Annual Report & Annual Accounts

2021/22

Yeovil District Hospital NHS Foundation Trust

Annual Report and Annual Accounts 2021/22

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CORRECTION SLIP

Title: Yeovil District Hospital NHS Foundation Trust-Annual Report and Accounts 2021/2022

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Page 90

Report on the Audit of the Financial Statements

A paragraph entitled “Emphasis of matter-going concern” was missing from between the “Basis for opinion” and “Going concern” paragraphs in the original text.

Text should read:

Emphasis of matter – going concern

We draw attention to the disclosure made in note 1 to the financial statements which explains that on 1 April 2023, Yeovil District Hospital NHS Foundation Trust will be dissolved and its services transferred to Somerset NHS Foundation Trust. Under the continuation of service principle, the financial statements of the Trust have been prepared on a going concern basis because its services will continue to be provided by the successor public sector entity. Our opinion is not modified in this respect.

Date of correction: 03 February 2023

CONTENTS

1. FOREWORD FROM CHIEF EXECUTIVE

Welcome to the annual report for Yeovil Hospital NHS Foundation Trust, for the financial year 2021-2022.

Having been appointed as Chief Executive for both Yeovil Hospital and Somerset Foundation Trust in September 2021, this is my first report for YDH sharing details of our operational and financial performance for the previous 12 months. It also provides an opportunity for us to reflect on our achievements and challenges during what has been another extraordinary year for YDH, the NHS and the country as a whole.

The impacts of the pandemic have continued to be felt across the Somerset health and care system and have made it more complex for us to deliver care in the ways that we have in previous years. The performance report in the following pages describes how hard colleagues have worked to continue providing access to essential services whilst minimising the risks posed by COVID-19.

As we emerge from the acute phase of the pandemic, we are now experiencing an expected 'bounce-back' in activity levels with increases in attendance to our emergency department (ED) and in referrals from primary care compared to pre-pandemic levels. At the same time we are shifting our focus towards recovering our elective care performance, addressing the waiting lists which have increased significantly during the past two years.

At the heart of our response to both the immediate and long term impacts of the pandemic are colleagues working at this hospital. Throughout the last year, they have demonstrated incredible resilience, responding to frequent changes to guidance and policy, and adapting processes and hospital environments in order to maintain access to care and treatment. This has been made more difficult by record-breaking levels of sickness absence, which I am pleased to say has significantly improved in recent months.

A range of specialist support options have been made available to help colleagues deal with the personal and professional impacts of the last year, and our results from the latest NHS staff survey indicate that the majority of our staff feel well supported and cared for. In fact, the trust remains one of the best in the country for staff health and wellbeing and for those recognising the organisation as a great place to work.

My appointment, across both YDH and Somerset FT, and the subsequent appointment of a single executive team for the trusts, have been important steps towards bringing our organisations together, which we are aiming to complete in April 2023. You can read more about that within this report. Teams from both organisations are already working together to develop and deliver upon opportunities to improve the services they provide and to contribute to the completion of the business case later this year.

As a provider of acute, community, mental health and a significant proportion of primary care services in Somerset, we will be in a position to have a positive impact upon the health of the population and contribute to the development of more sustainable health and care services in the county. We look forward to working closely with colleagues in the new Integrated Care Board to deliver this ambition.

Peter Lewis, Chief Executive, 20 June 2022

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.

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, the proportion of older people aged above 75 with a long-term condition has risen, and their needs are likely to become more complex, leading to increase demand for NHS services. In the next 25 years, in England, the number of people older than 85 will double to 2.6million.[1]

While smoking rates in Somerset 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, and partly stemming from the Covid-19 pandemic, we have seen collaboration across health and social care take place at a pace and scale previously unimaginable. The pandemic has accelerated collaborative working in Somerset, enabling us to deliver 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

[1] Raymond A, Bazeer N, Barclay C, Krelle H, Idriss O, Tallack C, Kelly E. Our ageing population: how ageing affects health and care need in England. The Health Foundation; 2021 (https://doi.org/10.37829/HF-2021-RC16).

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.

Proposed merger with Somerset NHS Foundation Trust

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 neither 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 formally bringing the two organisations together was the preferred model.

Both Trusts worked closely together to decide which route to merge would be the least disruptive to colleagues, the least bureaucratic and the most cost effective. There are three routes available within the NHS in formally bringing two organisations together.

1. A **statutory merger** is the full dissolution of both trusts and the creation of a new trust. This is very complex, expensive, and disruptive. It requires all colleagues at both organisations to TUPE (transfer their employment) to a new organisation.
2. A **statutory acquisition** is not suitable for our situation and does not reflect the principles of our merger. This route is most commonly used when the acquired Trust is underperforming and has safety issues. The staff of the acquired trust would TUPE to the acquiring organisation.
3. A '**merger by acquisition**' under Section 56A of the NHS Act 2006 is an application made jointly an NHS foundation trust and another NHS foundation trust or NHS trust. This means one trust assumes the position of *acquirer* in order to enable the new organisation to be created. In almost all cases, this will be the organisation with the greatest number of sites as there is a fee to be paid for each property that transfers into the acquiring organisation.

This last route is the most effective, least expensive and least disruptive route to merger. Colleagues from the acquired trust TUPE into the organisation which has assumed the role of acquiring trust.

Therefore, the Boards of both trusts have committed to a merger by acquisition route, through which Yeovil Hospital will be acquired by Somerset NHS Foundation Trust. This enables us to get on with the important task of creating an organisation that is able to provide the best possible care for the population and be the best possible employer.

Despite the term 'acquisition' this will be a merger of equals, bringing together our expertise, experience, resources and cultures and passion for care to create a new organisation that is

capable of developing and delivering world-class health and mental health care. It is also the least disruptive for colleagues and patients.

Both Trusts want to create a merged organisation that brings together the best of both organisations. The two trusts are recognised and rated as "good" by the Care Quality Commission and the Boards want to build on the strengths, values and the identities of both and learn from each other.

The 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 Strategic Case is available in the Trust's public Board papers here. The planned merger date is 1 April 2023.

Our system benefits from strong working relationships between health, social care and voluntary sector partners based on a culture of openness, support and constructive challenge.

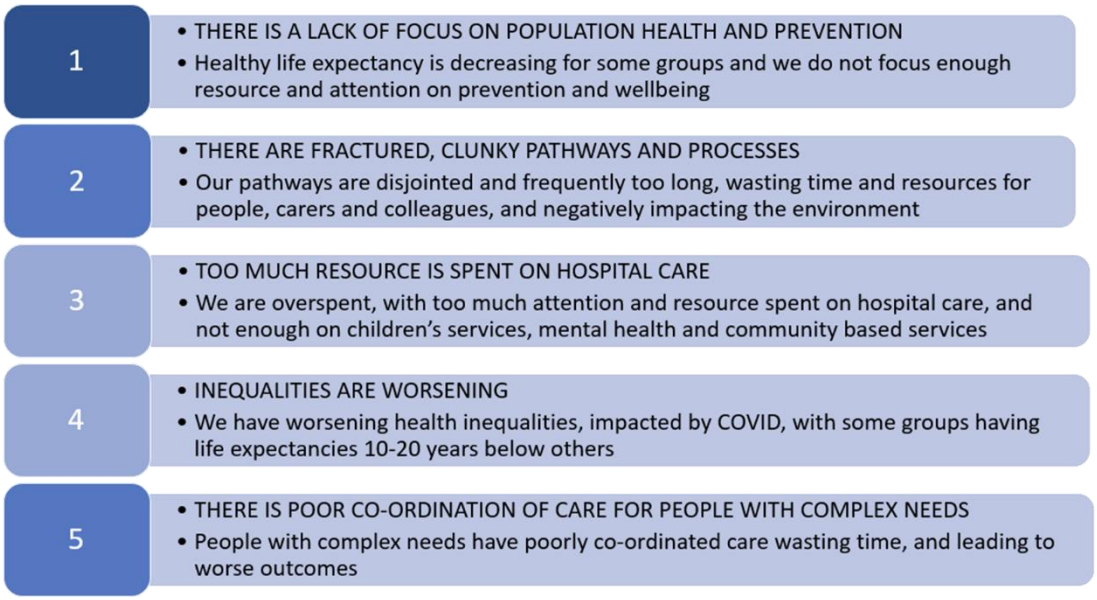
Integrated care systems (ICS) have grown out of Sustainability and Transformation Partnerships (STPs) – local partnerships formed in 2016 to develop long-term plans for the future of health and care services in their area. At present ICSs aren't legal entities, but the Government is progressing legislation to change this. During 2020/21, the Government published the White Paper 'Integration and Innovation: working together to improve health and social care for all'. This paper set out the legislative proposals for a Health and Care Bill. It aimed to build on the collaborations seen through the COVID-19 pandemic and remove some of the barriers that prevents systems from being truly integrated.

The Health and Care Bill, currently going through Parliament, sets out plans to put ICSs on a statutory footing, empowering them to:

- **Improve outcomes** in population health and healthcare
- **Tackle inequalities** in outcomes, experience and access
- Enhance **productivity and value for money**
- Help the NHS support broader **social and economic development**.

As an ICS we will be able to go further and faster together to front-end resources and support into prevention and health promotion, tackling health inequalities head on and supporting our communities to thrive. Our Fit for my Future (FFMF) Strategy underpins the health element of the Improving Lives Strategy owned by the Health and Wellbeing Board. Our FFMF vision and aims are:

"In Somerset we want people to live healthy independent lives, supported by thriving communities with timely and easy access to high quality and efficient public services when they need them."



Each ICS will be led by an NHS Integrated Care Board (ICB), an organisation with responsibility for NHS functions and budgets, and an Integrated Care Partnership (ICP), a statutory committee bringing together all system partners to produce a health and care strategy. When ICBs are legally established, existing CCGs will be abolished. The current organisational landscape in Somerset is of low-complexity when compared to other ICSs which will help with transition:

- One Clinical Commissioning Group (CCG), the functions of which will transfer into one ICB
- One tier one county council (Somerset County Council) and four district councils. The Secretary of State has approved a bid for Local Government Reorganisation, with all five existing councils in Somerset being replaced by a single Unitary Authority, 'Somerset Council', by April 2023.
- Two statutory NHS foundation trusts, which are working towards merger. The proposed merger would bring together all of Somerset's acute, community, mental health and learning disability services, with around a fifth of primary care into a single NHS Foundation Trust.
- 13 primary care networks (PCNs) located within 12 neighbourhoods. Decisions around health and care are made collaboratively across the PCNs with the local providers of both health, care, the voluntary, community and social enterprise sector (VCSE) and our communities. This underpins the strong and well-established partnership arrangements within Somerset.

Although these legislative changes are welcome to establish ICS's on a statutory footing, in Somerset we have been working in an integrated and collaborative way for many years now. It was originally expected that these changes would come in to effect in April 2022. However, this target date has now been changed to 1 July 2022 to allow more time for the remaining parliamentary stages and to enable organisations to manage their more immediate pandemic response priorities.

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.

Whilst Covid-19 restrictions have since been stood down across the country, the NHS is still required to retain a number of infection control policies and procedures. This continues to have an impact on the Trust's ability to restore all elective services. The longer-term impact has meant that elective waiting times have increased, with a significantly higher number of patients now waiting over 18 weeks for their treatment.

These changes in demand, coupled with the challenges in sickness and absence of nursing and 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, 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 would 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 2021/22, Yeovil District Hospital continued to maintain performance across a range of key performance standards, including the four-hour accident and emergency waiting times, although performance was below the nationally set targets. This is a direct impact of the continued demand and arrangements in place as a result of the Covid-19 pandemic. Further information on performance indicators and constitutional standards can be found on page 15 onwards.

The Trust was immensely proud of the 2021 staff survey results, which reflect the positive culture that exists within Yeovil District Hospital. Across the survey's themes, Yeovil Hospital scored higher than the benchmark group average and in three were consistent with the best in the country. This includes the themes: we are recognised and rewarded, we work flexibly, and we are a team. More information on the staff survey results can be found on page 24.

Our Vision, Values and Strategy

Yeovil District Hospital's vision and strategy for 2021-22 are shown below with the four strategic objectives supported by a clear set of organisational priorities for the year. The Trust vision and strategy helps to guide the way the organisation develops. Both the vision and strategy have been developed in collaboration with staff from across the organisation. As well as guiding decision-making, our strategy is also intended to provide staff with opportunities to identify and implement improvements in their own areas of work.

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

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 enable our local population to live healthier lives.

Strategic priorities

- In partnership with Somerset Foundation Trust develop a Clinical Strategy for the County in the first instance concentrating on provider trusts and then moving on to the Integrated Care System.
- Consistently demonstrate high standards of care
- Ensure Cancer Standards are consistently achieved
- Implement the new Urgent and Emergency Care Standards
- Ensure that elective care for patients is recovered in line with clinical need and that delays in treatment are monitored and acted upon to minimise harm
- Continue to improve end of life care with a particular emphasis on recognition, planning and communication
- Achieve all new National Safety Standards including the recommendations from the Ockenden Report
- Improve mental health care with a particular focus on the care of CAMHS patients and integration of services to ensure parity
- Ensure excellence in Infection Prevention and Control

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.

Strategic priorities

- Further build on the positive 2020 survey with areas of focus being preventing/managing violence and aggression and ED&I
- Ensure grip and control of staff spend with a focus on temporary staffing
- Maintain and improve our culture and values through the pandemic and recovery
- Develop a future workforce strategy aligned to collaborative working and ICS development
- Increase our focus on staff resilience and wellbeing recognising the staff recovery needed as a result of pandemic
- Explore ways to provide recognition and reward during the pandemic and subsequent recovery

Innovate & collaborate

As part of the Somerset care system, and working with our partners, we will develop and deliver outstanding services, employing new models of care and innovative technology.

Strategic priorities

- Complete the formal business case for collaboration with SFT
- Refresh and align our digital transformation strategy with both the system digital and clinical strategy
- Implement EPMA & radiology Order Comms
- Enhance and use our business intelligence capability to inform Trust and system planning
- Support the development of local 'Neighbourhoods'
- Further develop virtual outpatients, virtual ward and other digital solutions developed during the pandemic
- Fully engage and collaborate in the formation of the Somerset ICS ensuring the voice of YDH and SHS is heard
- Refresh and align our estates strategy with the system strategic objectives and develop our case for major estate redevelopment

Develop a sustainable system

We will efficiently manage our resources to ensure the sustainability of our services and the local care system, whilst never compromising on safety and quality.

Strategic priorities

- Meet our financial improvement trajectory and deliver the associated CIP and savings within the overall system plan
- Implement and embed the YDH accountability framework
- Continue to improve the culture of cost control and financial decision making
- Maintain our focus on improving efficiency and productivity using best practice tools
- Embed Improvement and change Methodology across the Trust
- Position SHS as the at scale provider for primary care in Somerset and secure its sustainability within the Somerset system

To underpin this strategy, there is a clear set of values that are based on our principles of iCARE. These principles were initially developed over fourteen 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. All staff are introduced to iCARE at the Trust Induction Day, where the expectations and standards outlined by iCARE are shared. In addition, the iCARE principles are included in staff appraisals, in job descriptions and are reiterated in policies, procedures and training programmes. The main focus, however, is to ensure that these values are evidenced in our daily work and in our care of patients, their visitors and our staff.

I	treating our patients and staff as **I**ndividuals
C	effective **C**ommunication
A	positive **A**ttitude
R	**R**espect for patients, carers and staff
E	**E**nvironment conducive to care and recovery

As part of the Trust's plans to merge with Somerset NHS Foundation Trust, it is recognised that there is a need to create a vision and strategy for the new organisation. It is intended that there will be one clear organisation strategy, starting with vision, values and strategic objectives. These will be delivered through a number of co-ordinated supporting strategies and clinical transformation plans. The organisation strategy will form part of the Integrated Care System strategy.

For 2022-23, eight strategic objectives have been agreed. These are:

1. Improve the health and wellbeing of the population
2. Provide the best care and support to people
3. Strengthen care and support in local communities
4. Reduce inequalities
5. Respond well to complex needs
6. Deliver more people, working differently, in a compassionate and inclusive culture
7. Live within our means and use our resources wisely
8. Develop a high performing organisation delivering the vision of the trust.

All of the organisational strategic aims, supporting strategies and clinical transformation plans will contain measurable benefits for patients, carers and colleagues. A key measure will be how best we use time as a currency, to deliver on our vision of "More time to live well", 'more time in good health' for patients, carers and colleagues, as well as 'making every minute count' for all in health care.

2021/22 Performance Summary

The Trust was not inspected by the Care Quality Commission. The previous formal inspection was in February 2021, which was an unannounced, but routine, inspection at Yeovil District Hospital, focussed specifically on infection prevention and control. The Care Quality Commission conducted these inspections in care settings across the country, 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 aligned 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 benefitting 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.

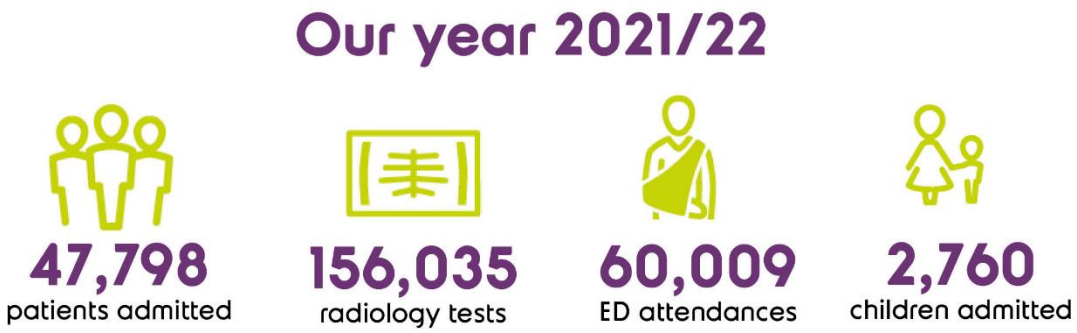
This report outlined there had been clear progress since the previous inspection and in two domains the highest Outstanding rating was achieved. The hospital's core services were rated as Good for caring and for being effective, responsive and well led. The hospital was rated as Requires Improvement 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 72. This includes a further externally facilitated review and the development and delivery of three robust action plans.

