,809	21,826
Non current liabilities					
Trade and other payables	19	(8)	0	0	0
Borrowings	22	(2,780)	(2,691)	(37,137)	(39,749)
Provisions	20	(1,033)	(929)	(889)	(913)
Total non current liabilities		(3,821)	(3,620)	(38,026)	(40,662)
Total assets employed		80,529	(15,466)	76,783	(18,836)
Financed by					
Public dividend capital	25	138,274	44,592	138,274	44,592
Revaluation reserve		13,394	13,371	5,631	5,631
Income and expenditure reserve		(73,149)	(75,136)	(67,122)	(69,059)
Non-controlling interest		0	0	0	0
Charitable fund reserves		2,010	1,707	0	0
Total taxpayers' & others' equity		80,529	(15,466)	76,783	(18,836)

The notes on pages 14 – 57 form an integral part of these financial statements

The Annual Accounts were formally approved by the Board of Directors and were signed on its behalf by:


Jonathan Higman – Chief Executive
Date: 11 June 2021


Sarah James – Chief Finance Officer
Date: 11 June 2021

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2020/2021

	Total £'000	Charitable Funds £'000	Public Dividend Capital £'000	Revaluation Reserve £'000	Income and Expenditure Reserve £'000	Non - Controlling Interest £'000
Taxpayers' Equity at 1 April 2020	(15,467)	1,707	44,592	13,371	(75,137)	0
Surplus for the year	2,291	303	0	0	1,988	0
Revaluation gains and impairment losses property, plant and equipment	23	0	0	23	0	0
Public Dividend Capital received	93,682	0	93,682	0	0	0
Movements on other reserves	0	0	0	0	0	0
Taxpayers' Equity at 31 March 2021	80,529	2,010	138,274	13,394	(73,149)	0

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2019/2020

	Total £'000	Charitable Funds £'000	Public Dividend Capital £'000	Revaluation Reserve £'000	Income and Expenditure Reserve £'000	Non - Controlling Interest £'000
Taxpayers' Equity at 1 April 2019	(18,443)	1,698	42,342	12,535	(74,958)	(60)
Deficit for the year	(63)	9	0	0	(72)	0
Revaluation gains and impairment losses property, plant and equipment	836	0	0	836	0	0
Public Dividend Capital received	2,250	0	2,250	0	0	0
Movements on other reserves*	(46)	0	0	0	(106)	60
Taxpayers' Equity at 31 March 2020	(15,466)	1,707	44,592	13,371	(75,136)	0

* The £106k relates to reserve movements from the winding up of a subsidiary Daycase UK (DCUK).

Information on reserves

NHS charitable funds reserves

This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted.

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Non-Controlling Interest

A non-controlling interest is an ownership position where a corporate shareholder owns less than 50 percent of outstanding shares and can only influence management decisions instead of controlling them. This related to DCUK and is no longer applicable as this has now been wound up and since 1st April 2020 services are provided by the NHS Trust.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS foundation trust.

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2021**

		Group		Trust	
	Note	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Cash flows from operating activities					
Operating surplus		4,190	1,459	3,612	366
Non-cash income and expense:					
Depreciation and amortisation		4,736	4,500	4,593	4,664
Net impairments and reversals of impairments		0	84	0	(163)
Income recognised in respect of capital donations		(2,114)	(169)	(2,114)	(165)
(Increase)/decrease in receivables		954	(4,213)	(2,306)	(3,956)
(Increase)/decrease in inventories		(246)	(41)	(103)	69
Increase/(decrease) in payables and other liabilities		11,772	(320)	16,244	1,690
Increase/(decrease) in provisions		1,845	1,665	1,676	1,665
Corporation tax (paid)		(292)	(109)	0	0
NHS charitable funds - net movements in working capital, non-cash transactions cash flows		0	2	0	0
Net cash from operations		20,845	2,858	21,602	4,170
Cash flows from investing activities					
Interest received	9	2	4	1,106	1,133
Payments to acquire intangible assets	14	(1,110)	(500)	(1,104)	(484)
Payments to acquire tangible fixed assets	15	(8,058)	(3,301)	(8,032)	(1,175)
Prepayment of PFI/MES capital Contributions		(253)	(463)	0	0
Receipt of cash donations to purchase capital assets		300	48	300	11
Cash flows attributing to investing activities		2	(53)	0	0
Net cash used in investing activities		(9,117)	(4,265)	(7,730)	(515)
Cash flows from financing activities					
Public Dividend Capital received	25	93,682	2,250	93,682	2,250
Loans received/(paid) from Department of Health	22	(89,767)	9,948	(89,767)	9,948
Movements on other loans including intercompany		156	36	(2,327)	(5,968)
Interest paid on loans including Department of Health loans		(369)	(1,415)	(321)	(1,276)
Loans repaid - including finance lease and PFI capital		(796)	(161)	(161)	(161)
Interest element of finance lease including intercompany		(40)	(44)	(1,349)	(1,519)
Interest on PFI and other service concessions		(13)	(14)	0	0
PDC capital (paid)/refunded		(2,100)	0	(2,100)	0
Net cash used in financing activities		753	10,600	(2,343)	3,274
Increase in cash and cash equivalents		12,481	9,193	11,529	6,929
Cash and cash equivalents at 1 April		14,214	5,021	7,172	243
Cash and cash equivalents at 31 March	18	26,695	14,214	18,701	7,172

Notes to the Accounts

1. Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury.

Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care.

The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected.

The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Going concern

In preparation of the year end accounts the Board is required to undertake an assessment as to whether the Trust will continue as a going concern.

The Trust prepares its accounts under the financial reporting framework set out for the NHS in the Department of Health and Social Care Group Accounting Manual (GAM), which is based on the HM Treasury Financial Reporting Manual (FReM). The GAM adapts IAS 1 in stating that the anticipated continued provision of services in the public sector is a sufficient basis for preparing the accounts on a going concern basis (the continuation of service principle).

As the Board has every expectation that the services provided by the Trust will continue to be provided in the public sector, it is appropriate to adopt the going concern basis in preparing the accounts for 2020/21. The Board has considered whether there are uncertainties regarding future issues which should be disclosed to enable a true and fair view.

The Trust is currently in merger discussions with Somerset Foundation Trust. This does not change the Board's expectation that the services provided by the Trust will continue to be provided in the public sector.

Therefore, these accounts have been prepared under a going concern basis as set out in IAS 1.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.1 Consolidation NHS Charitable Fund

The NHS foundation trust is the corporate trustee to Yeovil NHS Charitable Fund. The trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust is exposed to, or has rights to, variable returns and other benefits

for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March 2021 in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the foundation trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

Other subsidiaries

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year.