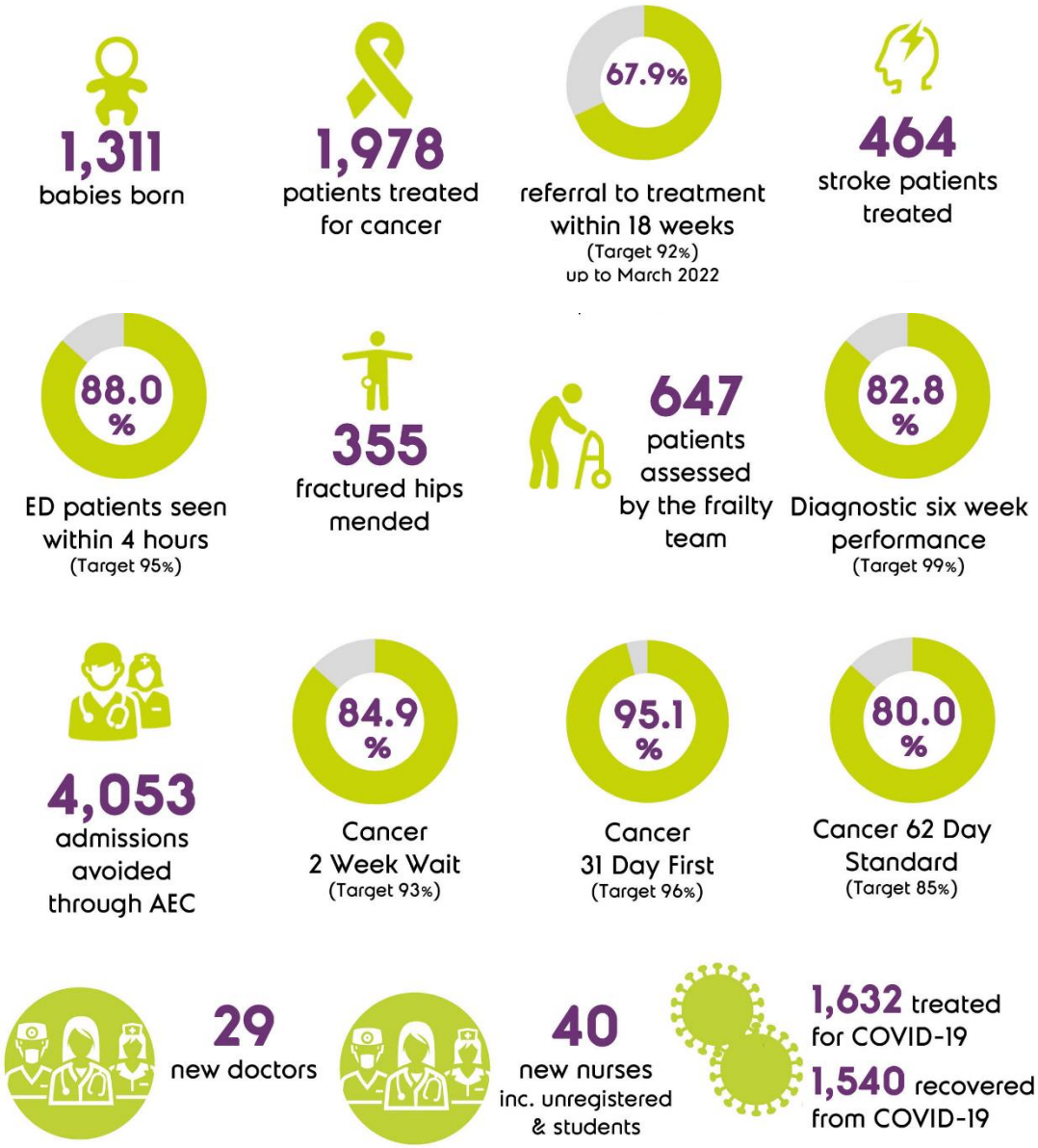
It is important to clarify the reasons behind the ratings given against the safe domain, which related to technical aspects of the service and did not, in themselves, suggest clinical risk to patients. The Care Quality Commission noted certain areas where it would like to have seen greater clarification, 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.





From an operational performance perspective, the financial year 2021/22 has been one of the most challenging years experienced by the NHS and Yeovil Hospital in its entire history.

As in common with other NHS organisations across the country, the Covid-19 pandemic has had an instrumental impact on the Trust's ability to maintain performance above the national performance indicators. The pandemic resulted in the need to initially 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. The measures put in place, alongside the ongoing demand, have 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 to 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. As of the end of March 2022, 4,123 pathways were waiting over 18 weeks for a definitive treatment, compared to 3,448 for the same period the previous year. 756 pathways were waiting over 52 weeks compared to 746 in March 2021.

As anticipated, following a significant decrease in the rate of referrals in the early stages of the pandemic, 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, there has been a 'bounce back' in the number of referrals. As such, as of 31 March 2022, there were 11,623 incomplete patient pathways compared to 9,800 in March 2019 prior to the pandemic.

The Trust has experienced a growth in the number of people attending the hospital's Emergency Department. 2021/22 saw in increase in attendances of 5.87% compared to pre-pandemic levels. Alongside this increase in activity, the acuity level of patients attending has risen. This, alongside challenges in patient flow throughout the hospital as a result of complexities on patient discharge and access to community services, had impacted the Emergency Department performance with 88% of patients seen within the four-hour target compared to 95.1% the previous year. In March 2022, 25.8% of attendances resulted in an inpatient stay.

Performance against the diagnostic waiting times standard varied throughout the year. In March 2022, across all diagnostic tests, 82.8% of patients were seen within the six week wait target. This had been impacted by reduced capacity within echocardiology and audiology. Further work is ongoing to improve this position with recent improvements in imaging waiting times.

Throughout 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, with 1,978 patients treated in 2021/22, up from 1,519 patients in 2020/21. During the first quarter (2021/22) the two-week wait cancer performance remained strong with achievement on the 93% target. For the duration of the year a number of services have been impacted by staffing constraints, namely Dermatology, and lower and upper Gastrointestinal. Coupled with an overall increase in two week wait referrals (6% compared to 2019) and supporting the Covid-19 recovery, the number of patients receiving their first appointment within two weeks has been impacted.

The 62-day standard has also been impacted by the staffing issues within Dermatology and Gastroenterology, where delays to the initial pathway impact the time to treatment. The standard has also been impacted by the number of shared pathways with tertiary providers; this is most prevalent in Urology. In spite of these specific challenges, the Trust continues to deliver the 28-day diagnostic standard, ensuring that patients receive a cancer diagnosis within 28 days of referral.

Notwithstanding the challenges faced, in 2021/22 Yeovil Hospital was consistently rated as a good performer against the national position across the whole range of indicators. This continued performance is testament to the commitment and dedication of our staff and volunteers.

With regard to financial performance, for 2021/22, the Yeovil Hospital group submitted a H1 (April '21 - September '21) plan, which included central funding as part of the system contractual position. Other Covid-19 monies outside of the system envelope are also

available as a retrospective top-up payment. The planning process for H2 (October '21 - March '22) was completed with a breakeven plan submitted in November 2021.

As of March 2022, the Trust reported a £0.254m surplus against the breakeven plan. This position was predominately driven by the impact of the national Elective Recovery Fund, which was designed to support NHS healthcare systems to restore elective services against the backdrop of unprecedented demands on the services because of Covid-19. 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 are 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.

Examples of how the trust has had due regard to the duties include the continuation of the adoption and roll out of 'Attend Anywhere' clinics across outpatient services, enabling the continued delivery of care to patients during the pandemic. The Trust, as part of the business case for the proposed merger with Somerset NHS Foundation Trust, has also looked at pathways across the two acute hospitals for homeless and rough sleepers. There has already been some work with Somerset Primary Link to ensure direct access to ambulatory emergency care in YDH and same day emergency care at Musgrove Park Hospital. The aim is to ensure that homeless and rough sleepers along with other affected groups like gypsies and travellers are supported to access clinical support when traditionally services struggle to meet their needs because of organisational barriers.

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 NHS has continued to experience significant challenges, both in relation to increasing demand for services, staff sickness and absence, and those challenges directly associated with ensuring safe patient care whilst maintaining infection control policies and protocols.

The previous reconfiguration of the hospital site during the initial wave of the pandemic remains largely in place in order to care for patients and introduce safe pathways for patients attending. A number of colleagues were initially 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. The recovery of elective services has been further challenged as a result of continued growth in demand meaning reduced capacity for post-operative recovery beds. The Trust has also observed an increase in the acuity of patients attending the hospital as a potential consequence of de-conditioning during the pandemic and challenges in accessing patient care.

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 initial suspension of some elective services, reducing the backlog of patients waiting remains the key priority while 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 2022/22

NHS Pastoral Care Quality Award

Yeovil Hospital was proud to be one of three NHS Trusts within the UK to be awarded the new NHS Pastoral Care Quality Award. The award was launched by NHS England and NHS Improvement Nursing International Recruitment Programme to give recognition to NHS trusts who provide excellent care to international nurses and midwives.

Yeovil Hospital achieved this fantastic accolade during the award pilot after demonstrating how nursing and midwifery colleagues from overseas receive enriched pastoral care at every step of their recruitment and beyond. The hospital met a set of standards developed by regional and trust international recruitment leads, and international nursing and midwifery associations that focused on best practice in pastoral care, providing safe arrival, induction training and ongoing support for international staff while they are in post.

To find out more about the NHS Pastoral Care Quality Award click here.

NHS Maternity Patient Survey Results

Maternity teams at Yeovil Hospital and Somerset NHS Foundation Trust received outstanding feedback for the care they provide families across the county. Results from the NHS Patient Survey Programme positioned both hospitals among the highest scoring trusts in the region for many areas of maternity care. The maternity survey asked questions about antenatal care, labour and birth, and postnatal care, and saw Yeovil Hospital and Somerset NHS Foundation Trust named best in the South West for antenatal check-ups, as well as the care provided at home after birth. Yeovil Hospital also took the top spot in the region for the care provided during pregnancy.

National Celebration Days

In May 2021, the Trust celebrated both the International Day of the Midwife, International Nurses Day and Operating Department Practitioners Day. Celebrations included photoshoots capturing our amazing teams during their break times, staff poster competitions and individual cakes for nursing staff. For those that would like to know more about the day-to-day triumphs and tribulations of our nursing teams, watch our Day in the Life of a Research Nurse, by clicking on the image below.

The Trust celebrated Allied Health Professions (AHP) Day in November 2021. 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.

Official opening of Keyworker Accommodation

In June 2021, TV presenter and property expert Sarah Beeny joined Yeovil Hospital staff and others for the opening of the hospital's new apartment complex, designed and built to provide homes to frontline staff. The star of Channel 4's New life in the Country cut the ribbon to officially open the complex alongside hospital Chief Executive Jonathan Higman, with Yeovil Mayor Cllr Evie Potts-Jones and representatives of partner organisations Prime PLC and Speller Metcalfe to mark the occasion.

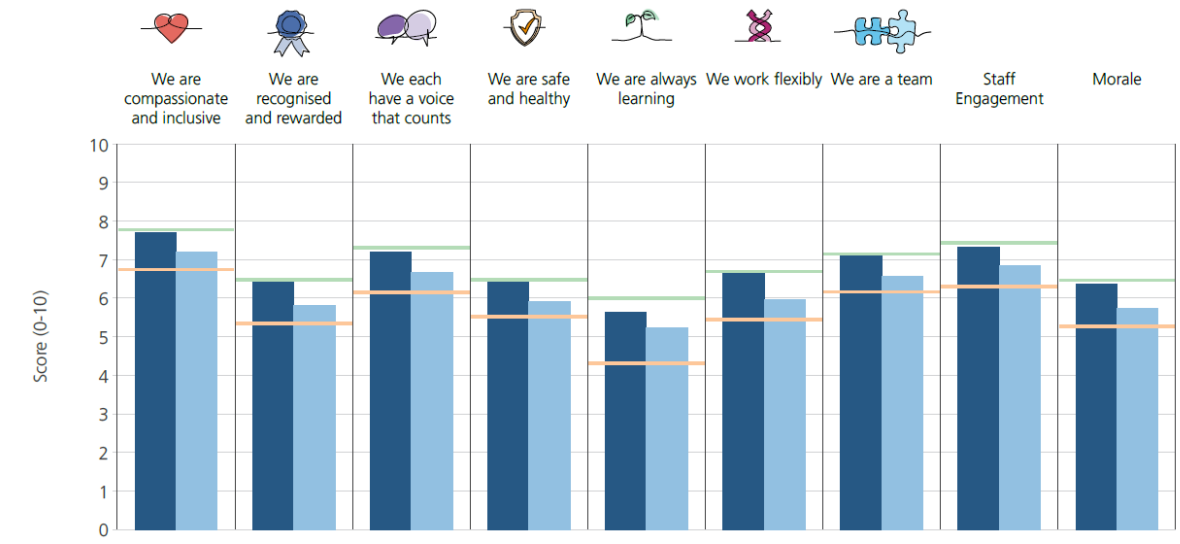
The apartments were purpose built for staff at Yeovil Hospital and have been designed to create a community environment with communal areas where residents can socialise and study. A total of 176 bedrooms across 66 apartments are available for staff and students to rent. The apartments are all light and spacious and can cater for families as well as individuals and couples.

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 2021 NHS Staff Survey was completed between September and December 2021 with a 57% response rate. This year was the first year that the staff survey was completed and nationally aligned to the themes of the people promise.

Our results can be seen in the table below:



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.8	6.5	7.3	6.5	6.0	6.7	7.1	7.4	6.5
Your org	7.7	6.5	7.2	6.4	5.6	6.7	7.1	7.3	6.4
Average	7.2	5.8	6.7	5.9	5.2	5.9	6.6	6.8	5.7
Worst	6.7	5.3	6.1	5.5	4.3	5.4	6.2	6.3	5.3
Responses	1,255	1,257	1,230	1,236	1,123	1,246	1,254	1,255	1,257

This table highlights the overwhelmingly positive feedback from our people. In every theme the Trust scored higher than the benchmark group average and in 3 were consistent with the best. We are really encouraged that our results have remained so positive despite so many challenges, however the Trust has noted decreases in some aspects of the feedback and will continue to focus on improving in these areas.

In July 2021, the Trust implemented a quarterly pulse survey to continue to regularly ask our people about their wellbeing and hear feedback on how engaged they are feeling. This has been invaluable in ensuring we can continue to listen and develop support that is based on evolving needs. This feedback continues to reflect positive attitudes about work and levels of engagement, our people consistently recommend the Trust as a place to work and receive treatment.

Further information on the staff survey can be found within the Staff Report on page 66.

Overseas Recruitment

Yeovil District Hospital has increased its overseas recruitment programme which has seen the Trust maintain its zero vacancies across all wards during a time when the pandemic caused staffing issues. The Trust is recognised by NHS England and Improvement as a leader in international recruitment and Yeovil Hospital provides advice and guidance at national events supporting other Trusts with their programmes. Yeovil was one of three trusts who have been awarded the NHS Pastoral Care Quality Award.

As a result of the continued success, the Trust has expanded its Recruitment Hub services across England and Scotland to support 29 Trusts recruiting nursing from overseas. Yeovil is the main supplier of Nurses to health boards in Scotland working closely with the NHS Scotland to set up their programme of international recruitment and support them with Objective Structured Clinical Examination (OSCE) training. Yeovil Hospital has now supported 2000 nurses on their journey to the UK since the start of the programme. We have also recruited 90 International Radiographers and are now supporting Trusts with their recruitment of Mental Health Nurses and Midwives.

The Trust also boasts one of the highest first time Objective Structured Clinical Examination pass rates across the UK with a dedicated team of trainers supporting both our own and external candidates. We now support OSCE training in all registration categories; Adult Nursing, Childrens Nursing, Mental Health and Midwives.

Yeovil has also run a programme of recruiting Healthcare Support Workers from the local community who have been affected by the pandemic. With many businesses closing, there was a high percentage of people out of work; therefore, the Trust introduced a programme to support individuals with no previous experience in care into the NHS to give an opportunity to change their career path. With the success of this programme, Yeovil Hospital has seen zero HCA vacancies across the Trust.

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.

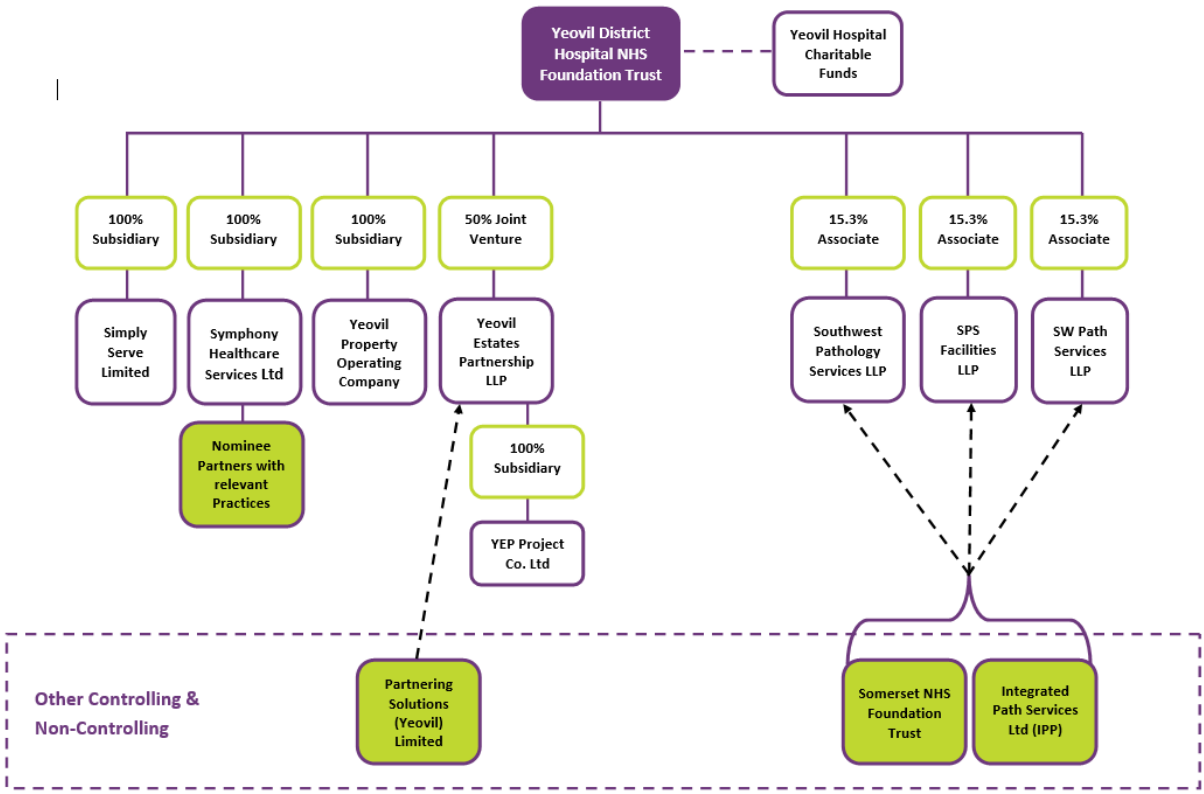
During 2021/22, Yeovil District Hospital owns or had shares in the following subsidiary companies:

- Simply Serve Limited (100%)
- Symphony Healthcare Services Limited (100%)
- Yeovil Property Operating Company (100%)

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 2022) 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 works to improve patient care by funding facilities, services, projects and equipment. During the year, the Charity 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 most key service metrics showing strong performance and a strong financial position. The organisation has provided vital support to Yeovil Hospital in its response to the Covid-19 pandemic.

During the year, Simply Serve Limited continued to support and grow its profitable customer base and service offering. Maintenance, compliance and other services are provided to a number of customers including several GP practices operated by Symphony Healthcare Services Limited.

Simply Serve Limited took over the operations of the outpatient pharmacy in February 2022. This planned transfer increases the opportunities available to the company in terms of possible expansion. The Simply Serve Limited sterile service department (SSD) passed its JAG audit in support of the endoscopy services of the hospital. This is a great achievement

having now received two fully green awards for two consecutive years. This demonstrates the department's commitment towards maintaining service quality and continuity.

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 approximately 118,000 patients. During 2021/22, Symphony Healthcare Services integrated six additional practices and the following are therefore part of the organisation:

Practice	Integration	Merged	List Size: March 2022
Buttercross Health Centre	07/04/16	1 July 18	7,604
The Ilchester Surgery	07/04/16		
Yeovil Health Centre	07/04/16	1 Sept 17	11,011
Oaklands Surgery	01/08/17		
Highbridge Medical Centre	01/04/17		12,709
Crewkerne Medical Centre	01/07/17	1 July 18	12,784
West One Surgery	01/07/18		
Wincanton Health Centre	01/10/17		8,980
Hamdon Medical Centre	01/05/18		5,854
The Meadows Surgery	01/11/18		4,181
Martock Surgery	01/12/18	Pre-integration	10,798
South Petherton Medical Centre	01/12/18		
Bruton Surgery	01/02/19		5,917
Exmoor Medical Centre	01/04/20		3,987
Ryalls Park Medical Centre	01/04/21		5,564
Lyn Health Centre	01/07/21		2,449
Creech Medical Centre	01/10/21		4,794
Lister House Surgery	01/10/21		6,747
North Petherton Surgery	01/10/21		6,748
Warwick House Medical Centre	01/10/21		7,790
TOTAL			117,917

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 nurturing a team culture across the organisation with noticeable improvements evidenced within the Symphony Healthcare Services annual staff survey, with 76% of responses being positive during the 2021 survey, an impressive feat given the pressure and challenges faced within general practice and the NHS over the past year.

Specifically, under the organisation's 'transformation' agenda, Symphony Healthcare Services continues to review new initiatives to determine potential benefits for patients and staff – particularly in being able to manage increasing demand. The organisation was also successful during 2021/22 in securing approximately £250K as part of a NHS digital bid to pilot a platform that is expected to support the review of chronic diseases.

COVID-19 continues to cause challenges for the organisation, from increased staff sickness to the impact on service provision through the necessary infection prevention and control measures continuing to be put in place by surgeries. Despite this, Covid-19 has demonstrated the fantastic work of the organisations research team who continue to participate within the PANORAMIC programme, a UK wide clinical study sponsored by the University of Oxford and funded by the National Institute for Health Research to find out in which people new antiviral treatments for Covid-19 in the community reduce the need for hospital admissions and get better sooner. Symphony Healthcare Services has supported the trial within Somerset and is leading the way in relation to uptake nationally.

Through the challenges, 2021/22 has seen our remaining surgeries obtain the rating of 'Good' when inspected by the CQC. The organisation now awaits the inspections of the newly acquired surgeries during 2022/23, who will be inspected now due to being managed by a new provider. 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 2021/22 with an underlying position in line with the previous year with a widening gap between supply (i.e., of resource) and demand in SHS and the wider primary care environment.

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 10 PCNs across the Somerset and Devon County. Over 2021/22 these PCNs have worked collaboratively to continue the COVID-19 efforts, with particular reference to the immunisation and booster initiatives however the full expectations of the PCN DES contract will come into force from 2022/23 and therefore the PCNs will be focusing on meeting the requirements of these to support the ongoing care needs of the community.

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 subcontract 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. The Trust is currently restructuring the leasing arrangements for practices, therefore this company will be liquidated in 2022/23.

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.

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 2021/22. The Trust has no overseas operations other than recruitment campaigns.

Peter Lewis, Chief Executive, 20 June 2022

3. 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 2021/22. 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 with an expected merger date of 1 April 2023. This does not change the Board's expectation that the services provided by the Trust will continue to be provided in the public sector.

Summary Statement of Comprehensive Income

	Group 2021/22	Group 2020/21
	£'000	**£'000**
Operating income from continuing operations	239,994	222,265
Operating expenses of continuing operations	(237,431)	(218,075)
Operating Profit / (Loss)	**2,581**	**4,190**
Finance income	12	2
Finance expense – unwinding of discount on provisions and financial liabilities	(305)	(136)
PDC dividend expense	(1,793)	(1,245)
Net finance costs	**(2,086)**	**(1,379)**
(Loss) on disposal of non-current assets	(460)	(137)
Corporation tax Expense	48	(383)
Surplus/ (Deficit) for the year	**83**	**2,291**
Revaluation gains and impairment losses – property, plant and equipment	(68)	23
Total comprehensive income for the year	**15**	**2,314**

Income

	Group 2021/22	Group 2020/21
Clinical income	**£'000**	**£'000**
Block contract/system envelope*	162,306	140,228
High cost drugs Income	13,112	11,544
Other non-protected clinical income	211	231

	Group	Group
	2021/22	2020/21
Community Services Income*	21,717	15,463
Other NHS clinical income	51	2,689
Private patient income	2,348	1,123
Elective recovery income	4,651	0
Pension contribution central funding	4,591	4,240
Clinical income from activities	**208,987**	**175,518**
Other operating income		
Research and development	1,024	801
Education and training	5,412	5,200
Receipts of capital grants and donations	402	2,114
Resources from NHS charities excluding investment income	677	771
Top up income	3,112	18,139
Other income**	20,380	17,342
Total other operating income	**31,007**	**46,747**
Total operational income	**239,994**	**222,265**

*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	Group
	2021/22	2020/21
	£'000	**£'000**
Clinical negligence insurance	(4,666)	(4,305)
Consultancy costs	(242)	(391)
Depreciation and amortisation	(5,620)	(4,736)
Drug costs	(23,953)	(20,864)
Establishment	(4,955)	(4,285)
Fees for Audit:		
- Statutory audit	(87)	(72)
- Audit related assurance services	(29)	26
Internal audit fees	(55)	(54)
Tax advisory services	(295)	(191)
Impairment	(68)	0
Increase provisions	(764)	(1,855)
Legal fees	(258)	(126)
Losses, ex gratia and special payments	(21)	(41)
NHS charities expenditure	(383)	(470)
Premises	(10,314)	(10,865)
Purchase of healthcare from non NHS bodies*	(8,107)	(6,934)
Rentals under operating leases	(1,377)	(729)
Operating Expenditure IFRIC 12	(592)	(541)

	Group	Group
	2021/22	2020/21
Services from:		
- CCGs and NHS England	0	(7)
- NHS Foundation Trusts	(2,357)	(2,645)
- NHS trusts	0	(44)
Staff costs:		
- Executive directors'	(1,149)	(1,427)
- Other staff costs	(154,292)	(139,027)
- Redundancy costs	(589)	(209)
- Non-executive director costs	(91)	(124)
Supplies and services (excluding drug costs)		
- Clinical	(10,917)	(12,434)
- General	(3,875)	(3,083)
Training	(459)	(447)
Transport	(1,020)	(975)
Other	(1,058)	(1,169)
Total Operational Expenditure	**(237,413)**	**(218,075)**

*****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 a low level of 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.

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 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).

Medical
Medical staffing continues to be the most challenging area of recruitment with locum agencies dominating the labour market and demanding high pay rates. This, alongside the demands during Covid-19, has meant that the Trust has spent more on temporary staff than planned.

Capital Investment

£9.9m was invested in Capital schemes in 2021/22, which included spend on medical equipment including a substantial amount on patient monitoring equipment and Urology Moses II laser, TrakCare (electronic patient record system) & ePMA development, general site improvements including fire improvement works to the lifts surrounds in the tower, IT & cybersecurity and renewal of SSD washing and sterilising equipment.

The Trust was awarded PDC funding during the year to aid elective recovery amounting to £3.9m in respect of a modular theatre and £0.9m in respect of increased outpatient capacity along with other smaller schemes.

Summary Statement of Financial Position

	Group	Group
	2021/22	2020/21
	£m	**£m**
Non-current assets	85,114	77,464
Current assets	47,977	46,428
Current liabilities	(41,171)	(39,542)
Total assets less current liabilities	**91,920**	**84,350**
Non-current liabilities	(6,350)	(3,821)
Total assets employed	**85,570**	**80,529**
Total taxpayers equity	**85,570**	**80,529**

Cashflow Statement

	Group	Group
	2021/22	2020/21
	£'000	**£'000**
Cash flows from operating activities		
Operating surplus	**2,581**	**4,190**
Non-cash income and expense:		
Depreciation and amortisation	5,620	4,736
Net impairments and reversals of impairments	68	0
Income recognised in respect of capital donations	(402)	(2,114)
(Increase)/decrease in receivables and other assets	2,666	(4,106)
(Increase)/decrease in inventories	(623)	(246)
Increase/(decrease) in payables and other liabilities	2,701	16,832
Increase/(decrease) in provisions	1,174	1,845
Corporation Tax	(155)	(292)
Net cash generated from operations	**7,932**	**20,845**
Cash flows from investing activities		
Interest received	12	2
Payments to acquire intangible assets	(1,131)	(1,110)
Payments to acquire tangible fixed assets	(5,594)	(8,058)
Receipt of cash donations to purchase capital assets	177	300
Prepayment of PFI capital contributions (cash payments)	(253)	(253)
Other movements in investing activities	0	2
Net cash used in investing activities	**(6,536)**	**(9,117)**
Cash flows from financing activities		

	Group	Group
	2021/22	2020/21
Public Dividend Capital received	5,026	93,682
Public Dividend Capital Interest (paid)	(1,245)	(2,100)
Loans received from Department of Health and Social Care	0	(89,797)
Movements on other loans	(823)	156
Interest paid on loans	(184)	(369)
Loans repaid - including finance lease capital	(281)	(796)
Interest element of finance lease	(37)	(40)
Other capital movements	(84)	(13)
Net cash used in financing activities	**2,372**	**753**
Increase / (decrease) in cash and cash equivalents	**3,768**	**12,481**
Cash and cash equivalents at 1 April	**26,695**	**14,214**
Cash and cash equivalents at 31 March	**30,463**	**26,695**

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)

In year, savings of £3,841 were delivered in line with plan. 34% of cost improvement plans achieved were recurrent (£1,067k). This saving reflects 1.6% of turnover.

With continuing impact of COVID-19 and the efforts to increase capacity to recover the elective care waiting times the achievement of recurrent plans was less than previous years. The level of non-recurrent savings reflects the way the organisation took short term opportunities to save costs.

Environmental Sustainability

In support of Yeovil District Hospital's commitment towards becoming a more sustainable organisation and NHS England's 'Net Zero' campaign for a greener NHS, the Trust continues to monitor and identify key areas of improvement in order to reduce the carbon footprint from ongoing operational activities.
Simply Serve Limited is investing into achieving ISO BS EN 14001 the internationally recognised Environmental Standard along with the recruitment of a joint Head of Sustainability, Energy and Carbon will further progress and enhance achievement. The role provides the necessary senior leadership and focus to achieve the ambitious targets on net zero and sustainability provided by the government across the Somerset NHS system.
The Green Plan has been developed and approved by the Trust Board. The Green Plan brings together the sustainability objectives of Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust. The Green Plan includes a vision for sustainability in the Trust:

> 'To allow the people of Somerset to live well for longer, we must undertake to minimise our impact on the local and global environment. Our Green Plan will provide buildings that utilise zero carbon energy, our services will minimise the use of resources and we will improve ecology and biodiversity on our sites to provide a haven of wellbeing for our patients, colleagues and visitors.

Our colleagues will be the driving force of changes in our clinical practice to improve sustainability. Colleague engagement activities will promote sustainable change with links to quality improvement processes and other change programmes at the Trust, to drive sustainable decision making.'

The 2022-25 Green Plan sets nine strategic aims for improving sustainability and reducing carbon emissions. Within these aims objectives and actions have been set to drive the Trust towards achieving these aims and the net zero target of 2040. The strategic aims are as follows:

- A green whole organisation approach
- Net zero carbon buildings
- Reducing waste generated by our services
- Reducing emissions from travel
- Green anaesthesia and other medicine
- Working with our supply chain
- Sustainable catering and diets
- Transformation to digital healthcare
- Adaption to the impacts of climate change

The strategic aims and objectives of the Green Plan are guiding the development of action plans to tackle the Trust's impact on the environment including the impact on air quality, climate change and single use plastics.

In order to support the necessary investment required to achieve the long-term strategy of becoming a Net Zero NHS, an application for funding for what became known as the Public Sector Decarbonisation Scheme phase 3 or PSDS3 opened in November 2021. In the full knowledge of this new phase being issued, the Trust worked in partnership with the Carbon Energy Fund (CEF) and Veolia (our current contracted operator for our two combined heat and power systems (CHP's)) to identify and then determine the award criteria in the context of the likely benefits to the Trust.

This application was approved in January 2022 and the Trust was awarded £9.86m and given 12 months to procure, install and implement a number of key changes, all of which are aimed at reducing the Trust's carbon emissions in line with the Governments targets.

The application for funding included investment for:

- Replacement of 1 CHP with an air heat source pump
- Upgrade of external electrical infrastructure, complete with new transformer and HV ring
- LED lighting throughout
- Replacement ward windows on the tower and Women's Unit
- Cladding to the external facia of the Tower Block
- New Building Management System

Measures taken to improve energy efficiency

In support of this investment award, a number of other key measures are in place and are further planned to help reduce our environmental impact from our operations, these include the reduction in waste packaging and establishing the carbon footprint through the procurement process, the reduction of food waste through the education of staff, and

establishing a targeting and monitoring system that is set to highlight areas of high consumption which is set to work in tandem with building services that are more efficient and are aimed at becoming carbon neutral.

Simply Serve Limited is committed towards its integral and important role in acknowledging and leading the Net Zero strategy and endorses the Somerset's Green Plan in managing the wide variety of measures needed to tackle and achieve the reduced carbon emission targets set by Government.

With the update and expansion of the Trust's Building Management System, more concise and focussed management of the Trust's energy usage is planned. This system will enable the Trust to not only identify, but control energy use around the site, particularly in areas where high energy use may not be warranted in times of inactivity, such as theatre ventilation systems that currently are activated 24 hours a day.

Simply Serve Limited is also establishing a Monitoring and Targeting system where year on year consumptions are reviewed, compared and investigations carried out into variations so as to manage usage on a month by month basis.

Waste Management

Through the introduction of education and management, the Trust's food waste has reduced, with further reductions expected as the programme is expanded throughout the Trust's wards. In addition, Simply Serve Limited's Procurement Team continue to explore to seek both carbon neutral and reduced packaging procurement strategies in recognition of the wider impact and thus benefit that awareness can have to the environment.

Peter Lewis, Chief Executive, 20 June 2022

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 2021/22 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 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 resulting from the COVID-19 pandemic, the clinical walkarounds with the Chairman and a member of the Clinical Governance Department were suspended in 2021/22.

During 2021/22, the Council of Governors discharged its statutory duties. The governors contributed to the development of the Trust's 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 2021/22.

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 2021/22, 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, 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 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 2021/22. 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.

Governors and Membership Information

The Council of Governors meets on a quarterly basis and comprises of up to 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 during 2021/22.

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 2022, membership of the public constituency saw a small decrease compared to the previous year at 7,125. Public membership equates to approximately 4% of the Trust's catchment area. As at 31 March 2022, membership of the staff constituency saw a small increase to 2,432.

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 2022	2,280	1,591	1,662	893	513	186	7,125

Staff Membership

Staff Membership	2021/22
At 31 March 2022	2,432

Elected Governors – Public Constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 21/22
Michael Beales	Greater Yeovil	01/06/2018 01/06/2021	6/6
John Webster	Greater Yeovil	01/06/2014 01/06/2017 01/08/2020	6/6
Roger Wharton*	Greater Yeovil	01/06/2019	3/6
Tony Robinson	South Somerset (S&W)	01/06/2016 01/06/2019	6/6
David Moses	South Somerset (S&W)	01/08/2020	4/6
Jenny Flory	South Somerset (S&W)	01/06/2019	4/6
John Buckley**	South Somerset (N&E)	01/06/2021	2/6
Janette Cronie	South Somerset (N&E)	01/06/2017 01/08/2020	6/6
Nigel Stone***	South Somerset (N&E)	22/02/2021	5/6
Peter Shorland	Dorset	01/09/2019	4/6
Virginia Membrey	Mendip	01/06/2017 01/08/2020	6/6
Alison Whitman	Rest of Somerset & England	01/06/2014 01/06/2017 01/08/2020	6/6

*Roger Wharton stepped down as a Public Governor for Greater Yeovil.
**John Buckley 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.

Elected Governors - Staff Constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 21/22
Gustavo Gomez	Staff	01/06/2021	3/6
Paul Porter	Staff	01/06/2013 01/06/2016 01/06/2019	4/6
Julie Reeve	Staff	01/09/2019	5/6
Fiona Rooke*	Staff	01/06/2016 01/06/2019	2/2
Nick Craw*	Staff	01/11/2021	3/4

*Fiona Rooke left the organisation and therefore stood down as Staff Governor. Nick Craw was co-opted into this seat.

Appointed Governors

Name	Stakeholder Organisation	Attendance at Council of Governor Meetings 21/22
Dirk Williamson	YDH Subsidiary Company "Partnership Organisation Group"	6/6
David Recardo	South Somerset District Council	5/6
Lou Evans	Somerset CCG	2/6
Faye Purbrick	Somerset County Council	5/6

Membership Strategy and Representation

YDH recognises the importance of having a strong and representative membership. With approximately 7,100 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 who works with the communications and patient experience teams to develop and implement the membership strategy.