The Trust wholly owns Symphony Healthcare Services Ltd which forms part of the consolidated accounts. Symphony Healthcare Services Ltd provides primary care services and its turnover for the period ended 31st March 2021 was £16.3m

The Trust also wholly owns Simply Serve Ltd which provides Estates and Facilities services. Its turnover for the period ended 31st March 2021 was £27.9m and forms part of the consolidated accounts.

In addition the Trust also wholly owns Yeovil Property Operating Company LLP which facilitates the provision of GP practice premises but had a turnover of nil for the period ended 31st March 2021, which forms part of the consolidated accounts.

Associates

Associate entities are those over which the trust has the power to exercise a significant influence. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the trust from the associate.

Joint ventures

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

The Trust has a joint venture with Yeovil Estates Partnership LLP in which it holds 50% of the equity and 50% of the voting rights

The Trust also owns 15.3% of SW Path Services LLP, SPS Facilities LLP and Southwest Pathology Service LLP and holds 20% of all the voting rights.

Business Combinations

When acquiring a business from outside the Whole of Government Accounts boundary the trust will account for it in accordance with IFRS 3. Where this is applicable the combination will be accounted for at fair value at the date of combination and any goodwill arising will be accounted for as an asset.

1.2 Income

Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations.

At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Integrated Care System/Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer.

At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract.

In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date.

It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS Injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations have been satisfied.

In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment.

The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Provider sustainability fund (PSF) and Financial Recovery Fund (FRF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Top Up Income

Providers received additional non recurrent support funding to cover lost income and increased costs directly linked to the COVID 19 outbreak in 2020/21.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service.

Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.3 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees.

The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.4 Expenditure on other goods and services

Expenditure on goods and services is recognised when they have been received and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.5 Discontinued Operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

1.6 Property, plant and equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the cost of the individual asset is at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation

All assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at valuation.

Land and property assets are valued 5 yearly with a 3 yearly interim valuation also carried out. Annual desktop valuation reviews are carried out in other years. The 5 yearly and 3 yearly interim valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The valuations are carried out on the basis of current value in existing use (as required by HM Treasury) incorporating the approach of using a suitable alternative site in valuing the estate. The annual reviews are conducted using the most appropriate information available at the date of the review. No revaluation was carried out during 2020/21.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements.

Equipment assets values are reviewed annually by internal experts to determine the remaining life based on past and forecasted consumption of economic useful life of the asset.

Assets in the course of construction are valued at current cost. Material assets are valued by professional valuers when they are first brought into use and are subsequently valued as part of the 5 or 3 yearly valuations.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

The range of useful economic lives are shown in the table below:

	Years
Building	9 to 75
Plant and Machinery	5 to 15
Transport equipment	5 to 15
Information technology	5 to 8
Furniture & Fittings	7 to 10

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off statement PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, retrospectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the DHSC GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before impairment.

An impairment that arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - o management are committed to a plan to sell the asset
 - o an active programme has begun to find a buyer and complete the sale
 - o the asset is being actively marketed at a reasonable price
 - o the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - o the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following the reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government granted and other grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g., the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

Internally generated goodwill, brands, mastheads publishing titles, customer lists and similar items are not capitalised as intangible assets.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no market exists they are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13. If it does not meet the requirements of IAS 40 or IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

	Years
Intangible Assets – Internally generated	5 - 10
Intangible Assets – Purchased software	5

1.8 Revenue government grants and other contributions to expenditure

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Governments apprenticeship service is recognised as income at the point of receipt of the training service. When these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition of the benefit.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Valued using a weighted average cost method. This is considered to be a reasonable approximation to current cost due to the high turnover of inventories.

Inventories are reviewed to enable identification of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. Obsolete goods are disposed of in line with the Standing Financial Instructions guidance on Disposals and Condemnations, Insurance, Losses and Special Payments.

1.10 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Regular way purchases or sales are recognised and de-recognised, as applicable using the trade/settlement terms and conditions.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement

Financial assets are categorised as 'fair value through income and expenditure', loans and receivables.

Financial liabilities are classified as 'fair value through income and expenditure' or as 'other financial liabilities'.

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term.

Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from discounted cash flow analysis.

Impairment of financial assets

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets carrying value and the present value of the revised future cash flows discounted at the assets original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced.

1.11 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS foundation trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.12 Provisions

The NHS foundation trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount.

The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury effective for 31st March 2021:

		Nominal rate
Short Term	Up to 5 years	-0.02%
Medium Term	After 5 years up to 10 years	0.18%
Long Term	After 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2021:

	Inflation rate
Year 1	1.2%
Year 2	1.6%
Into perpetuity	2.0%

Clinical negligence costs

The NHS Resolution operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust.

The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS foundation trust is disclosed at note 21 but is not recognised in the NHS foundation trust's accounts.

Non-clinical risk pooling

The NHS foundation trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises

1.13 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 24, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability

1.14 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

At any time, the Secretary of State can issue new PDC to and require repayments of PDC from the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend.

The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets) (ii) average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health (as issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts.

The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.15 Value added tax

Most of the activities of the NHS foundation trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.16 Corporation tax

The NHS foundation trust does not have a corporation tax liability for the year 2020/21. Tax may be payable on activities as described below:

- the activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private healthcare falls under this legislation and is not therefore taxable;
- the activity is commercial in nature and competes with the private sector. In house trading activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax;
- the activity must have annual profits of over £50,000.

Within the reporting group of Yeovil District Hospital NHS Foundation Trust subsidiary companies will have a corporation tax liability for 2020/21 financial year.

The net amount of any corporation tax payable by the subsidiaries for the period is immaterial to the Trust accounts. Tax payable is disclosed in full in the notes to the subsidiaries individual statutory accounts.

1.17 Foreign exchange

The functional and presentational currencies of the trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

When accounting for such transactions any gains or losses are recognised through the losses and special payments and disclosed in note 13.

1.18 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.19 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However, the losses and special payments note is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

1.20 Critical judgements in applying accounting policies

International accounting standard IAS1 requires estimates, assumptions and judgements to be continually evaluated and to be based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The purpose of evaluation is to consider whether there may be a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year, compared to the carrying value in these accounts. The following significant assumptions and areas of estimation and judgement have been considered in preparing these financial statements.

Value of land, buildings and dwellings £56,200,000 (2019/20 £55,000,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer with extensive knowledge of the physical estate and market factors.

The value does not take into account potential future changes in market value which cannot be predicted with any certainty.

The majority of the Trusts estate is considered to be specialised assets as there is no open market for an acute hospital. The modern equivalent asset valuation is based on the assumption that a replacement hospital would be built on an alternative site, within the surrounding area of Yeovil.

Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Accounting standards that have been issued but have not yet been adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC:

IFRS 14 Regulatory Deferral Accounts

IFRIC 23 Income Tax Treatment

The above amendments and new standards have not yet been adopted within the FReM, and are therefore not applicable to the Department of Health group for 2020/21. The impact of standards has not yet been fully assessed.

1.21 Accounting standards, amendments and interpretations in issue but not yet effective or adopted

The Group will adopt the following new accounting standards,

IFRS 16 Leases

Is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below.

For those recognised in the statement of financial position the standard also requires the re-measurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date.

For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury.

Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable.

However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

2. Operating Segments

The chief operating decision maker for Yeovil District Hospital NHS Foundation Trust is the Trust Board. Key decisions are agreed at monthly Board meetings and sub-committee meetings of the Board, following scrutiny of performance and resource allocation.

The Trust Board review and make decisions on activity and performance of the group as a whole entity, not for its separate business activities. The activities of the subsidiary companies are not considered sufficiently material to require separate disclosure.

	YDH			SSL	SHS	Group Consolidated
	Elective	Urgent Care	Corporate			
Income	49,518	106,679	49,470	27,897	16,341	249,905
Pay	(40,455)	(54,490)	(21,855)	(10,393)	(12,817)	(140,010)
Non Pay	(12,210)	(19,250)	(55,464)	(16,389)	(4,579)	(107,892)
Total (Deficit)/ Surplus	(3,147)	32,939	(27,849)	1,115	(1,055)	2,001
Reconciling Amount						(13)
Charitable Accounts						303
Operating Surplus						2,291

The Trusts divisional reports are set up to mirror the two clinical strategic business units of the Trust, Elective Care and Urgent Care. Individual speciality service level positions group up into one of these two strategic business units.

The segmental reporting format reflects the Trust management and internal reporting function, highlighting the position of both Trust and subsidiaries independently and as a Group.

Cost and income are inclusive of all subsidiaries that support the running of the core acute services of Yeovil District Hospital NHS Foundation Trust.

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3. Operating income from patient care activities

3.1 Income from patient care activities (by nature)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Clinical Income				
A & E income	0	8,317	0	8,317
Elective income	0	18,411	0	18,411
Non-elective income	0	47,060	0	47,060
Outpatient income - Firsts	0	7,448	0	7,448
Outpatient income - Follow ups	0	11,392	0	11,392
Block contract/system envelope *	140,228	0	140,228	0
High cost drugs income	11,544	11,675	11,544	11,675
Other non protected clinical income	231	372	231	372
Community Services *	15,463	13,703	0	0
Other NHS clinical income	2,689	28,176	2,642	28,049
Private patient income	1,123	2,132	1,020	1,984
Pension Contribution central funding **	4,240	3,763	4,240	3,763
Clinical income from activities	<u>175,518</u>	<u>152,449</u>	<u>159,905</u>	<u>138,471</u>

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes.

Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

3.2 Income from patient care activities (by source)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
CCG's and NHS England	173,981	148,983	158,502	135,280
NHS Foundation Trusts	126	852	95	725
NHS Trust	1	0	1	0
Non - NHS: private patients	1,123	2,132	1,020	1,984
Non - NHS: overseas patients	46	80	46	80
NHS injury recovery scheme (was RTA)	231	372	231	372
Non NHS other	10	30	10	30
Total income from activities	<u>175,518</u>	<u>152,449</u>	<u>159,905</u>	<u>138,471</u>

NHS Injury Scheme income is subject to a provision for doubtful debts of 22.43% for 2020/21 which has increased from 21.79% in 2019/20 to reflect expected rates of collection.

3.3 Income from activities arising from commissioner requested services

Under the terms of its provider license, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure.

	Group and Trust	
	2020/21	2019/20
	£'000	£'000
Income from services designated (or grandfathered) as commissioner requested services	174,164	149,945
Other	1,354	2,504
Total	175,518	152,449

3.4 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	Group and Trust	
	2020/21	2019/20
	£'000	£'000
Income recognised this year	46	80
Cash payments received in-year	19	15
Amounts added to provision for impairment of receivables	48	42
Amounts written off in-year	1	25

4. Other operating income

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Research and development	801	921	801	921
Education and training	5,200	4,515	5,200	4,515
Receipt of capital grants and donations	2,114	169	2,114	165
Top up income	18,139	0	18,139	0
PSF, FRF and MRET Income	0	19,479	0	19,479
NHS charitable funds incoming resources	771	522	0	0
Other income	19,722	17,346	18,433	20,421
Total other operating income	46,747	42,952	44,687	45,501

Included within other income is income relating to catering, staff recharges, car parking, estates recharges and pharmacy drug sales as well as other additional income.

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5. Operating expenses

5.1 Operating expenses comprise

	Note	Group		Trust	
		2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Clinical negligence insurance		4,305	4,195	4,305	4,195
Consultancy costs		391	239	223	213
Depreciation and amortisation		4,736	4,500	4,593	4,664
Drug costs		20,864	20,537	20,024	19,951
Establishment		4,285	3,266	1,124	952
Fees for Audit					
- Statutory audit		72	64	72	64
- Associate Companies		26	22	0	0
- Audit Related Assurance Services		0	1	0	1
Internal audit fees		54	55	54	55
Tax advisory services		191	174	110	101
Impairments	11	0	84	0	163
Increase in provisions		1,855	1,563	1,592	1,490
Legal fees		126	150	75	102
Losses, ex gratia & special payments		41	149	41	149
NHS charities expenditure		470	523	0	0
Premises		10,865	9,853	5,080	4,249
Purchase of healthcare from non NHS bodies *		6,934	6,800	31,119	31,351
Rentals under operating leases	5.3	729	755	0	0
Operating expenditure IFRIC 12		541	561	0	0
Services from:					
- CCGs and NHS England		7	72	7	72
- NHS Foundation Trusts		2,645	2,422	2,612	2,330
- NHS Trusts		44	104	19	93
Staff costs:					
- Executive Directors	6	1,427	937	1,138	937
- Other Staff costs	6	139,027	121,402	115,538	98,137
- Redundancy costs	6	209	139	209	139
- Non-Executive Directors' costs		124	110	124	110
Supplies and services (excluding drug costs)					
- Clinical		12,434	9,641	8,934	4,229
- General		3,083	2,947	604	7,310
Training		447	484	703	495
Transport		975	1,118	880	1,091
Other		1,169	889	1,800	963
		<u>218,075</u>	<u>193,942</u>	<u>200,980</u>	<u>183,606</u>

* The Trust figure includes intercompany expenditure with non NHS wholly owned subsidiaries.