The Trust undertook a survey with members during 2021/22 in which the 89% of members rated the Trust as three or above on a scale of 1-5 on how well the organisation engages with members. In 2021/22, the governors unfortunately could not continue 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. Further engagement is planned with members as part of the process for the proposed integration with Somerset NHS Foundation Trust.

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 Officer 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 Officer 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, 94% of NHS invoices and 93% of non-NHS invoices were paid within this target in 2020/21 by volume. By value both NHS and non-NHS met the 95% target. This is an improved position from 2020/21 for NHS invoices.

	2021/22		2020/21	
	Number	£000s.	Number	£'000
Total NHS trade invoices paid in year	748	7,710	811	5,101
Total NHS trade invoices paid within target	702	7,315	714	4,815
Percentage of NHS trade invoices paid within target	94%	95%	88%	94%
Total Non-NHS trade invoices paid in year	30935	114,385	30,697	102,157
Total Non-NHS trade invoices paid within target	28889	108,673	29,288	97,028
Percentage of non-NHS trade invoices paid within target	93%	95%	95%	95%

Quality Governance

The Quality Account 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 2021/22, together with attendance at meetings, the commitments of the Board members were as follows:

Paul von der Heyde+	Chairman (until 14 November 2021)

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 was Chairman from January 2016 – November 2021.

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 become 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: 7/7
Board Remuneration Committee Attendance: 5/5

Martyn Scrivens+*	Chairman (from 15 November 2021) Non-Executive Director (until 14 November 2021)

Martyn joined the Trust Board as a Non-Executive Director in April 2018. He became Interim Chairman in November 2021. Martyn is 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.

Public Board Attendance: 10/10
Audit Committee Attendance: 4/5
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: 9/10
Audit Committee Attendance: 4/5
Board Remuneration Committee Attendance: 5/5

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 Workforce Committee, Remuneration Committee and is Chairman of Simply Serve Limited. He is also a member of the Governance and Quality Assurance Committee and the Financial Resilience and Commercial Committee.

Public Board Attendance: 10/10
Board Remuneration Committee Attendance: 5/5

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: 9/10
Audit Committee Attendance: 5/5
Board Remuneration Committee Attendance: 5/5

Jonathan Higman	Chief Executive (until 17 September 2021) Chief Officer – Partnerships and Collaboration (18 September 2021 – 30 November 2021)

Jonathan Higman joined the Trust Board in January 2009. 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.

During his time on the Board, Jonathan held a number of Director level posts, including Director of Strategic Development and Director of Operations at the Trust. He became Acting Chief Executive in December 2017 before being appointed as Chief Executive in March 2019. As part of the formation of the single executive team across YDH and SFT, Jonathan became the Chief Officer – Partnerships and Collaboration. Jonathan left the Trust in November 2021.

Public Board Attendance: 5/7

Peter Lewis	Chief Executive (from 18 September 2021)

Peter Lewis was appointed as the Joint Chief Executive of Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in September 2021 – the first role within the new single leadership team across both trusts.

Peter joined Taunton and Somerset NHS Foundation Trust in 2005 as Director of Finance and Performance. He then became Deputy Chief Executive of the acute trust in 2008 and took on the responsibility of Chief Operating Officer in 2010. Following the alliance between Taunton and Somerset NHS Foundation Trust and Somerset Partnership Foundation Trust in May 2017, Peter became Chief Executive of both organisations in November 2017. Prior to joining Taunton and Somerset NHS Foundation Trust, Peter was Director of Performance at Dorset and Somerset Strategic Health Authority, and also worked in both commissioning and provider organisations in Somerset prior to that. Peter is also a fellow of the Chartered Institute of Management Accountants.

Public Board Attendance: 5/5

Hayley Peters

Hayley was appointed as the Chief Nurse in January 2022.

Hayley became the executive Director of Patient Care at Musgrove Park Hospital in September 2015, having joined the trust as Deputy Director of Nursing in July 2013. Hayley went on to become the Chief Nurse for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in November 2017 before the two trusts merged to form Somerset NHS Foundation Trust in April 2020. Prior to becoming an executive, Hayley worked in senior clinical leadership roles in the South West, London and the South East. Hayley's early professional career centred in critical care, first as an intensive care nurse and later, following a period of training at Birmingham Medical School, as one of the very first physician's assistants to practise in the UK.

Public Board Attendance: 1/2

Shelagh Meldrum	Deputy Chief Executive / Chief Nurse & Director of People (until 9 January 2022) Chief Officer – Partnerships and Collaboration (from 10 January 2022)

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 Hospital Director and Registered Manager at CircleBath Hospital for five years and then took up the role of Hospital Director and Registered Manager at CircleReading Hospital in 2014. As part of the formation of the single executive team across YDH and SFT, Shelagh became the Chief Officer – Partnerships and Collaboration in January 2022.

Public Board Attendance: 9/10

Sarah James	Chief Finance Officer (until 9 January 2022)

Sarah James joined the Trust Board in October 2019 and was Chief Finance Officer until January 2022.

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: 7/8

Pippa Moger	Chief Finance Officer (from 10 January 2022)

Pippa was appointed as Chief Finance Officer in January 2022.

Pippa has over 19 years of experience in NHS finance and over twelve years at deputy and director level. She has worked across regulator, commissioning and providers sectors during this period and has a broad perspective on NHS finances. Pippa joined Somerset Partnership NHS Foundation Trust in June 2013 as director of finance and business development. She was then appointed as director of finance for Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged to form Somerset NHS Foundation Trust in April 2020. Pippa believes NHS resources must be used in the most efficient and effective way while ensuring patient safety is not compromised. Pippa is a fellow of the Association of Chartered Certified Accountants (ACCA). Pippa's previous role was Director of Finance, Somerset NHS Foundation Trust.

Public Board Attendance: 7/8

Dr Merry Kane	Chief Medical Officer (until 9 January 2022) Medical Director – Acute Hospitals (from 10 January 2022)

Merry Kane joined the Trust Board in December 2019. As part of the formation of the single executive team across YDH and SFT, Merry became the Medical Director – Acute Hospitals in January 2022. 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: 8/10

Daniel Meron	Chief Medical Officer (from 10 January 2022)

Daniel Meron was appointed as the Chief Medical Officer, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022. Daniel joined Somerset Foundation Trust in December 2019 from his role of chief medical officer of Solent NHS Trust, which provides mental health, community and primary care services to people living in Southampton, Portsmouth and some parts of Hampshire and the Isle of Wight. He was also deputy medical director at University Hospital Southampton Foundation Trust, a large teaching hospital providing secondary and tertiary acute services in Wessex. Daniel combined senior leadership roles with active front-line clinical work as a consultant in liaison psychiatry in Southampton General Hospital, as well as being actively engaged in research at the School of Medicine, University of Southampton.

Public Board Attendance: 2/2

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

Matthew Bryant	Chief Operating Officer – Hospital Services

Matthew Bryant was appointed as the Chief Operating Officer – Hospital Services in January 2022, following a previous joint role as Chief Operating Officer for Hospital Services for YDH and SFT since January 2021.
He was appointed as Chief Operating Officer of Taunton and Somerset NHS Foundation Trust in 2015, and as Chief Operating Officer (acute hospital services) on the joint executive team for Taunton & Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in 2017 following the establishment of the alliance between the two trusts. Matthew is responsible for the day-to-day running of both Yeovil District Hospital, Musgrove Park Hospital and the community hospitals in Somerset. Matthew has worked in the NHS in the South West since 1998. Previously, he managed medical and surgical services at the Royal Devon and Exeter Hospital for over a decade, and was part of the management team when that trust became one of the country's first foundation hospitals. He led the trust's delivery of new models of care for older people, which included a strong focus on integration with services outside hospital. He helped establish the Peninsula Medical School in Exeter, of which he became an honorary fellow, teaching undergraduate medical students about healthcare management. He was also involved in the commissioning of specialist services and the development of joint working for health authorities across Devon and Cornwall. Matthew joined the NHS on the national general management training scheme, after graduating from Oxford University. He is a trustee of Hospiscare, the palliative care provider for Exeter, East and mid-Devon, and a visiting specialist at Plymouth University Medical School.

Public Board Attendance: 9/10

Andy Heron	Chief Operating Officer – Neighbourhoods, Mental Health & Families (from 10 January 2022)

Andy Heron was appointed as the Chief Operating Officer – Neighbourhoods, Mental Health & Families, in January 2022. Andy joined the NHS in Somerset in 2014 when he joined Somerset Partnership NHS Foundation Trust as chief operating officer. Having originally qualified as an occupational therapist, he worked in a number of clinical roles within mental health across the South West before moving into leadership roles during the 1990s. Andy played a role in the establishment of a new specialist NHS mental health trust serving the Avon and Wiltshire areas and became the general manager of mental health services for a seven year period up to 2006. Following this Andy gained a broad range of experience in London and the South West in senior commissioning and provider roles in the NHS, and also in social care, with most of his work being focused on service modernisation. Andy maintains a strong interest in care pathway redesign and service transformation and in recent years has taken on a number of system leadership roles within Somerset, centred on improving patient flow and working with partners in the development successful community alternatives to hospital admission. Having worked closely with colleagues at Yeovil Hospital over a number of years, initially on the Somerset delayed transfers of care programme and more recently in system leadership roles for the vaccination programme and community oximetry.

Public Board Attendance: 2/2

Isobel Clements	Chief of People and Organisational Development (from 10 January 2022)

Isobel Clements was appointed as the Chief of People and Organisational Development in January 2022. Isobel started her career at Musgrove Park Hospital in 1988 and held several senior human resources and organisational development management roles, including at associate and deputy level, until she was appointed Director of People and Organisational Oevelopment in 2018 for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust before the two trusts merged to form Somerset NHS Foundation Trust in April 2020. Isobel has played a key role in developing the Trust's system of distributed leadership, in ensuring that the organisation's values are brought to life in everyday behaviour. She has overseen a number of leadership development programmes that substantial numbers of our leaders have benefitted from. Isobel is a member of the Chartered Institute of Personnel and Development

Public Board Attendance: 2/2

Jeremy Martin	Director of Transformation (until 9 January 2022)

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. Jeremy left the Trust in January 2022.

Public Board Attendance: 8/8

Stacy Barron-Fitzsimons	Director of Operations

Stacy Barron-Fitzsimons joined the Board in January 2021.

Stacy has over 15 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: 9/10

David Shannon	Director of Strategy and Digital Development (from 10 January 2022)

David Shannon was appointed as the Director of Strategy and Digital Development in January 2022.

David joined Musgrove Park Hospital in 2016 as Director of Finance and went on to become the Director of Strategic Development and Improvement for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged to form Somerset NHS Foundation Trust in April 2020. David was previously Director of Operational Finance at North Bristol NHS Trust from June 2014. Before that he spent six years at Nottingham University Hospitals NHS Trust. He originally joined the NHS in 1998 on its graduate financial management training scheme. David is a member of the Chartered institute of Management Accountants.

Public Board Attendance: 2/2

Phil Brice	Director of Corporate Services (from 10 January 2022)

Phil Brice was appointed as the Director of Corporate Services in January 2022.

Phil joined Somerset Partnership NHS Foundation Trust in 2012, having worked in the NHS since 2000. He went on to become the Director of Governance and Corporate Development for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged in April 2020 to form Somerset NHS Foundation Trust. He worked for the Somerset Heath Authority before becoming Director of Corporate Services for Taunton Deane Primary Care Trust and then Director of Corporate Services and Communications for NHS Somerset from 2006 – 2011. He previously worked for the Treasury Solicitor's department, the Parliamentary and Health Service Ombudsman and AXA PPP healthcare.

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.

The Trust continuously reviews its Board governance structure and in recent years 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 formed, formalising the executive decision-making group. This Committee is established by the Board of Directors 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 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 2021/22.

In 2021/22, an internal review, led by the Corporate Governance and Risk Manager and partners at Somerset NHS Foundation Trust, was commenced to ensure that the risk reporting arrangements remained adequate and identify if any further improvements could be made in light of the integration between Yeovil Hospital and Somerset NHS Foundation Trust. This included the review of the reporting of risk, the risk categories and Risk Appetite for the two organisations. This was considered in a joint Board seminar session.

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

Peter Lewis, Chief Executive, 20 June 2022

Annual Remuneration Report

This report is made by the Board of Somerset NHS Foundation Trust in compliance with:

- Sections 420 to 422 of the Companies Act 2006 (that apply to NHS foundation trusts);
- Parts 2 and 4 of schedule 8 of the Regulations as adopted by NHS Improvement;
- Regulation 11 and parts 3 and 5 of Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008; and
- Elements of the NHS Foundation Trust Code of Governance.

The term "senior manager" covers those who influence the decisions of the Trust as a whole rather than the decisions of individual directorates or departments and the board has decided that disclosures will be made in respect of Executive Directors and Non-Executive Directors.

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 42. In 2021/22, the Committee was chaired by Graham Hughes, Non-Executive Director. The Chief Executive, Company Secretary/Corporate Governance and Risk Manager, Deputy Chief Executive, Chief Nurse and Director of People 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. The pay policy for Executive Director remuneration aims to deliver the main principles for director remuneration under Section E of the NHS Foundation Trust Code of Governance. 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 2021/22, the Remuneration Committee, as part of the steps in appointing a single executive team across both Yeovil District Hospital and Somerset NHS Foundation Trust, 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. There was no Very Senior Managers pay uplift awarded in 2021/22.

Remuneration Packages for Non-Executive Directors

The remuneration packages for Non-Executive Directors in 2021/22 was:

Salary	£45,867 per annum for Non-Executive Chairman
Salary	£12,615 per annum for Non-Executive Directors

Future Remuneration Policy Table

Element of pay (Component)	How component supports short and long term strategic objective/goal of the Trust	Operation of the component	Performance metric used and time period
Salary	Provides a stable basis for recruitment and retention, taking into account the Trust's position in the labour market and need for a consistent approach to leadership. Stability, experience reputation and widespread knowledge of local needs and requirements supports the Trust's short term and strategic objectives.	Market testing, including the review of national benchmarking survey results, seeks to identify salary paid for similar role. Individuals are remunerated by spot salary on a case-by-case basis.	Pay is reviewed by the Remuneration Committee in relation to individual performance throughout the financial year. Increases are ordinarily in line with the wider NHS workforce as recommended by the NHS Pay Review Body.
Taxable benefits	Provides a solid basis for recruitment and retention of top leaders in sector. Forms part of the recruitment and retention of executive directors by ensuring that the Trust remains competitive.	Any taxable benefit is agreed by the Remuneration Committee. There is no maximum amount payable.	Reviewed by financial years.
Bonus	No bonus scheme operates at the Trust therefore the maximum that could be paid is £0.		
Pension	Provides a solid basis for recruitment and retention of top leaders in sector.	Contributions within the relevant NHS pension scheme. Details of the schemes current in place can be found at www.nhsbsa.nhs.uk/ nhs-pensions	Contribution rates are set by the NHS Pension Scheme.
Fees	n/a	n/a	n/a

Fair Pay (subject to audit)

The Trust is required to disclose the relationship between the remuneration of the highest-paid director and the lower quartile, median and upper quartile remuneration of the workforce.
The banded remuneration of the highest paid director at Yeovil District Hospital in the financial year 2021/22 was £165,000 - £170,000 (2020/21 £165,000 - £170,000). From 2022/23, a prior year comparative of the percentage change will be required.

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

For employees of the Trust as a whole, the range of remuneration in 2021/22 was from £2,005 to £226,190 (2020/21 – £2,005 to £215,798). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 1.1%. From 2022/23, a prior year comparative of the percentage change will be required.

11 employees received remuneration in excess of the highest-paid director. This was 9 in 2020/21. Prior year comparative will be added in 2022/23 requirements.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

	25th percentile	Median	75th Percentile
Salary component of pay	£21,583 (2020/21: £19,379)	£30,262 (2020/21: £28,059)	£40,512 (2020/21; £47,970)
Total pay and benefits excluding pension benefits	£20,154	£31,267 (2020/21: £28,277)	£49,999
Pay and benefits excluding pension; pay ratio for highest paid director	7.78:1	5.55:1 (2020/21: 5.8:1)	4.15:1

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 2021/22, the expenses paid to members of the Board and directors attending the Board totalled £325. During the same period, the expenses paid to the members of the Council of Governors totalled £0. The combined sum for expenses was £325, which compares to £539 for 2020/21, £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 2021/22

Name and Title		2021/22					
		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	25 – 30	0	0	0	0	25 - 30
M Scrivens	Non-Executive Director, Interim Chairman	25 - 30	0	0	0	0	25 - 30
M Dunster	SHS Chairman	5 - 10	0	0	0	0	5 - 10
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 Hull	Non-Executive Director	0 - 5	0	0	0	0	0 - 5
J Higman	YDH Chief Executive	75 – 80	0	0	0	40 – 42.5	115 - 120
P Lewis	YDH Chief Executive	30 – 35	0	0	0	15 – 17.5	50 - 55
S James	YDH Chief Finance Officer	95 – 100	0	0	0	17.5 – 20	110 – 115
P Moger	YDH Chief Finance Officer	5 – 10	0	0	0	0 - 2.5	5 - 10
M Bryant	YDH Chief Operating Officer Hospital Services	40 – 45	0	0	0	35 -37.5	75 - 80
A Heron	YDH Chief Operating Officer Neighbourhoods, Mental Health & Families	5 – 10	0	0	0	7.5 – 10	15 - 20
S Barron-Fitzsimons	YDH Director of Operations	105 – 110	0	0	0	70 – 72.5	180 - 185
Dr M Kane	YDH Chief Medical Officer for Acute Hospitals	205 – 210	0	0	0	45 – 47.5	255 - 260
Dr D Meron	YDH Chief Medical Officer	10 -15	0	0	0	22.5 - 25	35 - 40
S Meldrum	YDH Deputy Chief Executive / Chief Nurse & Director of People	115 – 120	0	0	0	0	115 - 120
H Peters	YDH Chief Nurse	5 – 10	100	0	0	0 – 2.5	5 - 10
J Martin	YDH Director of Transformation	280 – 285	0	0	0	110 - 112.5	375 - 380
D Shannon	YDH Director of Strategy and Digital Development	5 – 10	100	0	0	7.5 – 10	15 - 20
I Clements	YDH Chief of People and Organisational Development	5 – 10	100	0	0	10 – 12.5	20 - 25
P Brice	YDH Director of Corporate Services	5 – 10	0	0	0	5 – 7.5	10 - 15
K White	SHS Managing Director	105 – 110	0	0	0	0	105 - 110
Dr B Balian	SHS Medical Director	130 – 135	0	0	0	0	130 - 135
Dr H Sampson	SHS Strategic Development Director	25 – 30	0	0	0	0	25 - 30

Name and Title		2021/22					
		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
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	77.5 - 80	175 - 180
C Radstock	SSL Estates and Facilities Director, SSL Acting Managing Director	90 – 95	0	0	0	0	90 - 95

Notes: M Kane'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.
On 10 January 2022, a single executive team was appointed across Yeovil District Hospital and Somerset NHS Foundation Trust. As such, the salary for some individuals is provided as a 30% portion attributed at Yeovil District Hospital from this date onwards. Pension related benefits are shown at 100%.
The salary for J Martin includes a loss of office payment.

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	200 - 205	0	0	0	82.5 - 85	280 - 285
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'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 2021/22

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	55 - 60	120 - 125	972	62	1,039	0
P Lewis	YDH Chief Executive	2.5 - 5	0 - 2.5	80 – 85	175 - 180	1,454	1,369	62	0
S James	YDH Chief Finance Officer	0 – 2.5	0 – 0	45 - 50	120 - 125	1,045	46	1,096	0
P Moger	YDH Chief Finance Officer	0 – 2.5	0 - 0	45 - 50	80 - 85	755	738	0	0
M Bryant	YDH Chief Operating Officer Hospital Services	5 – 7.5	10 – 12.5	50 - 55	100 - 105	819	699	97	0
A Heron	YDH Chief Operating Officer Neighbourhoods, Mental Health & Families	2.5 - 5	0	40 - 45	65 - 70	807	748	36	0
S Barron-Fitzsimons	YDH Director of Operations	0 – 2.5	0 – 2.5	20 - 25	30 - 35	192	51	244	0
D Meron	YDH Chief Medical Officer	5 – 7.5	2.5 - 5	55 - 60	140 - 145	1,315	1,192	88	0
M Kane	YDH Chief Medical Officer	2.5 - 5	0 – 2.5	45 - 50	90 - 95	754	62	820	0
H Peters	YDH Chief Nurse	0 - 0	0 -0	45 - 50	90 - 95	803	802	0	0
J Martin	YDH Director of Transformation	5 – 7.5	10 – 12.5	35 - 40	80 -85	630	118	752	0
D Shannon	YDH Director of Strategy & Digital Transformation	0 – 2.5	0 - 0	40 - 45	75 - 80	662	617	23	0
I Clements	YDH Chief of People	2.5 - 5	0 – 2.5	50 - 55	115 - 120	966	902	41	0
P Brice	YDH Director of Corporate Services	0 – 2.5	0	30 - 35	65 - 70	671	629	23	0
D Stevens	SSL Managing Director	2.5 - 5	5 - 7.5	30 - 35	50 - 55	465	82	549	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 number of individuals have opted out of the pension scheme and therefore are not included above.

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 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 complete.

Payments for loss of office

This section includes information on any individuals who were a senior manager in the current or in a previous financial year that has received a payment for loss of office during the financial year. All payments made for loss of office were contractual payments as per the national NHS terms and conditions.

Director of Transformation	**£181,122**
Redundancy Payment	£160,000
Accrued annual leave	£1,944
Lieu of notice	£19,178

Payments to past senior managers

There were no payments of money or other assets to any individual who was not a senior manager during the financial year but had previously been a senior manager at any time.

Peter Lewis, Chief Executive, 20 June 2022

Staff Report

The Covid-19 pandemic has continued to impact this year and our people have continued to respond in the most extraordinary way every day. Their ongoing commitment, flexibility and hard work has been outstanding and ensured our patients have continued to receive the care they need despite the hospital experiencing record breaking patient and bed numbers.

Alongside our operational challenges, we have continued to experience the impact of Covid-19 on our absence levels and there have been continual changes to national and local policies to guide our management and transition to living with Covid-19 in our communities.

This year the Trust has worked in collaboration with our Integrated Care System partners in Somerset, to provide enhanced wellbeing support for our people – bespoke projects have included; continued emotional and psychological support via a bespoke telephone line and website, coaching and REACT training for our managers and leaders, and implementation of individual support tools including.

Internally a recovery plan was agreed and implemented to ensure holistic support for our people it included actions in line with 9 key themes:

1 Feeling valued
2 Physical support
3 Emotional support
4 Financial support
5 Work environment
6 Healthy lifestyles
7 Social activities
8 Cultural and spiritual
9 Being a compassionate leader

Key elements of this work have included supporting our managers and leaders to have health and wellbeing conversations to promote understanding of wellbeing within teams and for individuals.

Yeovil Hospital has appointed a Wellbeing Guardian who is responsible for holding the organisation to account regarding wellbeing, questioning the impact of decisions on the wellbeing of our people, and reviewing data to evidence change in response to the work we are doing to improve.

The Group (including subsidiary companies) employs the following people (as at 31 March 2022):

Headcount (Excluding Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	4	6	10
Non-Executives & Chairman	2	3	5
Other Senior Managers	14	11	25
All other employees	2559	699	3258
Grand Total	**2579**	**719**	**3298**

Headcount (Including Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	4	6	10
Non-Executives & Chairman	2	3	5
Other Senior Managers	14	11	25
All other employees	3154	874	4028

Grand Total	**3174**	**894**	**4068**

Full-Time Equivalent (Excluding Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	5.22	4	9.22
Non-Executives & Chairman	1	8	9
Other Senior Managers	12.83	10.65	23.48
All other employees	2126.94	650.63	2777.57
Grand Total	**2145.99**	**668.28**	**2814.27**

The average number of employees employed by the Group:

Average Number of Employees (Full-Time Equivalent)	2021/22			2020/21
	Permanent	**Other**	**Total**	**Total**
Medical and dental	186.2	121.2	307.4	293.5
Administration and estates	631.0	40.9	671.8	602.5
Healthcare assistants and other support staff	493.0	20.5	513.4	480.5
Nursing, midwifery and health visiting staff	807.5	30.2	837.7	770.5
Scientific, therapeutic and technical staff	321.1	29.2	350.3	321.1
Total Average Numbers	**2438.8**	**241.8**	**2680.7**	**2468.1**

Staff Costs

Group	2021/22	2020/21
	Total	**Total**
	£000	**£000**
Salaries and wages	117,158	106,763
Social security costs	10,289	9,298
Employer's contributions to NHS pensions	11,165	10,356
Additional Pension Costs 6.3%	4,591	4,240
Agency/contract staff	12,014	9,516
Apprenticeship levy	315	405
Termination benefits	589	209
Total staff costs	**156,121**	**140,787**

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

Sickness absence has been higher than ever experienced prior to the pandemic and there have been periods, particularly during the autumn and winter of 2021 and early 2022 that the numbers of colleagues not able to work due to sickness, particularly COVID related, have been significant. This has led to unprecedented levels of planning and operational effort from the temporary staffing, management, and site management teams to support teams to care for our patients.

Staff Turnover

In recent years, the Trust has seen a fluctuation in staff turnover rates. In March 2022, the YDH staff turnover rate was 17.3% compared to 15.6% for March 2019 prior to the pandemic. This fluctuations in the turnover rate in recent years is a consequence of the Covid-19 pandemic. The Trust continues to work to make Yeovil Hospital an employer of choice as measured through the staff survey results.

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 a disability symbol user and a VCHA accredited “Veteran Aware “provider

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. Following this, additional requirements to support their learning may be identified such as additional time and/or access to resources. We acknowledge that for true equity, there must be wider understanding of “differences”. With this in mind, we offer bespoke training packages as well as leadership programmes to enhance the knowledge of our leaders.

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.

The Trust is committed to fair and equitable opportunities for staff currently working and for those who wish to join the Trust. Through inclusive recruitment practices, including guaranteed interview schemes and adjustments to access we ensure that we provide the best experience possible for our people. The trust encourages multi-disciplinary departmental collaboration when responding to specific cultural needs of internationally trained medical and nursing staff to ensure the on boarding experience and subsequent settling in period is fully supported and equitable.

To advance equality throughout the workforce the Trust has addressed the needs of minority and other under-represented groups by promoting Staff Led Networks, chaired by Staff, and supported by the Inclusion Lead as Network Coach. 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

All our policies are in a single Human Resources Manual, which is available on the Trust’s YCloud (intranet) and public website. The handbook includes policies to cover all aspects of employment and includes clear guidance for our people in an accessible format. Our policies include Maternity, Shared parental, and paternity leave, Disability in the workplace, Equality

and Inclusion and Recruitment and Selection set out the processes for ensuring fair employment, training and career development opportunities for individuals with protected characteristics.

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

The Trust continues to develop a culture of openness where our people can freely express their concerns with the aim of preventing minor issues from becoming more serious. Our three 'Freedom to Speak up Guardians' provide access to a simple, accessible process for raising concerns. The guardians receive regular contact from colleagues across the organisation signifying this is a trusted and useful process for raising concerns.

The Senior Leadership team regularly visit wards and departments to check in, provide additional problem solving to resolve blockers and to discuss concerns relating day-to-day operational issues. During times of significant pressure this happens on a daily basis.

Our Staff Governors and subsidiary company Partnership Governors come from a variety of roles across the Trust, both clinical and non-clinical. Our Staff Governors strengthen the link between our people and broader decision-making processes.

Health and Safety

Fire, health and safety arrangements during 2021/22 have ensured fire compartmentation and building security works are prioritised. Fire safety work around Radiology, Ambulatory Emergency Care and Emergency Departments has improved the evacuation layout and standards of building protection increased. Installation of automatic fire dampers into ventilation systems has enhanced compliance across Day Theatres and the Emergency Department. Fire suppression systems have been installed on electrical and IT server rooms to protect vulnerable areas such as the Intensive Care Unit and the Radiology IT server room from data loss. Fire stopping across service corridors and enhancement of fire compartmentation has taken place adjacent to the logistics area to mitigate fire safety risks. Working with the Fire and Rescue services a review has taken place of the tactical plan arrangements to ensure hazards are identified and business continuity plans put in place.

Housekeeping development of QR code-based cleaning standards for rooms audit and verify cleaning tasks have been completed satisfactorily. Use of technology has improved the review and tracking of fire risk assessment and safety audits to identify and manage risks to the lowest level possible and to reduce incidents through proactive engagement and risk assessment. Emergency drills have been practiced in line with fire and lockdown procedures across hospital departments with improvements in lockdown managed through exercised call out procedures. A site survey has been completed on vehicle and pedestrian access with improvements in safety marking and directional signage.

Security guarding increased to enhance patient flow in Emergency Department in order to reduce the likelihood of verbal abuse and aggression incidents on staff and although incident report numbers have increased overall the level of harm has reduced.

Utilising video recording Manual Handling equipment videos have been developed as a training tool for staff to enhance learning and assist with refreshing skills. Manual handling support has been developed in the health and safety team as well as in the Yeovil Academy trainers to enhance experience, skills, and observation of practice on wards to improve safety in patient handling. Building on safety and addressing complex needs a Bariatric guidance document has been developed within the patient handling policy to communicate proactive assessment and care.

A combined Security and Safety Committee meet quarterly to maintain focus on safety topics and security arrangements and although face to face meeting have limited attendance a healthy online Teams presence has been maintained.

Occupational Health

Yeovil Hospital has an outsourced Occupational Health Service and a constructive relationship with the provider which has been developed over a number of years. 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.

Our 'Employee Assistance Programme' supports 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 supports the NHS Counter Fraud Authority strategy that aims to reduce fraud, bribery and corruption within the NHS. We are committed to the prevention, detection and investigation of any such allegations and will seek to apply criminal, disciplinary, regulatory and civil sanctions where allegations are upheld. This includes the recovery of identified financial losses to ensure that NHS resources are used for their intended purpose - the delivery of patient care. We expect all organisations / contractors instructed by our organisation to demonstrate a comparable commitment in order to do business with us. This enables us to reassure our patients, members and stakeholders that public funds are protected and safeguarded.

The Trust employs a Counter Fraud Manager who during 2021/22 has conducted both proactive and reactive work in line with the requirements of the Government Functional Standard 013: Counter Fraud ('functional standards').

To limit our exposure to the risks of fraud, bribery, and corruption we also have a number of key policies and procedures which includes, but is not limited to anti-fraud, bribery and corruption policy/procedure, Raising Concerns policy and a Code of Conduct and Conflict of Interest policy. These policies apply to all colleagues and individuals who act on behalf of our organisation.

The success of our approach is dependent on colleagues, stakeholders, service users, visitors or anyone associated with the Trust to report suspicions of Fraud, Bribery and Corruption. We actively encourage reporting to the nominated Counter Fraud Manager, Chief Finance Officer or to the NHS Counter Fraud Authority.

Engaging our People

The pandemic and the resulting implementation of infection prevention and control (IPC) measures across the trust, has changed the way we communicate and engage, with an increased reliance of digital platforms.

We have, however, maintained much of our suite of internal communications, including weekly bulletins, all staff emails for operational and internal initiatives, live and recorded video updates, intranet (YCloud) updates, and virtual staff meetings, alongside the monthly

staff recognition scheme, the iCARE Champion Award. In addition, each week begins with an all staff message from the Trust Chief Executive on key strategic or operational issues.

Throughout the pandemic we have also delivered routine Managers' Updates (initially daily reducing to three-times per week as the immediate pandemic impact reduced) to provide trust staff with line management responsibilities with the information they need to keep their teams informed and safe, including key IPC data.

In October 2021, we commenced a programme to actively engage colleagues from YDH and Somerset NHS Foundation Trust in our plans to merge the two organisations. A robust engagement plan is now in place with the main aim to:

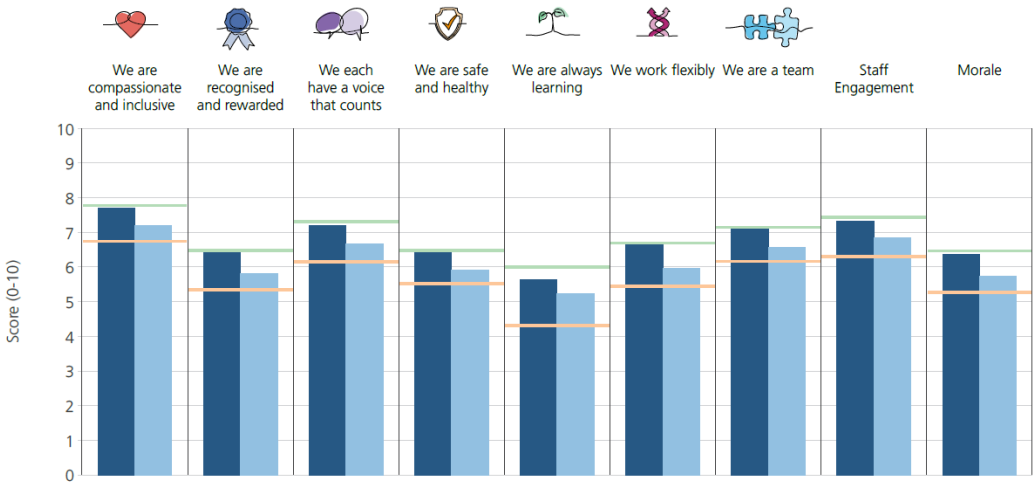
- Create awareness and understanding
- Listen to our people
- Support learning and change
- Build a new vision, identity and sense of belonging.

Key activities to date have included:

- Approximately 60 Engagement Champions have been appointed across both Trusts, and attended a welcome event in October 2021
- Cultural Maturity Audits have been completed in both trusts
- Monthly Engagement Champion meetings to hear views feedback, provide information and answer questions,
- A merger survey in November 547 responses received and gave insights into points of apprehension, what our people wanted by way of support and to know more about, and the methods they wanted us to use to communicate with them.
- Manager's sessions held throughout December 2021
- Focus groups for YDH colleagues to understand specific concerns
- Work has started to develop new our new organisational values through a series of engagement sessions.

Staff Survey

The 2021 NHS Staff Survey was completed between September and December 2021 with a 57% response rate. This year was the first year that the staff survey was completed and nationally aligned to the themes of the people promise. Our results can be seen in the table below:



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.8	6.5	7.3	6.5	6.0	6.7	7.1	7.4	6.5
Your org	7.7	6.5	7.2	6.4	5.6	6.7	7.1	7.3	6.4
Average	7.2	5.8	6.7	5.9	5.2	5.9	6.6	6.8	5.7
Worst	6.7	5.3	6.1	5.5	4.3	5.4	6.2	6.3	5.3
Responses	1,255	1,257	1,230	1,236	1,123	1,246	1,254	1,255	1,257

This table highlights the overwhelmingly positive feedback from our people. In every theme the Trust scored higher than the benchmark group average and in three were consistent with the best. We are really encouraged that our results have remained so positive despite so many challenges, however as you would expect, morale has decreased slightly, but feedback is overwhelmingly more positive than comparators.

The past year has continued to be challenging operationally for ever team and a sense of fatigue has been felt across the NHS in general and recognised in national feedback. The Trust is no exception and this is apparent in our staff survey feedback. We have worked hard to ensure our people feel supported, cared for and listened to and whilst we won't always get this right every time, these results show we have been able to maintain this.

Our managers and leaders have been vital to this success and have responded to the ongoing challenges of the pandemic, where continued hybrid working, less face-to-face contact and engaging and communicating with the team have been common.

Positive areas

The areas where we benchmark very well are:

- Opportunities for flexible working
- Team working – feeling valued by your team, effective working with other teams
- Line managers – interested in your wellbeing, feeling valued by your manager
- Taking positive action on wellbeing
- Access to learning and developing – support for career development
- Acting on concerns.

Simply Serve Limited scored well in the following areas:

- I know what Health and wellbeing support is available and how to access this at work
- I am satisfied with the quality of service I provide
- I feel able to approach my manager with any issues or concerns
- I have a good working relationship with my supervisor/manager
- My work responsibilities are clear
- Care of patients is my organisation's top priority

Areas we need to work on

The areas that we must improve are:

- Ensuring that all colleagues have an annual appraisal. 77% of colleagues reported that they have had an annual appraisal in the last 12 months compared with 80% in our comparator group of trusts.
- Of those staff who reported experiencing harassment at work, 56% of respondents said this was on the basis of ethnic background; 22% reported harassment on the grounds of gender; and 21% reported harassment on the basis of age.