5.2 Limitation on auditor's liability

The limitation on the auditor's liability is £1,000,000 (2019/20: £1,000,000)

5.3 Operating leases - Yeovil District Hospital NHS Foundation Trust as a lessee

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Operating lease expense				
Minimum lease payments	<u>729</u>	<u>755</u>	<u>0</u>	<u>0</u>
	<u>729</u>	<u>755</u>	<u>0</u>	<u>0</u>
Future minimum lease payments due:				
- not later than one year	1,455	678	790	0
- later than one year and not later than five years	4,494	1,492	3,160	0
- later than five years	<u>20,386</u>	<u>281</u>	<u>19,750</u>	<u>0</u>
	<u>26,335</u>	<u>2,451</u>	<u>23,700</u>	<u>0</u>

During 2020/21 the Group entered into a commercial lease that provides residential accommodation to staff and other key workers. The remaining leases are primarily for the provision of healthcare equipment.

6. Staff costs

6.1 Staff costs

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Salaries and wages	107,335	93,697	86,178	78,639
Social Security Costs	9,298	8,427	8,645	6,201
Employer Contributions to NHSPA	10,356	9,462	9,721	6,602
Additional Pension Costs 6.3%	4,240	3,763	4,240	3,763
Termination Benefits	209	139	209	139
Apprenticeship Levy	405	304	405	304
Agency and contract staff	<u>9,516</u>	<u>6,796</u>	<u>6,136</u>	<u>3,675</u>
	<u>141,359</u>	<u>122,588</u>	<u>115,534</u>	<u>99,323</u>

The rise in expenditure relating to employer contributions to NHSPA relates to the employer contribution rate increasing to 20.6%. There is corresponding income shown in note 3.1.

6.2 Employee benefits

Benefits in kind relating to lease cars totalled in year £104,112 (2019/20 £115,680). The Trust has introduced a Salary Sacrifice Green Car scheme for employees, these cars are classified as being a Benefit in Kind, and the associated costs are covered by the Salary Sacrifice.

7. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2018. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The actuarial valuation was carried out at 31 March 2021 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2021 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

8. Retirements due to ill health

During 2020/21 there was one early retirement from the trust agreed on the grounds of ill-health, there were nil in 2019/20.

9. Finance income and expenses

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Finance Income				
Trust interest received	0	4	1,106	1,123
Charity interest received	2	10	0	10
	<u>2</u>	<u>14</u>	<u>1,106</u>	<u>1,133</u>
Finance Expense				
Interest on loan from Department of Health	0	(1,276)	0	(1,276)
Commercial Loans	(80)	(137)	0	0
Interest on finance leases and PFI's	(53)	(58)	(1,395)	(1,519)
Unwinding of discount on provisions	(3)	(2)	(3)	(2)
	<u>(136)</u>	<u>(1,473)</u>	<u>(1,398)</u>	<u>(2,797)</u>

10. Gains / losses on disposal/de-recognition of non-current assets

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
(Loss) on disposal of fixed assets	(137)	(91)	(137)	(91)
	<u>(137)</u>	<u>(91)</u>	<u>(137)</u>	<u>(91)</u>

The disposals in 2019/20 and 2020/21 were in respect of non-protected assets.

11. The Late Payment of Commercial Debts (Interest) Act 1998

There were no amounts included within interest payable arising from claims made by businesses under this legislation.

12. Losses and special payments

	Group and Trust			
	2020/21		2019/20	
	Number	Value £'000	Number	Value £'000
Losses of Cash:				
Due to overpayment of salary	30	36	25	19
Bad Debts				
Private Patients	183	32	519	36
Overseas Visitors	2	1	16	25
Other	28	5	18	12
Damage to building:				
Not theft or fraud	0	0	0	0
Ex Gratia payments:				
Loss of personal effects	20	9	12	7
Other	4	7	1	50
Recovered Losses:				
Compensation Payments Received	2	(1)	1	(40)
Total losses and special payments	269	89	592	109

There were no case payments that exceeded £100,000.

These amounts are reported on an accruals basis, excluding provisions for future losses

13 Intangible Assets

13.1 Intangible assets at the balance sheet date comprise the following elements

	Group							
	2020/21				2019/20			
	Software licence	Patient record system	Assets under construction	Total	Software licence	Patient record system	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April	1,727	4,669	1,601	7,997	1,674	2,877	2,808	7,359
Additions - purchased	194	193	727	1,114	100	361	262	723
Reclassifications	0	923	(923)	0	0	1,469	(1,469)	0
Disposals	0	0	0	0	(47)	(38)	0	(85)
At 31 March	1,921	5,785	1,405	9,111	1,727	4,669	1,601	7,997
Amortisation at 1 April	1,542	1,304	0	2,846	1,342	902	0	2,244
Provided during the year	127	520	0	647	241	402	0	643
Disposals	0	0	0	0	(41)	0	0	(41)
Amortisation at 31 March	1,669	1,824	0	3,493	1,542	1,304	0	2,846
Net book value								
- Purchased at 1 April	185	3,365	1,601	5,151	332	1,975	2,808	5,115
	185	3,365	1,601	5,151	332	1,975	2,808	5,115
Net book value								
- Purchased at 31 March	252	3,961	1,405	5,618	185	3,365	1,601	5,151
Total at 31 March	252	3,961	1,405	5,618	185	3,365	1,601	5,151

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	Trust							
	2020/21				2019/20			
	Software licence	Patient record system	Assets under construction	Total	Software licence	Patient record system	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April	557	4,458	1,601	6,616	555	2,874	2,808	6,237
Additions - purchased	194	193	727	1,114	49	153	262	464
Reclassifications	134	789	(923)	0	0	1,469	(1,469)	0
Disposals	0	0	0	0	(47)	(38)	0	(85)
At 31 March	885	5,440	1,405	7,730	557	4,458	1,601	6,616
Amortisation at 1 April	407	1,271	0	1,678	207	902	0	1,109
Provided during the year	115	520	0	635	242	369	0	611
Disposals	0	0	0	0	(42)	0	0	(42)
Amortisation at 31 March	522	1,791	0	2,313	407	1,271	0	1,678
Net book value								
- Purchased at 1 April	150	3,187	1,601	4,938	348	1,972	2,808	5,128
	150	3,187	1,601	4,938	348	1,972	2,808	5,128
Net book value								
- Purchased at 31 March	363	3,649	1,405	5,417	150	3,187	1,601	4,938
Total at 31 March	363	3,649	1,405	5,417	150	3,187	1,601	4,938

14. Property plant and equipment

14.1 Property, plant and equipment at 31 March 2021 comprise the following elements

	Group								
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Transport equipment	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2020	5,152	57,922	1,337	2,128	18,899	10	3,509	1,378	90,335
Additions - purchased	0	1,933	0	3,619	2,188	0	596	24	8,360
Additions - leased	0	58	0	0	356	0	0	0	414
Additions - donated	0	52	0	94	1,943	0	0	25	2,114
Reclassifications	0	1,261	0	(1,584)	20	0	303	0	0
Revaluation	0	0	0	0	23	0	0	0	23
Disposals	0	0	0	(50)	(219)	0	0	0	(269)
At 31 March 2021	5,152	61,226	1,337	4,207	23,210	10	4,408	1,427	100,977
Depreciation at 1 April 2020	0	8,643	720	0	14,213	5	1,893	682	26,156
Provided during the year	0	2,200	41	0	1,486	0	275	87	4,089
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(132)	0	0	0	(132)
Accumulated depreciation at 31 March 2021	0	10,843	761	0	15,567	5	2,168	769	30,113
Net book value									
- Purchased at 1 April 2020	5,152	46,529	617	1,968	3,482	5	1,609	561	59,923
- Finance Leases at 1 April 2020	0	1,089	0	0	623	0	0	0	1,712
- Donated at 1 April 2020	0	1,661	0	160	581	0	7	135	2,544
Total at 1 April 2020	5,152	49,279	617	2,128	4,686	5	1,616	696	64,179
- Purchased at 31 March 2021	5,152	47,435	574	3,985	4,475	5	2,235	522	64,383
- Finance Leases at 31 March 2021	0	1,327	0	0	839	0	0	0	2,166
- Donated at 31 March 2021	0	1,621	2	222	2,329	0	5	136	4,315
Total at 31 March 2021	5,152	50,383	576	4,207	7,643	5	2,240	658	70,864

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	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2020	5,152	47,469	617	2,129	7,470	1,502	589	64,928
Additions - purchased	0	1,933	0	3,619	1,877	596	25	8,050
Additions - leased	0	58	0	0	356	0	0	414
Additions - donated	0	52	0	94	1,943	0	25	2,114
Reclassifications	0	1,261	0	(1,584)	20	303	0	0
Revaluation	0	0	0	0	23	0	0	23
Disposals	0	0	0	(50)	(219)	0	0	(269)
At 31 March 2021	5,152	50,773	617	4,208	11,470	2,401	639	75,260
Depreciation at 1 April 2020	0	0	0	0	2,628	372	173	3,173
Provided during the year	0	2,199	41	0	1,355	275	87	3,957
Impairments	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(132)	0	0	(132)
Accumulated depreciation at 31 March 2021	0	2,199	41	0	3,851	647	260	6,998
Net book value								
- Purchased at 1 April 2020	5,152	44,072	617	1,969	4,176	1,123	281	57,390
- Finance Leases at 1 April 2020	0	1,736	0	0	85	0	0	1,821
- Donated at 1 April 2020	0	1,661	0	160	581	7	135	2,544
Total at 1 April 2020	5,152	47,469	617	2,129	4,842	1,130	416	61,755
- Purchased at 31 March 2021	5,152	46,804	576	3,986	7,043	1,749	243	65,553
- Finance Leases at 31 March 2021	0	1,678	0	0	20	0	0	1,698
- Donated at 31 March 2021	0	92	0	222	556	5	136	1,011
Total at 31 March 2021	5,152	48,574	576	4,208	7,619	1,754	379	68,262

14. Property plant and equipment

14.1 Property, plant and equipment at 31 March 2020 comprise the following elements

	Group								
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Transport equipment	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,592	56,919	1,369	754	17,464	0	2,944	1,200	85,242
Additions - purchased	538	1,980	0	1,885	924	5	578	130	6,040
Additions - leased	0	68	0	0	555	0	0	0	623
Additions - donated	0	11	0	56	84	0	0	52	203
Reclassifications	0	545	0	(567)	22	0	0	0	0
Impairments charged to revaluation reser	0	(752)	0	0	0	0	0	0	(752)
Revaluation	22	(849)	(32)	0	0	0	0	0	(859)
Disposals	0	0	0	0	(150)	0	(13)	(4)	(167)
At 31 March 2020	5,152	57,922	1,337	2,128	18,899	5	3,509	1,378	90,330
Depreciation at 1 April 2019	0	8,640	720	0	13,130	0	1,725	561	24,776
Provided during the year	0	2,317	54	0	1,182	0	181	123	3,857
Impairments	0	84	0	0	0	0	0	0	84
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	(2,398)	(54)	0	0	0	0	0	(2,452)
Disposals	0	0	0	0	(99)	0	(13)	(2)	(114)
Accumulated depreciation at 31	0	8,643	720	0	14,213	0	1,893	682	26,151
Net book value									
- Purchased at 1 April 2019	4,592	45,470	649	593	3,660	0	1,210	489	56,663
- Finance Leases at 1 April 2019	0	1,353	0	0	0	0	0	0	1,353
- Donated at 1 April 2019	0	1,456	0	161	674	0	9	150	2,450
Total at 1 April 2019	4,592	48,279	649	754	4,334	0	1,219	639	60,466
- Purchased at 31 March 2020	5,152	46,529	617	1,968	3,482	5	1,609	561	59,923
- Finance Leases at 31 March 2020	0	1,089	0	0	623	0	0	0	1,712
- Donated at 31 March 2020	0	1,661	0	160	581	0	7	135	2,544
Total at 31 March 2020	5,152	49,279	617	2,128	4,686	5	1,616	696	64,179

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	Trust							
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,592	46,568	649	754	6,058	969	549	60,139
Additions - purchased	538	1,878	0	1,942	901	546	31	5,836
Additions - leased	0	68	0	0	555	0	0	623
Additions - donated	0	11	0	0	84	0	13	108
Reclassifications	0	545	0	(567)	22	0	0	0
Impairments charged to revaluation reserve	0	(1,601)	(32)	0	0	0	0	(1,633)
Revaluation	22	0	0	0	0	0	0	22
Disposals	0	0	0	0	(150)	(13)	(4)	(167)
At 31 March 2020	5,152	47,469	617	2,129	7,470	1,502	589	64,928
Depreciation at 1 April 2019	0	0	0	0	1,315	204	84	1,603
Provided during the year	0	2,309	54	0	1,418	181	90	4,052
Impairments	0	752	0	0	0	0	0	752
Reversal of impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluation	0	(3,061)	(54)	0	0	0	0	(3,115)
Disposals	0	0	0	0	(105)	(13)	(1)	(119)
Accumulated depreciation at 31 March 2020	0	0	0	0	2,628	372	173	3,173
Net book value								
- Purchased at 1 April 2019	1,229	11,890	649	593	1,339	512	65	16,277
- Finance Leases at 1 April 2019	3,363	33,324	0	0	2,728	244	250	39,909
- Donated at 1 April 2019	0	1,356	0	161	674	9	150	2,350
Total at 1 April 2019	4,592	46,570	649	754	4,741	765	465	58,536
- Purchased at 31 March 2020	1,789	14,038	617	1,969	2,030	989	88	21,520
- Finance Leases at 31 March 2020	3,363	31,770	0	0	2,231	134	193	37,691
- Donated at 31 March 2020	0	1,661	0	160	581	7	135	2,544
Total at 31 March 2020	5,152	47,469	617	2,129	4,842	1,130	416	61,755

14.2 Donations of property, plant and equipment

Donated capitalised assets from DHSC

Group and Trust	£'000
Diagnostic imaging equipment assets	995
Ventilators and associated equipment assets	819
	<u>1,814</u>

15. Inventories

	Group		Trust	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	£'000	£'000	£'000	£'000
Drugs	1,433	1,184	1,292	1,126
Consumables	1,141	1,150	166	235
Energy	16	10	16	10
	<u>2,590</u>	<u>2,344</u>	<u>1,474</u>	<u>1,371</u>

Inventories recognised in expenses for the year were £143,000.