The lowest scoring results for colleagues from SSL were:

- There are a good range of benefits available to me working for Simply Serve as part of Yeovil District Hospital Group 54%
- 43% agree or strongly agree that they do regularly feel burn out
- My opinions and views are considered when decisions are made that affect me 65%
- My workload is manageable 66%.

The staff survey for 2021 was the first to be aligned to the national themes of the people promise and therefore the data is not comparable to previous years. Benchmarking data for previous years is shown below.

	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

Looking forward to the coming year we will be working to improve by:

- Continuing with wellbeing support for colleagues
- Encourage and support good management practice
- Inclusion – build on the work we have already done to ensure all colleagues feel valued and belong
- Work to eliminate incidences of harassment
- Support team working and team effectiveness
- Improve appraisal completion to support colleagues' development.

Trades Union Disclosures

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

	2021/22
Number of Staff Side Representatives	15
Percentage of time spend on facility time	6.51%
Amount spend on facility time: • Total cost of facility time • Total pay bill	 £28,317 £404,112
Percentage of paid facility time spend on trade union activities calculated as (total cost of facility time / total pay bill) x 100	7.01%

Expenditure on Consultancy

£242k – includes architect fees, site surveys, fees relating to the proposed merger with Somerset NHS Foundation Trust.

Off-payroll Arrangements

Nothing to declare.

Exit Packages

	2021/22 Compulsory redundancies	2021/22 Other departures	2021/22 Total Number	2020/21 Total number
< £10,000	0	0	0	1
£10,001 - £25,000	1	0	1	1
£25,001 - £50,000	0	0	0	1
£50,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	2	0	2	1
>£200,000	1	0	1	0
Total Number	**4**	**0**	**4**	**4**
Total resource cost			**£589,000**	**£209,000**

The data for 2021/22 may include agreements legally signed and agreed in 2021/22 although due to timing of agreements and payroll, some of these payments will be realised in 2022/23.

Other (non-compulsory) departure payments

	2021/22 Number of Agreements	2021/22 Value of Agreements £000	2020/21 Number of Agreements	2020/21 Value of Agreements £000
Mutually agreed resignations (MARS) contractual costs	0	0	1	27
Contractual payments in lieu of notice	0	0	0	0
Total	**0**	**0**	**1**	**27**

Non-Contractual Departure Payments

There were no non-contractual departure payments made.

Board Members and/or senior officials with significant financial responsibility

	2021/22 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".	20

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. .

The Single Oversight Framework applied from Quarter 3 of 2016/17. Yeovil District Hospital NHS Foundation Trust has been placed in segment 3. This segmentation information is the Trust's position as at March 2022. Yeovil District Hospital was placed into segment 3 due to the relative size of the trust's underlying financial deficit. This position is to be addressed as part of the Trust's forward planning.

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*.

Peter Lewis, Chief Executive, 20 June 2022

5. ANNUAL GOVERNANCE STATEMENT 2021/22

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 2022 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 (renamed Quality Assurance Committee in February 2022 – subsequently referred to as the Quality Assurance Committee within this report).

The Director of Corporate Services is the designated executive director with Board level accountability for clinical quality, safety and risk management. The Chief Medical Officer, Chief Nurse and Chief Executive support this role. Yeovil District Hospital has a designated Head of Risk 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 Quality Assurance Committee previously chaired by the Deputy Chief Executive, Chief Nurse and Director of People (April 2021 to January 2022) and since chaired by the Director of Corporate Services, 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 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 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 2021/22, an internal review, led by the Head of Risk, and partners at Somerset NHS Foundation Trust, was commenced to ensure that the risk reporting arrangements remained adequate and identify if any further improvements could be made in light of the integration between Yeovil District Hospital and Somerset NHS Foundation Trust. This included the review of the reporting of risk, the risk categories, the risk scoring guidelines, risk matrix and Risk Appetite for the two organisations. This was considered in a joint Board seminar session in April 2022.

The Board considered that the risk scoring matrix continued to be suitable, however a change in the level of risk escalation was considered, with any risks scoring 15 or above escalated and reported to Board level. As previous, 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.

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

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. 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 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 and PALS are reviewed through the Patient Experience Committee. In addition, learning from incidents, patient safety alerts, complaints and PALS is shared through the Serious Incident Review Group. 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 implemented a Ulysses action-planning module in 2019; 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 April 2021 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 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. This is reviewed on an annual basis with a Board seminar session which took place in April 2021. 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.

For 2021/22, the following risk appetite was in place:

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)**

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.

For 2021/22, the risk scoring matrix was 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 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.

As outlined above, the Board during a Board seminar session in April 2022 recently considered whether a change in the level of risk escalation was required, with any risks scoring 15 or above escalated and reported to Board level. This will be reflected in a revised Risk Management Strategy and Policy which will continue to outline who has overall responsibility for managing risk in their areas.

The Quality Report for 2021/22 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 and Information Technology Oversight 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.

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 bodes such as NHS

England, the Medical Healthcare Regulatory Authority (MHRA) and the National Institute for Health and Care Excellence (NICE).

The Quality 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 Quality 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 two years for the NHS with continuing unprecedented levels of demand that have been reflected at Yeovil District Hospital, notably 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.

A consistent approach was implemented for the management of the Trust's response to the Covid-19 pandemic. 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 Coordination Huddle, 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.

Notwithstanding the risks relating to Covid-19, the Trust still faces a number of risks continuing into 2022/23, including:

- Risk 331 – Continued high level of over 21-day length of stay and those patients waiting for care at alternative providers due to insufficient intermediate care capacity. This results in patients not being cared for in the most appropriate place; delay in patients onward care and treatment; adverse outcomes for individual patients; high occupancy rates leading to poorer outcomes for larger groups of patients; reduction in patient flow; Trust's ability to maintain performance standards; financial risk to opening additional escalation areas; compromised colleague experience; poor ED performance; cancellation of elective patients; patient safety risks; and reputational and regulatory risks to the organisation. *Risk Score – 25 (High Risk)*

- Risk 100 – Risk of breaching National RTT Standards at aggregate and specialty level. This is 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 and other operational limitations. This could result in patients waiting longer than expected resulting in poorer health outcomes. *Risk Score – 20 (High Risk)*

- Risk 198 - Reduced staff resilience including staff burn out due to stress/anxiety related to workplace pressures, prolonged increased demand on services, prolonged impact of the pandemic on staff resilience to cope, changes in personal circumstances for staff e.g. financial impacts, anxiety regarding new variants of COVID19, anxiety relating to the potential merger with SFT and working conditions staff are being expected to work within particularly in areas undergoing building works. *Risk Score – 20 (High Risk)*

- Risk 405 - Inability to safely deliver the Acute Oncology Service with the required nursing skills and expertise to manage this cohort of patients. Due to a shortfall in the funded establishment of 2xWTE (sickness and vacancy). To meet the needs of the service, a further 1xWTE is also required to bring the establishment to 3.6xWTE. Resulting in a limited Acute Oncology Service, inability to follow up patients, inability to provide training to ward nurses and ED staff, impact on staff wellbeing and continued non-compliance with mandatory national audits. *Risk Score – 20 (High Risk)*

- *SHS Risk* - Risk 728 - Reduced staff resilience including staff burn out due to stress/anxiety related to workplace pressures, increased demand on services, impact of the pandemic on staff resilience to cope, changes in personal circumstances for staff, anxiety of contracting Covid-19. *Risk Score – 20 (High 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.

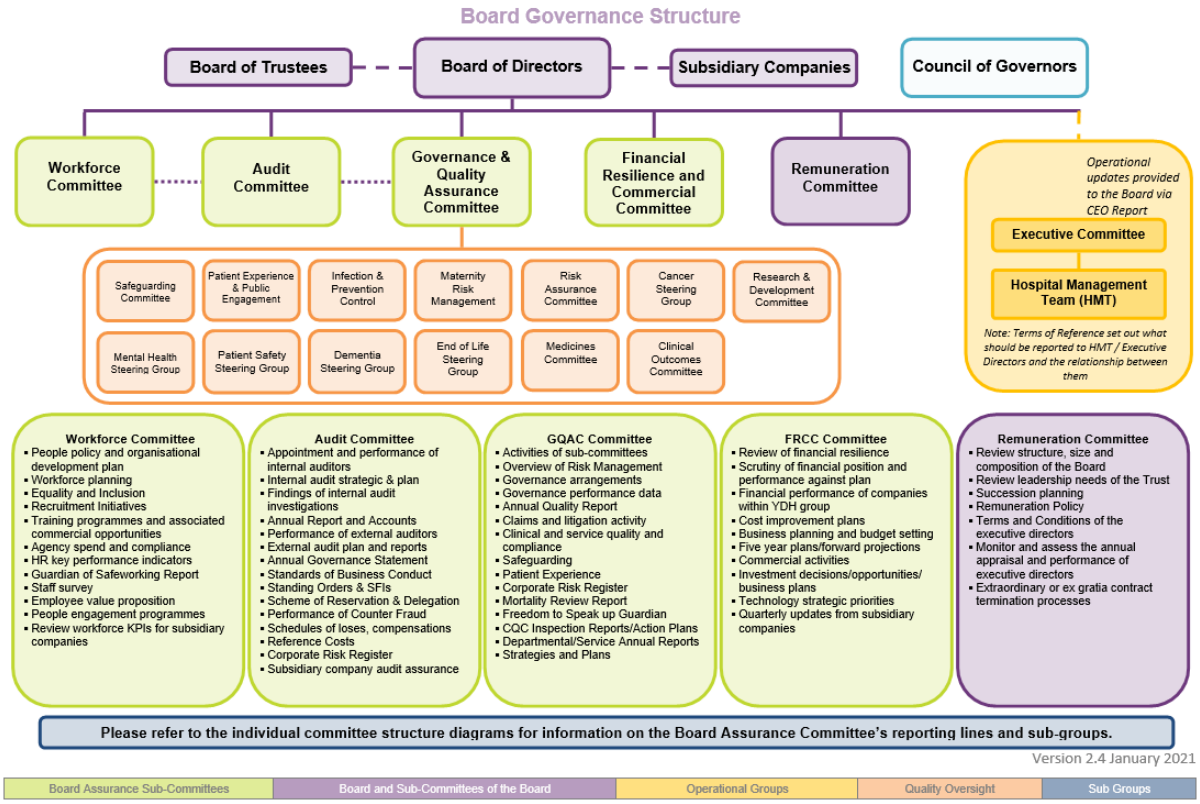
Principles of Corporate Governance

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.

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. In 2021/22 it met 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. In 2021/22 it met 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. In 2021/22 it met 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. In 2021/22 it met on a bi-monthly basis.

As part of the integration between Yeovil Hospital and Somerset NHS Foundation Trust and to reduce duplication across the single executive team, the majority of the Board assurance committees have moved a committee in common approach across the two organisations. Further work us underway to develop and align terms of reference where appropriate.

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 virtual Annual General Meeting on Tuesday 28 September 2021. The AGM included updates from the Chairman, an overview of our year from the Chief Executive, a presentation on Covid-19, the vaccination programme and overseas recruitment, and a report from Lead Governor Alison Whitman on behalf of the 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.

Yeovil District Hospital was awarded full compliance for the 2020/21 process which due to ongoing response to Covid-19 was not a full assurance process.

In 2021/22, Yeovil Hospital undertook a process of individual self-assessment. The Core Standards had been slightly modified to reflect activity during the response to Covid-19 and other concurrent incidents in which assurance was not required. However, unlike previous years the Trust worked collaboratively with Somerset NHS Foundation Trust EPRR teams to understand and share our assessment. Individual self-assessments were submitted to the Somerset Clinical Commissioning Group and then submitted as part of their response to NHS England and Improvement. The 'Confirm and Challenge' meeting that takes place to validate the self-assessment process was carried out jointly with Yeovil Hospital and Somerset NHS Foundation Trust attending the same session. This proved to be really successful and a great example of partnership working.

Due to some practical challenges surrounding Infection Prevention and Control guidance and Decontamination training delivery, the position shows a slight decline to 'Substantially Compliant' meaning the organisation is fully compliant against 89-99% of the relevant NHS EPRR core standards.

Notable good practice and innovation in the last 12 months include:

- The Trusts were working more collaboratively, particularly in respect of training and exercising, for example identifying a solution regarding the restrictions imposed by Covid19 on CBRN training.

The enhancement of the 4x4 driver training would ensure a more robust approach to securing sufficient staffing on site, as winter approaches, to the benefit of both Trusts.
The commitment of both Trusts to the system wide EPRR group and the work programme has been fantastic despite all the ongoing pressures in the system and from Covid-19. It has been fundamental to having a coordinated response to the pandemic and provides a strong foundation for our transition into the integrated care system.

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 entire system's control. 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 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 Integrated Care System proposals.

The Yeovil Hospital group submitted a H1 (April ’21 - September ’21) plan, which included central funding as part of the system contractual position. Other Covid-19 monies outside of the system envelope are also available as a retrospective top-up payment. The planning process for H2 (October '21 - March '22) was completed with a breakeven plan submitted in November 2021.

As of March 2022, the Trust reported a £0.254m surplus against the breakeven plan. This position was predominately driven by the impact of the national Elective Recovery Fund, which was designed to support NHS healthcare systems to restore elective services against the backdrop of unprecedented demands on the services because of Covid-19. 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.

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. Operational management and the co-ordination of services are delivered by the strategic business units. Performance is also reviewed via the Trust’s Accountability Framework and the divisional review sessions. 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 2021/22. In addition, no significant weaknesses were identified with regard to the Trust’s arrangements for ensuring value for money.

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 (DSPT) is an annual self-assessment tool that requires the Trust to provide evidence of compliance with the standards laid down by the National Data Guardian's (NDG) review published in 2016.

The Trust’s Data Security and Protection Toolkit submission for 2021/22 will be completed in June 2022. It is expected that all mandatory evidence items will be reached, with an assessment status of ‘standards met’.

In line with the DSPT reporting tool, two incidents were reported to the ICO in 2022/22. One incident related to insecure handling of a sheet of data, one incident related to a bug within our electronic patient record system.

All 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 and IT Oversight Group, which, in turn, reports to the Audit Committee.

The Senior Information Risk Owner position for 2021/22 was held by the Chief Finance Officer until January 2022. From 10 January 2022 onwards, this position was held by the Director of Strategy and Digital.

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.
- 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 primary 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 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. In forming this view, BDO took into account the following:

- Two reviews provided substantial assurance for both design of controls and operational effectiveness, including key financial systems and medical rostering
- Three reviews provided limited assurance over the operational effectiveness; however, BDO were specifically directed by management to these areas to help improve the control environment
- The Trust has a good record of implementing audit recommendations. BDO have closed all prior year recommendations and management are proactive in discussing plans to address the risks identified in the 2021/22 audits
- BDO were asked to undertake an additional review of cultural maturity to ascertain whether there are any cultural factors hindering the proposed merger with Somerset NHS FT
- The Trust is expected to break-even against its agreed control total.

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.

Peter Lewis, Chief Executive, 20 June 2022

Yeovil District Hospital NHS
NHS Foundation Trust

Consolidated Financial Statements For The Year to 31 March 2022

Contents

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 and Social Care 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 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 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 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*.

Signed

Peter Lewis, Chief Executive

Date: 20 June 2022

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:

Peter Lewis, Chief Executive

Date: 20 June 2022

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 2022 which comprise the Statement of Comprehensive Income, Group and Trust Statement of Financial Position, Group and Trust Statement of Changes in Taxpayers Equity and Statement of Cash Flows, 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 2022 and of the Group and Trust's 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 2021/22.

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 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:

- we 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 above conclusions are 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 Committee and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the Group'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, we performed procedures to address the risk of management override of controls and the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the non-complex recognition due to the nature of the revenue, which limits the opportunities to fraudulently misstate revenue.

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 existence of non-pay and non-depreciation expenditure recognition, particularly in relation to year-end accruals.

We 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 with capital, cash and borrowings.
- Inspecting cash payments and purchase invoices in the period prior to and following 31 March 2022 to verify expenditure had been recognised in the correct accounting period.
- Verifying accruals posted as at 31 March 2022 are appropriate and accurately recorded.

Identifying and responding to risks of material misstatement related 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 from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group 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 is subject to laws and regulations that directly affect the financial statements, including the National Health Service Act 2006 and 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 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.
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.
- in our opinion the other information has been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2021/22.

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 2021/22. 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 2021/22.