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £5,061k of items purchased by DHSC.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

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16. Trade and other receivables

16.1 Trade and other receivables

	Group		Trust	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2019 £'000
Current				
Contract receivables	14,471	13,481	13,361	12,058
Allowance for other impaired receivables	(508)	(273)	(508)	(273)
Prepayments	1,653	1,921	225	560
PDC dividend receivable	855	0	855	0
VAT receivable	524	1,412	524	1,593
Amount owed by group undertakings	0	0	0	948
Other receivables	148	292	1,235	255
Total current receivables	17,143	16,833	15,691	15,141
Non-current				
Contract receivables	952	864	952	862
Amount owed by group undertakings	0	0	30,097	31,653
Allowance for other impaired receivables	(166)	(173)	(166)	(173)
Total non-current receivables	786	691	30,883	32,342
Total receivables	17,929	17,524	46,574	47,483

16.2 Allowances for credit losses

	Group		Trust	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
At 1 April	446	202	446	202
Increase in provision	342	362	342	362
Amounts utilised	(41)	(35)	(41)	(35)
Unused amounts reversed	(73)	(83)	(73)	(83)
At 31 March	674	446	674	446

An allowance for impairment is made where there has been an identifiable event which, evidences that the monies will not be recovered in full.

16.3 Analysis of allowances for creditor losses

	Group		Trust	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Ageing of impaired receivables				
0 - 30 days	255	18	255	18
30 - 60 days	13	109	13	109
60 - 90 days	1	0	1	0
90 - 180 days	10	12	10	12
Over 180 days	395	307	395	307
	<u>674</u>	<u>446</u>	<u>674</u>	<u>446</u>

17. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April	14,214	5,021	7,172	243
Net change in year	<u>12,481</u>	<u>9,193</u>	<u>11,529</u>	<u>6,929</u>
At 31 March	26,695	<u>14,214</u>	18,701	<u>7,172</u>
Broken down into:				
Cash at commercial banks and in hand	6,180	4,662	52	39
Cash with the Government Banking Service	18,648	7,688	18,649	7,133
Other Investments	<u>1,867</u>	<u>1,864</u>	<u>0</u>	<u>0</u>
Total cash and cash equivalents as in SoFP & SoCF	26,695	<u>14,214</u>	18,701	<u>7,172</u>

The group cash balance includes £1.867m held by Symphony Healthcare service in an Escrow account. This cash is only accessible under certain conditions.

18. Third Party Assets

The Trust had cash at bank and in hand at 31 March 2021 £721 (£812 at 31 March 2020) in relation to monies held by on behalf of patients.

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19. Trade and other payables

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Receipts on account	(169)	(28)	0	135
NHS payables	64	50	0	170
Trade payables - capital	5,283	4,676	5,283	4,676
Other trade payables	5,093	1,995	3,854	2,121
Other payables	4,593	7,099	4,278	6,507
Accruals	20,926	9,627	19,355	7,957
NHS Charitable funds payables	4	4	0	0
Total current payables	35,794	23,423	32,770	21,566
Amounts falling due after one year:				
Other trade payables	8	0	0	0
Total non current payables	8	0	0	0
Total payables	35,802	23,423	32,770	21,566

20. Provisions for Liabilities and Charges

	Group			Trust		
	Legal Claims £'000	Other £'000	Total £'000	Legal Claims £'000	Other £'000	Total £'000
At 1 April 2020	991	1,618	2,609	991	1,550	2,541
Arising during the year	14	1,908	1,922	14	1,750	1,764
Change in discount rate	64	0	64	64	0	64
Utilised during the year	(74)	0	(74)	(74)	(74)	(148)
Reversed unused	(7)	(60)	(67)	(7)	0	(7)
Unwinding of discount	3	0	3	3	0	3
At 31 March 2021	991	3,466	4,457	991	3,226	4,217
Expected timing of cashflows:						
Within 1 year	104	3,322	3,426	104	3,082	3,186
1 - 5 years	300	144	444	300	144	444
over 5 years	587	0	587	587	0	587
	991	3,466	4,457	991	3,226	4,217

Provisions arising in year includes HMRC commitments, clinical pension tax reimbursement and potential workforce liabilities.

£68,690,537 is included in the provisions of the NHS Resolution at 31 March 2021 in respect of clinical negligence liabilities of the Trust, (£69,064,743 at 31st March 2020).

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21. Legal Claims

The provision is based on information provided by the NHS Resolution and refers to non-clinical claims against the Trust.

22. Borrowings

	Group		Trust	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	£'000	£'000	£'000	£'000
Current				
Department of Health and Social Care	0	90,088	0	90,088
Other Loans	92	48	0	0
Intercompany finance lease	0	0	2,614	2,527
Obligations under finance leases	120	167	120	209
Obligations under PFI & service concessions	112	0	112	0
Total current borrowings	324	90,303	2,846	92,824
Non-current				
Department of Health and Social Care	0	0	0	0
Other Loans	1,816	1,704	0	0
Intercompany finance lease	0	0	36,171	38,785
Obligations under finance leases	964	987	964	964
Obligations under PFI & service concessions	0	0	0	0
Total non-current borrowings	2,780	2,691	37,135	39,749

Department of Health and Social Care loans have been converted to Public Dividend Capital (PDC) in 2020/21.