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 Group and 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 Group and 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 its 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 its 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 its 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 issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if we refer a matter to the relevant NHS regulatory body under paragraph 6 of Schedule 10 of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure, or is about to take, or has taken, a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

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 Group and Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Group and Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Group and 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 Group and 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 Group and 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 2022 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

21 June 2022

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2022 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:

Peter Lewis, Chief Executive

Date: 20 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

		Group		Trust	
		2021/22	2020/21	**2021/22**	2020/21
	Note	**£'000**	£'000	**£'000**	£'000
Operating income from patient care activities	3	**208,987**	175,518	**187,128**	159,905
Other operating income	4	**31,007**	46,747	**27,957**	44,687
Total operating income		**239,994**	222,265	**215,085**	204,592
Operating expenses	5	**(237,413)**	(218,075)	**(217,881)**	(200,980)
Operating Surplus/(Deficit)		**2,581**	**4,190**	**(2,796)**	3,612
Finance income	9	**12**	2	**1,055**	1,106
Finance expenses	9	**(305)**	(136)	**(1,381)**	(1,398)
PDC dividend expenses		**(1,793)**	(1,245)	**(1,793)**	(1,245)
Net finance costs		**(2,086)**	(1,379)	**(2,119)**	(1,537)
(Loss) on disposal of non-current assets	10	**(460)**	(137)	**(460)**	(137)
Corporation tax income/(expense)		**48**	(383)	**0**	0
Surplus/(Deficit) for the year		**83**	**2,291**	**(5,375)**	1,938
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments		**(68)**	0	**0**	0
Revaluations	14	**0**	23	**0**	23
Total comprehensive income/(expense) for the period		**15**	2,314	**(5,375)**	1,961

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

		Group		Trust	
		31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	Note	**£'000**	£'000	**£'000**	£'000
Non current assets					
Intangible assets	13	**5,503**	5,618	**5,232**	5,417
Property, plant and equipment	14	**78,889**	70,864	**75,342**	68,262
Investments in associates and joint ventures	26	**14**	196	**14,987**	15,170
Trade and other receivables	17	**708**	786	**24,050**	30,883
Total non current assets		**85,114**	77,464	**119,611**	119,732
Current assets					
Inventories	15	**3,213**	2,590	**1,796**	1,474
Trade and other receivables	16	**14,301**	17,143	**6,929**	13,846
Cash and cash equivalents	17	**30,463**	26,695	**22,606**	18,701
Total current assets		**47,977**	46,428	**31,331**	34,021
Current liabilities					
Trade and other payables	19	**(36,718)**	(35,794)	**(29,298)**	(32,770)
Borrowings	22	**(803)**	(324)	**(5,906)**	(2,846)
Provisions	20	**(3,650)**	(3,424)	**(3,009)**	(3,328)
Total current liabilities		**(41,171)**	(39,542)	**(38,213)**	(38,944)
Total assets less current liabilities		**91,920**	84,350	**112,729**	114,809
Non current liabilities					
Trade and other payables	19	**(18)**	(8)	**0**	0
Borrowings	22	**(4,360)**	(2,780)	**(34,343)**	(37,137)
Provisions	20	**(1,972)**	(1,033)	**(1,943)**	(889)
Total non current liabilities		**(6,350)**	(3,821)	**(36,286)**	(38,026)
Total assets employed		**85,570**	80,529	**76,443**	76,783
Financed by					
Public dividend capital	25	**143,300**	138,274	**143,300**	138,274
Revaluation reserve		**13,326**	13,394	**5,654**	5,631
Income and expenditure reserve		**(73,360)**	(73,149)	**(72,511)**	(67,122)
Charitable fund reserves		**2,304**	2,010	**0**	0
Total taxpayers' & others' equity		**85,570**	80,529	**76,443**	76,783

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:

Peter Lewis – Chief Executive

Date: 20 June 2022

Pippa Moger – Chief Finance Officer

Date: 20 June 2022

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2021/2022

	Total	Charitable Funds	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve
	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2021	**80,529**	**2,010**	**138,274**	**13,394**	**(73,149)**
Surplus for the year	83	294	0	0	(211)
Revaluation gains and impairment losses property, plant and equipment	(68)	0	0	(68)	0
Public Dividend Capital received	5,026	0	5,026	0	0
Taxpayers' Equity at 31 March 2022	**85,570**	**2,304**	**143,300**	**13,326**	**(73,360)**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2020/2021

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

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

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 and Social Care. A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable to the Department of Health and Social Care 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 Day Case UK and is no longer applicable as this has now been wound up and since 1 April 2020 services are provided by the NHS Foundation 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 2022

		Group		Trust	
		2021/22	2020/21	**2021/22**	2020/21
	Note	**£'000**	£'000	**£'000**	£'000
Cash flows from operating activities					
Operating surplus		**2,581**	4,190	**(2,796)**	3,612
Non-cash income and expense:					
Depreciation and amortisation		**5,620**	4,736	**5,469**	4,593
Net impairments and reversals of impairments		**68**	0	**0**	0
Income recognised in respect of capital donations		**(402)**	(2,114)	**(402)**	(2,114)
(Increase)/decrease in receivables		**2,666**	954	**13,202**	(2,306)
(Increase)/decrease in inventories		**(623)**	(246)	**(322)**	(103)
Increase/(decrease) in payables and other liabilities		**(2,701)**	11,772	**(5,551)**	16,244
Increase/(decrease) in provisions		**1,174**	1,845	**735**	1,676
Corporation tax (paid)		**(155)**	(292)	**0**	0
NHS charitable funds - net movements in working capital, non-cash transactions cash flows		**(296)**	0	**0**	0
Net cash from operations		**7,932**	20,845	**10,335**	21,602
Cash flows from investing activities					
Interest received	9	**12**	2	**1,055**	1,106
Payments to acquire intangible assets	14	**(1,131)**	(1,110)	**(1,062)**	(1,104)
Payments to acquire tangible fixed assets	15	**(5,594)**	(8,058)	**(4,492)**	(8,032)
Prepayment of PFI/MES capital Contributions		**0**	(253)	**0**	0
Receipt of cash donations to purchase capital assets		**177**	300	**177**	300
Cash flows attributing to investing activities		**0**	2	**0**	0
Net cash used in investing activities		**(6,536)**	(9,117)	**(4,322)**	(7,730)
Cash flows from financing activities					
Public Dividend Capital received	25	**5,026**	93,682	**5,026**	93,682
Loans received/(paid) from Department of Health	22	**0**	(89,767)	**0**	(89,767)
Movements on other loans including intercompany		**(823)**	156	**(4,508)**	(2,327)
Interest paid on loans including Department of Health loans		**(184)**	(369)	**0**	(321)
Loans repaid - including finance lease and PFI capital		**(281)**	(796)	**(149)**	(161)
Interest element of finance lease inlcuding intercopmany		**(37)**	(40)	**(1,232)**	(1,349)
Interest on PFI and other service concessions		**(84)**	(13)	**0**	0
PDC capital (paid)/refunded		**(1,245)**	(2,100)	**(1,245)**	(2,100)
Net cash used in financing activities		**2,372**	753	**(2,108)**	(2,343)
Increase in cash and cash equivalents		**3,768**	12,481	**3,905**	11,529
Cash and cash equivalents at 1 April		**26,695**	14,214	**18,701**	7,172
Cash and cash equivalents at 31 March	18	**30,463**	26,695	**22,606**	18,701

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

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 2021/22 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, which is based on the HM Treasury Financial Reporting Manual (FReM). The FReM provides that the anticipated continued provision of services in the public sector is a sufficient basis for preparing the accounts on a going concern basis.

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 2021/22. The Board has considered whether there are uncertainties regarding future issues which should be disclosed to enable a true and fair view.

There are currently on-going discussions around merging the Group with Somerset NHS Foundation Trust from 1 April 2023. However, this does not change the Board of Directors expectation that the services provided by the Group will continue to be a provided in the public sector in the future.

The Directors, having made appropriate enquiries, have concluded that there is a reasonable expectation the Trust will have access to adequate resources to continue in operational existence for the going concern assessment period of at least 12 months from approval of the financial statements. 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 2022 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 31 March 2022 was £21.0m

The Trust also wholly owns Simply Serve Ltd which provides Estates and Facilities services. Its turnover for the period ended 31 March 2022 was £29.7m 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 31 March 2022, 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 2021/22 and 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements.

For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. 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 also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2021/22, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent

sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

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 are 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.

The expected rate of non-recovery is 23.76%.

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 2021/22**.**

Grants and Donations

Government grants are grants from government bodies other than income from commissioners or 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.

Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

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 two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales.

The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period.

The 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.

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.

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.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use.

Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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. A full valuation was undertaken on 31st March 2020, last year and this year a desktop valuation was carried out, the revaluation was not transacted as it was not deemed a material value.

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.

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 & Dwellings	1 to 70
Plant and Machinery	1 to 10
Transport equipment	1 to 3
Information technology	1 to 8
Furniture & Fittings	1 to 12

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, respectively.

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.:
    - management are committed to a plan to sell the asset
    - an active programme has begun to find a buyer and complete the sale
    - the asset is being actively marketed at a reasonable price
    - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
    - 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 where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

1.8 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	1 - 5
Intangible Assets – Purchased software	1 - 5

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 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 HM Treasury's discount rates effective from 31 March 2022:

		Nominal rate	Prior year rate
Short Term	Up to 5 years	0.47%	Minus 0.02%
Medium Term	After 5 years up to 10 years	0.70%	0.18%
Long Term	After 10 years	0.95%	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 2022:

	Inflation rate	Prior year rate
Year 1	4.0%	1.2%
Year 2	2.6%	1.6%
Into perpetuity	2.0%	2.0%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the 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 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 Resolution 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 and Social Care (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 2021/22. 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 2021/22 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 Climate Change Levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

1.18 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 are losses are recognised through the losses and special payments and disclosed in note 13.

1.19 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.

1.20 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.

1.21 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 £56,651,000 (2020/21 £56,200,000). 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

1.22 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.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

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.

For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value.

The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, 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.
The Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£'000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	55,256
Additional lease obligations recognised for existing operating leases	(55,256)
Net impact on net assets on 1 April 2022	**0**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,938)
Additional finance costs on lease liabilities	(485)
Lease rentals no longer charged to operating expenditure	4,187
Other impact on income / expenditure	0
Estimated impact on surplus / deficit in 2022/23	**(236)**
Estimated increase in capital additions for new leases commencing in 2022/23	**17**

2. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, is responsible for allocating resources and assessing performance of the operating segments.

The chief operating decision maker for Yeovil District Hospital NHS Foundation Trust is the Trust Board, which is made up of both Executive and Non-Executive Directors.

The Board is responsible for strategically and operationally leading the work of the Trust. The Non-Executive Directors bring external expertise to the organisation and provide advice and guidance to the Executive Directors. The Executive Directors take care of the day to day running of the Trust.

The 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.

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.

	YDH			SSL	SHS	Group (Consolidated)
	Elective	Non Elective	Corporate			
	£'000	£'000	£'000	£'000	£'000	£'000
Income	42,295	91,116	82,663	31,033	22,024	269,131
Pay	(44,428)	(57,107)	(25,336)	(10,614)	(17,355)	(154,840)
Non Pay	(14,349)	(20,893)	(59,336)	(19,216)	(6,222)	(120,016)
Total	(16,482)	13,116	(2,009)	1,203	(1,553)	(5,725)
Intercompany				(30)	5,544	5,514
Charitable Accounts						294
Operating Surplus						83

3. Operating income from patient care activities

3.1 Income from patient care activities (by nature)

	Group		Trust	
	2021/22	2020/21	**2021/22**	2020/21
	£'000	£'000	**£'000**	£'000
Block contract/system envelope	**162,306**	140,228	**162,306**	140,228
High cost drugs income	**13,112**	11,544	**13,112**	11,544
Other non protected clinical income	**211**	231	**211**	231
Community Services	**21,717**	15,463	**0**	0
Other NHS clinical income	**51**	2,689	**51**	2,642
Private patient income	**2,348**	1,123	**2,206**	1,020
Elective recovery fund	**4,651**	0	**4,651**	0
Pension Contribution central funding*	**4,591**	4,240	**4,591**	4,240
Clinical income from activities	**208,987**	**175,518**	**187,128**	159,905

*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	
	2021/22	2020/21	**2021/22**	2020/21
	£'000	£'000	**£'000**	£'000
CCG's and NHS England	**206,377**	173,981	**184,660**	158,502
NHS Foundation Trusts	**51**	126	**51**	95
NHS Trust	**0**	1	**0**	1
Non - NHS: private patients	**2,348**	1,123	**2,206**	1,020
Non - NHS: overseas patients	**0**	46	**0**	46
NHS injury recovery scheme (was RTA)	**211**	231	**211**	231
Non NHS other	**0**	10	**0**	10
Total income from activities	**208,987**	175,518	**187,128**	159,905

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	
	2021/22	2020/21
	£'000	£'000
Income from services designated (or grandfathered) as commissioner requested services	**206,428**	174,164
Other	**2,559**	1,354
Total	**208,987**	175,518

3.4 Overseas visitors (relating to patients charged directly by the NHS Foundation Trust)

	2021/22	2020/21
	£'000	£'000
Income recognised this year	**0**	46
Cash payments received in-year	**7**	19
Amounts added to provision for impairment of receivables	**0**	48
Amounts written off in-year	**1**	1

4. Other operating income

	Group		Trust	
	2021/22	2020/21	**2020/21**	2021/22
	£'000	£'000	**£'000**	£'000
Research and development	**1,024**	801	**1,024**	801
Education and training	**5,412**	5,200	**5,412**	5,200
Receipt of capital grants and donations	**402**	2,114	**402**	2,114
Top up income	**3,112**	18,139	**3,112**	18,139
NHS charitable funds incoming resources	**677**	771	**0**	0
Other income	**20,380**	19,722	**18,007**	18,433
Total other operating income	**31,007**	46,747	**27,957**	44,687

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.

5. Operating expenses

5.1 Operating expenses comprised:

		Group		Trust	
		2021/22	2020/21	**2021/22**	2020/21
	Note	**£'000**	£'000	**£'000**	£'000
Clinical negligence insurance		**4,666**	4,305	**4,666**	4,305
Consultancy costs		**242**	391	**159**	223
Depreciation and amortisation		**5,620**	4,736	**5,469**	4,593
Drug costs		**23,953**	20,864	**22,565**	20,024
Establishment		**4,955**	4,285	**1,534**	1,124
Fees for Audit					
- Statutory audit		**87**	72	**87**	72
- Associate Companies		**29**	26	**0**	0
- Audit Related Assurance Services		**0**	0	**0**	0
Internal audit fees		**55**	54	**55**	54
Tax advisory services		**295**	191	**266**	110
Impairments	11	**68**	0	**0**	0
Increase in provisions		**764**	1,855	**589**	1,592
Legal fees		**258**	126	**125**	75
Losses, ex gratia & special payments		**21**	41	**5,565**	41
NHS charities expenditure		**383**	470	**0**	0
Premises		**10,134**	10,865	**4,200**	5,080
Purchase of healthcare from non NHS bodies *		**8,107**	6,934	**35,161**	31,119
Rentals under operating leases	5.3	**1,377**	729	**790**	0
Operating expenditure IFRIC 12		**592**	541	**0**	0
Services from:					
- CCGs and NHS England		**0**	7	**0**	7
- NHS Foundation Trusts		**2,357**	2,645	**2,185**	2,612
- NHS Trusts		**0**	44	**0**	19
Staff costs:					
- Executive Directors	6	**1,149**	1,427	**841**	1,138
- Other Staff costs	6	**154,292**	139,027	**125,668**	115,538
- Redundancy costs	6	**589**	209	**589**	209
- Non-Executive Directors' costs		**91**	124	**91**	124
Supplies and services (excluding drug costs)					
- Clinical		**10,917**	12,434	**4,468**	8,934
- General		**3,875**	3,083	**848**	604
Training		**459**	447	**663**	703
Transport		**1,020**	975	**913**	880
Other		**1,058**	1,168	**384**	1,800
		237,413	218,075	**217,881**	200,980

* 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 £10,000,000 (2020/21: £10,000,000)

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

	Group		Trust	
	2021/22	2020/21	**2021/22**	2020/21
	£'000	£'000	**£'000**	£'000
Operating lease expense				
Minimum lease payments	**1,377**	729	**790**	0
	1,377	729	**790**	0
Future minimum lease payments due:				
- not later than one year	**1,289**	1,455	**790**	790
- later than one year and not later than five years	**4,254**	4,494	**3,160**	3,160
- later than five years	**19,350**	20,386	**18,960**	19,750
	24,893	26,335	**22,910**	23,700

During 2021/22 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	
	2021/22	2020/21	**2021/22**	2020/21
	£'000	£'000	**£'000**	£'000
Salaries and wages	**117,158**	106,763	**93,954**	87,653
Social Security Costs	**10,289**	9,298	**9,581**	8,645
Employer Contributions to NHSPA	**11,165**	10,356	**10,541**	9,721
Additional Pension Costs 6.3%	**4,591**	4,240	**4,591**	4,240
Termination Benefits	**589**	209	**589**	209
Apprenticeship Levy	**315**	405	**315**	405
Agency and contract staff	**12,014**	9,516	**7,618**	6,136
	156,121	140,787	**127,189**	117,009

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 £121,075 (2020/21 £104,112). 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 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 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 latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required.

The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

8. Retirements due to ill health

During 2021/22 there were nil early retirement from the Trust agreed on the grounds of ill-health, there was one in 2020/21.

9. Finance income and expenses

	Group		Trust	
	2021/22	2020/21	**2021/22**	2020/21
	£'000	£'000	**£'000**	£'000
Finance Income				
Trust interest received	**12**	0	**1,055**	1,106
Charity interest received	**0**	2	**0**	0
	12	2	**1,055**	1,106
Finance Expense				
Commercial Loans	**(193)**	(80)	**0**	0
Interest on finance leases and PFI's	**(121)**	(53)	**(1,390)**	(1,395)
Unwiding of discount on provisions	**9**	(3)	**9**	(3)
	(305)	(136)	**(1,381)**	(1,398)

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

	Group		Trust	
	2021/22	2020/21	**2021/22**	2020/21
	£'000	£'000	**£'000**	£'000
(Loss) on disposal of fixed assets	**(460)**	(137)	**(460)**	(137)
	(460)	(137)	**(460)**	(137)

The disposals in 2020/21 and 2021/22 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				Trust			
	2021/22		2020/21		**2021/22**		2020/21	
	No.	**Value £'000**	No.	Value £'000	**No.**	**Value £'000**	No.	Value £'000
Losses of Cash:								
Due to overpayment of salary	**6**	**6**	18	19	**6**	**6**	18	19
Other casues	**12**	**9**	12	17	**12**	**9**	12	17
Fruitless Payments:*	**0**	**0**	0	0	**1**	**5,544**	0	0
Bad Debts								
Private Patients	**5**	**2**	183	32	**5**	**2**	183	32
Overseas Visitors	**1**	**1**	2	1	**1**	**1**	2	1
Other	**1**	**0**	28	5	**1**	**0**	28	5
Ex Gratia payments:								
Loss of personal effects	**12**	**3**	20	9	**12**	**3**	20	9
Other	**0**	**0**	4	7	**0**	**0**	4	7
Overtime corective payments**	**0**	**0**	211	110	**0**	**0**	211	110
Recovered Losses:								
Compensation Payments Received	**0**	**0**	2	(1)	**0**	**0**	2	(1)
Total losses and special payments	**37**	**21**	480	199	**38**	**5,565**	480	199

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

*The fruitless payment relates to an intercompany loan between the Trust and one of the wholly owned subsidiaries, which was waived within the Trust and converted to equity within the subsidiary entity, following a change in the nature of funding from the CCG.

**Amounts included within special payments in the table above relate to The Flowers legal case. This case ruled on the treatment of overtime payments and in particular payments for voluntary overtime in the calculation of holiday pay and the interpretation of the Working Time Directive.

Joint negotiations between NHS employers and NHS trade unions during 2021 agreed that a corrective payment would be made to those staff affected. Guidance was issued asking Trusts to accrue the cost of the nationally agreed corrective payments and associated income based on nationally generated estimates, and accordingly £110k was accrued within the 2021 accounts.

These payments are considered special payments, for which HMT approval was sought nationally by NHS England on Trusts' behalf. As the losses and special payments note is prepared on an accruals basis (excluding provisions), these amounts should have been disclosed within this note in the 2020/21 accounts. The Trust has therefore restated the prior year comparative to include these payments.