22.1 Finance Leases

	Group		Trust	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	£'000	£'000	£'000	£'000
Gross Lease Liabilities	1,230	1,338	55,088	59,104
Not later than one year	153	204	4,062	4,114
Later than one year, less than five years	568	537	11,892	13,474
Later than five years	510	597	39,135	41,516
Finance charges allocated to future periods	(145)	(180)	(15,218)	(16,638)
Net lease liabilities	1,086	1,158	39,871	42,466
Of which is payable				
Not later than one year	121	167	2,735	2,693
Later than one year, less than five years	481	435	7,374	8,677
Later than five years	484	556	29,762	31,096
	1,086	1,158	39,871	42,466

22.2 On-SoFP PFI, LIFT or other service concession arrangements

Managed Equipment Solution for Diagnostic Imaging

On 1st April 2019 the Trust entered into a contract for the provision of a managed service within diagnostic imaging. The contract is for the following services:

- A Facilities Infrastructure Replacement Programme (FIRP), which includes the replacement, installation and decommissioning of all assets within the department along with an increase of modalities for ultrasound, MRI and CT scanning;
- The provision of a fully inclusive “Gold Standard” maintenance cover for the department, that includes all parts, durables and labour;
- The provision of a guaranteed uptime availability of the facility to perform diagnostic testing and reporting;
- A consumables management service paid for through a quarterly payment in advance based on an estimate of annual consumption. An assessment of actual Consumables provided is made each quarter and either a balancing invoice or credit note raised as appropriate.

A set of performance parameters has been agreed with the managed service provider. Penalties will apply if performance failures are not corrected within the agreed remedial period.

The accountancy treatment is that the Trust’s future assets within the scope of the managed service will be purchased by the managed service provider.

New equipment bought by the service provider has been capitalised under IFRIC 12 where their useful lives are fully utilised during the 10 years of the managed equipment solution agreement. Where new asset lives extend beyond the 10 years of the agreement equipment has been accounted for as operating leases.

The total unitary payment made to the managed equipment solution provider during the 2020/21 financial year was £1,174k (2019/20 £576k).

The values of payments due for 2021/22 for the managed facility service is £1,240k.

22.3 Total future payments committed in respect of PFI, LIFT or other service concessions (Includes but is not limited to total future unitary payments)

	31 Mar 2021	Group 31 Mar 2020
	£'000	£'000
Not later than one year	1,240	1,178
Later than one year less than five years	4,958	4,765
Later than five years	5,382	6,866
Total	<u>11,580</u>	<u>12,809</u>

These payments include but are not limited to the total future unitary payments.

22.4 Total future payments committed in respect of PFI, LIFT or other service concessions (service element)

	Group	
	31 Mar 2021	31 Mar 2020
	£'000	£'000
Not later than one year	597	541
Later than one year less than five years	2,297	1,755
Later than five years	1,727	2,524
Total	<u>4,621</u>	<u>4,820</u>

23. Capital Commitments

There is £160,189 of capital commitments at 31 March 2021 (31 March 2020 £283,711). All commitments relate to plant, property and equipment.

24. Contingent Assets and Liabilities

There were no contingent assets and no contingent liabilities for the year ended 31 March 2021 or for the year ended 31 March 2020.

25. Movements in Public Dividend Capital

	Group and Trust	
	2020/21	2019/20
	£'000	£'000
Public dividend capital at 1 April	44,592	42,342
New public dividend capital received	93,682	2,250
Public dividend capital at 31 March	<u>138,274</u>	<u>44,592</u>

26. Movement in Investment in Subsidiary Undertakings

	Trust	
	2020/21	2019/20
	£'000	£'000
Shares in subsidiary undertakings	15,126	15,126
Loans to subsidiary undertakings > 1 year	<u>25,841</u>	<u>28,401</u>
	40,967	43,527
Loans to subsidiary undertakings < 1 year	<u>1,034</u>	<u>947</u>
Total	<u>42,001</u>	<u>44,474</u>

27. Related party transactions

The Trust is under the common control of the Board of Directors. During the year none of the Board members or members of the key management staff or parties related to them, has undertaken any material transactions with Yeovil District Hospital NHS Foundation Trust.

During the year ended 31 March 2020, Yeovil District Hospital NHS Foundation Trust has had a significant number of material transactions with other entities for which the Department of Health is regarded as the parent department as well as transactions through subsidiary companies and joint ventures. These entities are listed below:

Group and Trust				
2020/2021	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Dorset County Hospital NHS FT	149	332	10	4
Dorset University Healthcare NHS FT	1	366	0	363
Royal Devon and Exeter NHS FT	729	235	20	41
Gloucestershire Hospitals NHS FT	10	995	10	0
Somerset FT	4,015	2,135	719	575
Health Education England	5,071	0	0	0
Dorset CCG	18,846	0	77	0
Somerset CCG	121,465	0	1,372	0
Bath, Swindon and Wiltshire CCG	600	0	0	0
NHS England	35,936	0	15	0
NHS Resolution	0	4,305	0	0
Southwest Pathology Services (JV)	48	2,428	0	0
SPS Facilities (JV)	0	2,288	0	0
Integrated Pathology Services	0	0	0	0
Simply Serve LTD	1,889	34,563	0	0
Symphony Healthcare Services	325	1,045	0	0

Group and Trust				
2019/2020	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Dorset County Hospital NHS FT	360	340	44	3
Dorset University Healthcare NHS FT	0	319	0	0
Royal Devon and Exeter NHS FT	780	303	10	0
Gloucestershire Hospitals NHS FT	0	909	0	78
Somerset Partnership NHS FT	2,513	542	123	0
Taunton and Somerset NHS FT	1,458	1,159	18	0
Health Education England	4,429	0	0	0
Dorset CCG	17,775	0	529	0
Somerset CCG	101,169	212	1,783	0
Wiltshire CCG	501	0	38	0
NHS England (excluding STF)	25,762	0	943	54
NHS England (STF)	19,479	0	5,730	0
NHS Resolution	0	4,195	0	0
Southwest Pathology Services (JV)	99	2,407	0	0
SPS Facilities (JV)	92	1,969	0	0
Integrated Pathology Services	206	58	0	0
Simply Serve LTD	985	25,599	42,947	44,923
Symphony Healthcare Services	125	1,163	1	0

In addition, the Trust has entered into transactions with other Government Departments and other central and local Government bodies. The Trust has also received revenue and capital payments from a number of charitable funds. Some of the Trustees of these charitable funds are also members of the Board of the NHS Foundation Trust. Full audited accounts are prepared for the Funds held on Trust.

28. Group Structure

Simply Serve Limited – Company Number: 10847254

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Simply Serve Ltd (SSL) was incorporated on 3 July 2017 and became operational on 1 February 2018. Simply Serve Ltd is 100% owned by Yeovil District Hospital NHS Foundation Trust.

SSL has been set up to support the Trust's strategic objectives, improve efficiency and develop more cost effective ways of working. SSL provides a full range of professional estates and facilities services along with IT, procurement and financial services to Yeovil District Hospital NHS Foundation Trust and other clients.

The key objectives of establishing SSL are as follows:

- Maintain and improve quality of services
- Free up Trust management to focus on healthcare
- Develop a more efficient and cost effective service
- Retain staff within the YDH group providing opportunities and security
- Enhance the ability to recruit and retain key staff groups
- Enhance focus and flexibility on developing additional income generation opportunities

SSL operates as an arm's length organisation with its own board of directors and governance structure. Services are provided under contractual arrangements with detailed service specifications and key performance indicators.

Symphony Healthcare Services Ltd – Company Number: 06633460

Registered office – Wynford House, Yeovil, Somerset, BA22 8HR

During 2016/17 Yeovil District Hospital NHS Foundation Trust acquired Pathways Healthcare and Social Care Alliance Ltd, the company was renamed to Symphony Healthcare Services Ltd.

As at 31st March 2021 Symphony Healthcare Services operates primary care services at locations within Somerset; Ilchester GP practice, Yeovil Health Centre, Buttercross Health Centre, Highbridge Medical Centre, Crewkerne Health Centre, Oaklands Surgery, Hamdon Medical Centre, Wincanton Health Centre, Crewkerne West One Surgery, The Meadows Surgery, Martock Surgery, South Petherton Surgery, Bruton Surgery and Exmoor Surgery.

Yeovil District Hospital NHS Foundation Trust owns 100% of the equity and no goodwill arose in respect of the acquisitions. As per the NHS Act 2006 section 259 no goodwill can arise as part of the sale of primary care businesses.

	£000's
Consideration paid	106
Net Assets Aquired	(106)
Goodwill	<u>0</u>

Yeovil Estates Partnership LLP – Company Number: OC396172

Registered office – 5 The Triangle, Worcester, Worcestershire, WR5, 2QX

During 2014/15 Yeovil District Hospital NHS Foundation Trust procured a Strategic Estates Partner and as a result established the Joint Venture Yeovil Estates Partnership LLP to undertake strategic estates activity on behalf of the Trust.

Yeovil Estates Partnership LLP was established on 29th October 2014. Yeovil District Hospital NHS Foundation Trust owns 50% of the equity of Yeovil Estates Partnership LLP and holds 50% of the voting rights.

No goodwill arose in respect of the subsidiary as the reporting Trust established the company and received an interest in the company equal to the fair value of assets on its formation.

Yeovil Property Operating Company Ltd – Company Number: 09958551

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Yeovil District Hospital NHS Foundation Trust established a subsidiary company, Yeovil Property Operating Company Ltd to facilitate the provision of GP practice premises. The company was incorporated on 19th January 2016, Yeovil District Hospital NHS Foundation Trust owns 100% of Yeovil Property Operating Company.

Southwest Pathology Services LLP – Company Number: OC370482

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is Southwest Pathology Services LLP incorporated in the United Kingdom with its principal place of business being Somerset.

Southwest Pathology Service LLP provided pathology testing for the Trust and other clients up until 28 February 2015. From 1 March 2015 it provides the analytical elements of pathology testing for the Trust and other clients.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of Southwest Pathology Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SPS Facilities LLP – Company Number: OC397788

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SPS Facilities LLP incorporated in the United Kingdom with its principle place of business being Somerset.

SPS Facilities LLP was established 1 March 2015 and provides the facilities elements of pathology testing for the Trust and other clients and is expected to continue to do so for the long term.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SPS Facilities LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SW Path Services LLP – Company Number: OC383198

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SW Path Services LLP incorporated in the United Kingdom with its principle place of business being Somerset.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SW Path Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

Yeovil District Hospital NHS Foundation Trust Charitable Fund

Registered Charity Number: 1057580

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

The charitable purpose or purposes relating to the National Health Service (NHS umbrella charity) wholly or mainly for Yeovil District Hospital NHS Foundation Trust.

29. Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity. IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The financial assets and liabilities of the group are generated by day to day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

30. Financial Risk Management

The Trust's financial risk management operations are carried out by the Trust's Treasury Function, within the parameters formally defined within the Treasury Management Guidance, agreed by the Trust Audit Committee. Trust treasury activity is routinely reported and is subject to review by internal and external auditors.

The Trust's financial instruments comprise of cash and liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The Trust does not undertake speculative treasury transactions.

30.1 Liquidity Risk

The NHS Foundation Trust's net operating costs are incurred under contracts with commissioners, which are financed from resources voted annually by Parliament. Yeovil District Hospital NHS Foundation Trust submitted will submit an annual plan to its regulator NHS Improvement (NHSI) for 2020/21.

30.2 Interest Rate Risk

100% of the Trust's financial assets nil or fixed rates of interest. The Trusts financial liabilities are subject to interest rate changes. This has been assessed as minimal, therefore, the Trust is not exposed to significant interest rate risk.

30.3 Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

30.4 Credit Risk

The majority of the Trust's income comes from Government bodies or other NHS organisations under contractual arrangements meaning that the Trust is not exposed to high levels of credit risk.

Other income is subject to credit control procedures which are regularly reviewed by management. Outstanding debtors are referred to a credit collection agency once the Trust has exhausted all other methods of collection.

30.5 Price Risk

The Trust invests its surplus cash in Government Banking Services Accounts (GBS) therefore it is not subject to market price risk.

30.6 Cashflow Risk

Cash is invested in accordance with approved procedures. Cashflows are monitored and weekly forecasts are produced to ensure commitments are met. Payables are also monitored and managed to ensure all commitments are met.

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30.7 Financial Assets

Group	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020
	£'000	£'000	£'000	£'000
Trade and other receivables	17,143	17,143	16,833	13,627
Cash at bank	26,695	26,695	14,214	14,218
	43,838	43,838	31,047	27,845

Trust	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020
	£'000	£'000	£'000	£'000
Trade and other receivables	13,846	13,846	15,141	16,495
Cash at bank	18,071	18,071	7,172	7,172
	31,917	31,917	22,313	23,667

30.8 Financial Liabilities

Group	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020
	£'000	£'000	£'000	£'000
Borrowings	1,908	1,908	91,840	91,840
Finance Lease	1,196	1,196	1,154	1,154
Other creditors	35,802	35,802	17,275	17,275
	38,906	38,906	110,269	110,269

Trust	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020
	£'000	£'000	£'000	£'000
Borrowings	0	0	90,088	90,088
Finance Lease	39,869	39,869	42,466	42,466
Other creditors	32,770	32,770	17,275	17,275
	72,639	72,639	149,829	149,829

Fair value is not significantly different from book value since, in the calculation of book value, the expected cashflows have been discounted by the Treasury discount rates.

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	<u>43,838</u>	<u>43,838</u>	<u>31,047</u>	<u>27,845</u>

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	<u>38,906</u>	<u>38,906</u>	<u>110,269</u>	<u>110,269</u>

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	<u>72,639</u>	<u>72,639</u>	<u>149,829</u>	<u>149,829</u>

Fair value is not significantly different from book value since, in the calculation of book value, the expected cashflows have been discounted by the Treasury discount rates.