13 Intangible Assets

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

	Group							
	2021/22				2020/21			
	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	**1,921**	**5,785**	**1,405**	**9,111**	1,727	4,669	1,601	7,997
Additions - purchased	**100**	**353**	**444**	**897**	194	193	727	1,114
Reclassifications	**0**	**913**	**(913)**	**0**	0	923	(923)	0
Disposals	**(91)**	**0**	**(46)**	**(137)**	0	0	0	0
At 31 March	**1,930**	**7,051**	**890**	**9,871**	1,921	5,785	1,405	9,111
Amortisation at 1 April	**1,669**	**1,824**	**0**	**3,493**	1,542	1,304	0	2,846
Provided during the year	**162**	**803**	**0**	**965**	127	520	0	647
Disposals	**(90)**	**0**	**0**	**(90)**	0	0	0	0
Amortisation at 31 March	**1,741**	**2,627**	**0**	**4,368**	1,669	1,824	0	3,493
Net book value								
- Purchased at 1 April	**252**	**3,961**	**1,405**	**5,618**	185	3,365	1,601	5,151
	252	**3,961**	**1,405**	**5,618**	185	3,365	1,601	5,151
Net book value								
- Purchased at 31 March	**189**	**4,424**	**890**	**5,503**	252	3,961	1,405	5,618
Total at 31 March	**189**	**4,424**	**890**	**5,503**	252	3,961	1,405	5,618

Trust

	2021/22				2020/21			
	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	**885**	**5,440**	**1,405**	**7,730**	557	4,458	1,601	6,616
Additions - purchased	**66**	**353**	**415**	**834**	194	193	727	1,114
Reclassifications	**0**	**913**	**(913)**	**0**	134	789	(923)	0
Disposals	**(91)**	**0**	**(46)**	**(137)**	0	0	0	0
At 31 March	**860**	**6,706**	**861**	**8,427**	885	5,440	1,405	7,730
Amortisation at 1 April	**522**	**1,791**	**0**	**2,313**	407	1,271	0	1,678
Provided during the year	**169**	**804**	**0**	**973**	115	520	0	635
Disposals	**(91)**	**0**	**0**	**(91)**	0	0	0	0
Amortisation at 31 March	**600**	**2,595**	**0**	**3,195**	522	1,791	0	2,313
Net book value								
- Purchased at 1 April	**363**	**3,649**	**1,405**	**5,417**	150	3,187	1,601	4,938
	363	**3,649**	**1,405**	**5,417**	150	3,187	1,601	4,938
Net book value								
- Purchased at 31 March	**260**	**4,111**	**861**	**5,232**	363	3,649	1,405	5,417
Total at 31 March	**260**	**4,111**	**861**	**5,232**	363	3,649	1,405	5,417

14. Property plant and equipment

14.1 Property, plant and equipment at 31 March 2022 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 2021	5,203	62,635	1,337	4,207	23,205	10	4,408	1,427	**102,432**
Additions - purchased	0	1,481	113	5,487	1,493	0	491	223	**9,288**
Additions - leased	0	0	0	0	3,536	0	0	0	**3,536**
Additions - donated	0	0	0	177	225	0	0	0	**402**
Reclassifications	0	1,117	256	(2,527)	1,014	0	128	12	**0**
Revaluation	0	(68)	0	0	0	0	0	0	**(68)**
Disposals	0	(9)	0	0	(1,120)	0	(120)	(52)	**(1,301)**
At 31 March 2022	**5,203**	**65,156**	**1,706**	**7,344**	**28,353**	**10**	**4,907**	**1,610**	**114,289**
Depreciation at 1 April 2021	0	12,253	761	0	15,612	5	2,168	769	**31,568**
Provided during the year	0	2,254	37	0	1,813	1	426	124	**4,655**
Impairments	0	68	0	0	0	0	0	0	**68**
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	(9)	0	0	(713)	0	(117)	(52)	**(891)**
Accumulated depreciation at 31 March 2022	**0**	**14,566**	**798**	**0**	**16,712**	**6**	**2,477**	**841**	**35,400**
Net book value									
- Purchased at 1 April 2021	5,152	47,435	574	3,985	4,475	5	2,235	522	**64,383**
- Finance Leases at 1 April 2021	0	1,327	0	0	839	0	0	0	**2,166**
- Donated at 1 April 2021	0	1,621	2	222	2,329	0	5	136	**4,315**
Total at 1 April 2021	**5,152**	**50,383**	**576**	**4,207**	**7,643**	**5**	**2,240**	**658**	**70,864**
- Purchased at 31 March 2022	5,152	47,824	908	6,918	5,721	4	2,400	556	**69,483**
- Finance Leases at 31 March 2022	0	1,233	0	0	4,171	0	27	101	**5,532**
- Donated at 31 March 2022	0	1,534	0	426	1,799	0	3	112	**3,874**
Total at 31 March 2022	**5,152**	**50,591**	**908**	**7,344**	**11,691**	**4**	**2,430**	**769**	**78,889**

	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 2021	5,152	50,773	617	4,208	11,468	2,401	639	**75,258**
Additions - purchased	0	547	113	5,487	1,425	425	29	**8,026**
Additions - leased	0	0	0	0	3,535	0	0	**3,535**
Additions - donated	0	0	0	205	225	0	0	**430**
Reclassifications	0	1,117	256	(2,527)	1,014	128	12	**0**
Revaluation	0	0	0	0	0	0	0	**0**
Disposals	0	(9)	0	0	(1,120)	(120)	(52)	**(1,301)**
At 31 March 2022	**5,152**	**52,428**	**986**	**7,373**	**16,547**	**2,834**	**628**	**85,948**
Depreciation at 1 April 2021	0	2,199	41	0	3,851	647	260	**6,998**
Provided during the year	0	2,200	37	0	1,757	421	80	**4,495**
Impairments	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	**0**
Reclassifications	0	(16)	6	0	10	0	0	**0**
Revaluation	0	0	0	0	0	0	0	**0**
Disposals	0	(9)	0	0	(709)	(117)	(52)	**(887)**
Accumulated depreciation at 31 March 2022	**0**	**4,374**	**84**	**0**	**4,909**	**951**	**288**	**10,606**
Net book value								
- Purchased at 1 April 2021	5,152	46,804	576	3,986	7,043	1,749	243	**65,553**
- Finance Leases at 1 April 2021	0	1,678	0	0	20	0	0	**1,698**
- Donated at 1 April 2021	0	92	0	222	556	5	136	**1,011**
Total at 1 April 2021	**5,152**	**48,574**	**576**	**4,208**	**7,619**	**1,754**	**379**	**68,262**
- Purchased at 31 March 2022	5,152	45,288	902	6,947	5,253	1,853	127	**65,522**
- Finance Leases at 31 March 2022	0	1,233	0	0	4,586	26	101	**5,946**
- Donated at 31 March 2022	0	1,534	0	426	1,799	3	112	**3,874**
Total at 31 March 2022	**5,152**	**48,055**	**902**	**7,373**	**11,638**	**1,882**	**340**	**75,342**

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	5,203	59,331	1,337	2,128	18,894	10	3,509	1,378	**91,790**
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	**5,203**	**62,635**	**1,337**	**4,207**	**23,205**	**10**	**4,408**	**1,427**	**102,432**
Depreciation at 1 April 2020	0	10,053	720	0	14,258	5	1,893	682	**27,611**
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	**0**	**12,253**	**761**	**0**	**15,612**	**5**	**2,168**	**769**	**31,568**
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**

	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 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**
	5,152	**48,574**	**576**	**4,208**	**7,619**	**1,754**	**379**	**68,262**

14.2 Donations of property, plant and equipment

Donated capitalised assets from DHSC

Group and Trust	**£'000**
Intellivue x 18	**115**
Venue go ultrasound x 3	**51**
	166

15. Inventories

	Group		**Trust**	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Drugs	**1,995**	1,433	**1,522**	1,292
Consumables	**1,185**	1,141	**241**	166
Energy	**33**	16	**33**	16
	3,213	2,590	**1,796**	1,474

Inventories recognised in expenses for the year were £801,000

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 2021/22 the Trust received £845,000 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.

16. Trade and other receivables

16.1 Trade and other receivables

	Group		Trust	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	£'000	£'000	**£'000**	£'000
Current				
Contract receivables	**10,780**	14,471	**4,394**	11,515
Allowance for other impaired receivables	**(176)**	(508)	**(131)**	(508)
Prepayments	**2,203**	1,653	**383**	225
PDC dividend receivable	**307**	855	**307**	855
VAT receivable	**878**	524	**603**	524
Amount owed by group undertakings	**0**	0	**0**	0
Other receivables	**309**	148	**1,373**	1,235
Total current receivables	**14,301**	17,143	**6,929**	13,846
Non-current				
Contract receivables	**862**	952	**1,015**	952
Amount owed by group undertakings	**0**	0	**23,189**	30,097
Allowance for other impaired receivables	**(154)**	(166)	**(154)**	(166)
Total non-current receivables	**708**	786	**24,050**	30,883
Total receivables	**15,009**	17,929	**30,979**	44,729

16.2 Allowances for credit losses

	Group		Trust	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	£'000	£'000	**£'000**	£'000
At 1 April	**674**	446	**674**	446
Increase in provision	**85**	342	**40**	342
Amounts utilised	**(115)**	(41)	**(115)**	(41)
Unused amounts reversed	**(314)**	(73)	**(314)**	(73)
At 31 March	**330**	674	**285**	674

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 2022	31 March 2021	**31 March 2022**	31 March 2021
	£'000	£'000	**£'000**	£'000
Ageing of impaired receivables				
0 - 30 days	**118**	255	**73**	255
30 - 60 days	**4**	13	**4**	13
60 - 90 days	**2**	1	**2**	1
90 - 180 days	**50**	10	**50**	10
Over 180 days	**156**	395	**156**	395
	330	674	**285**	674

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 2022	31 March 2021	**31 March 2022**	31 March 2021
	£'000	£'000	**£'000**	£'000
At 1 April	**26,695**	14,214	**18,701**	7,172
Net change in year	**3,768**	12,481	**3,905**	11,529
At 31 March	**30,463**	26,695	**22,606**	18,701
Broken down into:				
Cash at commercial banks and in hand	**7,934**	6,180	**69**	52
Cash with the Government Banking Service	**22,529**	18,648	**22,537**	18,649
Other Investments	**0**	1,867	**0**	0
Total cash and cash equivalents as in SoFP & SoCF	**30,463**	26,695	**22,606**	18,701

18. Third Party Assets

The Trust had cash at bank and in hand at 31 March 2022 £492 (£721 at 31 March 2021) in relation to monies held by on behalf of patients.

19. Trade and other payables

	Group		Trust	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Receipts on account	**(775)**	(169)	**0**	0
NHS payables	**2,228**	64	**118**	0
Trade payables - capital	**8,920**	5,283	**7,362**	5,283
Other trade payables	**5,159**	5,093	**3,246**	3,854
Other payables	**5,110**	4,593	**7,881**	4,278
Accruals	**16,076**	20,926	**10,691**	19,355
NHS Charitable funds payables	**0**	4	**0**	0
Total current payables	**36,718**	35,794	**29,298**	32,770
Amounts falling due after one year:				
Other trade payables	**18**	8	**0**	0
Total non current payables	**18**	8	**0**	0
Total payables	**36,736**	35,802	**29,298**	32,770

20. Provisions for Liabilities and Charges

	Group			Trust		
	Legal Claims	**Other**	**Total**	**Legal Claims**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2021	991	3,466	**4,457**	991	3,255	**4,246**
Arising during the year	56	1,662	**1,718**	56	1,203	**1,259**
Change in discount rate	90	0	**90**	90	0	**90**
Utilised during the year	(91)	(176)	**(267)**	(91)	(176)	**(267)**
Reversed unused	(4)	(363)	**(367)**	(4)	(363)	**(367)**
Unwinding of discount	(9)	0	**(9)**	(9)	0	**(9)**
At 31 March 2022	**1,033**	**4,589**	**5,622**	**1,033**	**3,919**	**4,952**
Expected timing of cashflows:						
Within 1 year	69	3,581	**3,650**	69	2,911	**2,980**
1 - 5 years	238	4	**242**	238	0	**238**
over 5 years	726	1,004	**1,730**	726	1,008	**1,734**
	1,033	**4,589**	**5,622**	**1,033**	**3,919**	**4,952**

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

£122,084,215 is included in the provisions of the NHS Resolution at 31 March 2022 in respect of clinical negligence liabilities of the Trust, (£68,690,537 at 31 March 2021). There has been a significant increase in the total NHS Resolution provision an the Trusts proportion due to increased claims as a result of the COVID -19 pndemic

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 2022	31 Mar 2021	**31 Mar 2022**	31 Mar 2021
	£'000	£'000	**£'000**	£'000
Current				
Other Loans	**2**	92	**0**	0
Intercompany finance lease & loans	**0**	0	**2,706**	2,614
Obligations under finance leases	**118**	120	**118**	120
Obligations under PFI & service concessions	**683**	112	**3,082**	112
Total current borrowings	**803**	324	**5,906**	2,846
Non-current				
Other Loans	**1,083**	1,816	**0**	0
Intercompany finance lease & loans	**0**	0	**31,522**	36,173
Obligations under finance leases	**877**	964	**877**	964
Obligations under PFI & service concessions	**2,400**	0	**1,944**	0
Total non-current borrowings	**4,360**	2,780	**34,343**	37,137

22.1 Finance Leases

	Group		Trust	
	31 Mar 2022	31 Mar 2021	**31 Mar 2022**	31 Mar 2021
	£'000	£'000	**£'000**	£'000
Gross Lease Liabilities	**1,123**	1,230	**50,028**	55,088
Not later than one year	**149**	153	**4,059**	4,062
Later than one year, less than five years	**594**	568	**11,875**	11,892
Later than five years	**380**	510	**36,218**	39,135
Finance charges allocated to future periods	**(128)**	(145)	**(14,986)**	(15,218)
Net lease liabilities	**995**	1,086	**37,166**	39,871
Of which is payable				
Not later than one year	**118**	121	**2,733**	2,735
Later than one year, less than five years	**513**	481	**7,369**	7,374
Later than five years	**364**	484	**27,064**	29,762
	995	1,086	**37,166**	39,871

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

Managed Equipment Solution for Diagnostic Imaging

On 1 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 2021/22 financial year was £1,324,000 (2020/21 £1,174,000).

The values of payments due for 2022/23 for the managed facility service is £683,000.

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)

	Group	
	31 Mar 2022	31 Mar 2021
	£'000	£'000
Not later than one year	**1,400**	1,240
Later than one year less than five years	**5,597**	4,958
Later than five years	**2,799**	5,382
Total	**9,796**	11,580

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 2022	31 Mar 2021
	£'000	£'000
Not later than one year	**717**	597
Later than one year less than five years	**2,867**	2,297
Later than five years	**1,433**	1,727
Total	**5,017**	4,621

23. Capital Commitments

There is £2,963,000 of capital commitments at 31 March 2022 (31 March 2021 £160,189). 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 2022 or for the year ended 31 March 2021.

25. Movements in Public Dividend Capital

	Group and Trust	
	2021/22	2020/21
	£'000	£'000
Public dividend capital at 1 April	**138,274**	44,592
New public dividend capital received	**5,026**	93,682
Public dividend capital at 31 March	**143,300**	138,274

26. Movement in Investment in Subsidiary Undertakings

	Trust	
	2021/22	2020/21
	£'000	£'000
Shares in subsidiary undertakings	**15,126**	15,126
Loans to subsidiary undertakings > 1 year	**23,189**	25,841
	38,315	40,967
Loans to subsidiary undertakings < 1 year	**1,124**	1,034
Total	**39,439**	42,001

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 2022, Yeovil District Hospital NHS Foundation Trust has had a significant number of material transactions with other entities for which the Department of Health and Social Care is regarded as the parent department as well as transactions through subsidiary companies and joint ventures. These entities are listed below:

	Group and Trust			
2021/2022	**Income £'000**	**Expenditure £'000**	**Receivables £'000**	**Payables £'000**
Dorset County Hospital NHS FT	132	392	12	97
Dorset University Healthcare NHS FT	12	369	2	91
Royal Devon and Exeter NHS FT	786	242	75	13
Gloucestershire Hospitals NHS FT	21	1,151	5	85
Somerset FT	4,660	2,058	1,102	51
Health Education England	5,252	0	13	0
Dorset CCG	19,242	1	127	0
Somerset CCG	170,113	0	231	0
Bath,Swindon and Wiltshire CCG	642	0	0	0
NHS England	17,632	0	1,406	345
NHS Resolution	0	4,666	0	0
Southwest Pathology Services (JV)	36	3,058	0	0
SPS Facilities (JV)	0	2,422	0	0

	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

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 31 March 2022 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, Ryalls Park Medical Centre, Lynton Health Centre, Creech Medical Centre, Lister House Surgery, North Petherton Surgery and Warwick House Medical Centre.

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	953
Net Assets Aquired	**(953)**
Goodwill	**0**

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 an annual plan to its regulator NHS Improvement (NHSI) for 2021/22.

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.

30.7 Financial Assets

Group	**Carrying Amount 31 Mar 2022**	**Fair Value 31 Mar 2022**	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021
	£'000	**£'000**	£'000	£'000
Trade and other recievables	**11,295**	**11,295**	17,143	17,143
Cash at bank	**30,463**	**30,463**	26,695	26,695
	41,758	**41,758**	43,838	43,838

Trust	**Carrying Amount 31 Mar 2022**	**Fair Value 31 Mar 2022**	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021
	£'000	**£'000**	£'000	£'000
Trade and other recievables	**30,979**	**30,979**	44,729	44,729
Cash at bank	**22,606**	**22,606**	18,071	18,071
	53,585	**53,585**	62,800	62,800

30.8 Financial Liabilities

Group	**Carrying Amount 31 Mar 2022**	**Fair Value 31 Mar 2022**	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021
	£'000	**£'000**	£'000	£'000
Borrowings	**1,085**	**1,085**	1,908	1,908
Finance Lease	**4,078**	**4,078**	1,196	1,196
Other creditors	**39,865**	**39,865**	31,344	31,344
	45,028	**45,028**	**34,448**	**34,448**

Trust	**Carrying Amount 31 Mar 2022**	**Fair Value 31 Mar 2022**	Carrying Amount 31 Mar 2021	Fair Value 31 Mar 2021
	£'000	**£'000**	£'000	£'000
Borrowings	**0**	**0**	0	0
Finance Lease	**40,249**	**40,249**	39,981	39,981
Other creditors	**29,298**	**29,298**	32,270	32,270
	69,547	**69,547**	72,251	72,251

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.