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Somerset
NHS Foundation Trust

Annual Report and Accounts 2022/23

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Somerset NHS Foundation Trust

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WELCOME FROM THE CHAIRMAN

It is my pleasure to welcome you to the annual report for Somerset NHS Foundation Trust for 2022/23. It has been another challenging year for the NHS in England, but one in which our trust has made some significant steps that put us on a very good footing for the future. This report provides detail of our operational and financial performance, but I'd like to provide a strategic overview of our achievements and challenges during this momentous year for the NHS.

During this financial year, we focussed both on providing urgent care for those patients who needed it and at the same time caring for those patients whose care was delayed as a result of the COVID-19 pandemic. We faced inevitable operational challenges, as we sought to balance the needs of these two groups of patients and faced continued difficulty in discharging patients when they were medically fit.

As we grappled with these challenges, we looked to innovative solutions and one of these were "ready to go" units at both Musgrove Park Hospital and Yeovil District Hospital (YDH). These dedicated units, focus on rehabilitation and reduce the risk of patients deconditioning while they wait to leave hospital. This new model of care was so successful that it reduced the support some patients needed after they were discharged.

We also worked hard to provide services that support our patients in a range of settings; and to provide facilities that are fit for the 21st century and support and enable us to provide the very best care. We opened the following facilities in a range of settings, and developed the following services or alternative ways of delivering care, in 2022/3:

- A new ophthalmology diagnostic centre, near junction 25 of the M5, is a "one stop shop" that enables patients to have a range of diagnostic tests in the same appointment. A second centre, run by Yeovil District Hospital NHS Foundation Trust, opened later in the year in Yeovil's Quedam Shopping Centre. These centres build on the NHS' aim to develop a series of community diagnostic centres away from acute hospital sites and will enable us to reduce the delays patients have experienced as a result of the pandemic and help us to meet the challenge of future demand for ophthalmic services.
- A new specialist community hub in the Horizon Centre in Taunton is providing children and young people with emotional and mental health support in a relaxed setting. A multi-disciplinary team of NHS professionals works alongside a range of voluntary and third sector organisations at the hub, which is run in partnership by our trust and Young Somerset.
- Two facilities in Bridgwater. The first, in partnership with Open Mental Health, provides support for people with mental health challenges. Depending on a person's needs, support is provided by the NHS or one of a wide range of third sector partners, including, Citizen's Advice, Age UK Somerset or Second Step, a community mental health charity. The second facility is a health and wellbeing hub located in the former Victoria Park medical centre that provides a range of services for people of all ages from pre-natal to end of life care.

- A new £11.5 million surgical decision unit at Musgrove Park Hospital means that our surgical teams can assess patients more rapidly to determine whether they need emergency surgery or can be safely discharged home. The unit, that is part of our ambitious Musgrove 2030 programme, brings surgeons, emergency doctors and other healthcare professionals closer together, with a much better environment for patients and colleagues.
- A community investigation hub at Burnham-on-Sea Community Hospital means that many patients no longer need to travel to Musgrove Park Hospital for hospital-related blood tests. It also means that they can get their tests done before they see a hospital consultant, which saves time or additional hospital appointments.
- Farmers and agricultural workers can access health and emotional wellbeing support at two new health hubs at Frome Livestock Market and Exmoor Farmers Livestock Auction. Along with general health checks, farmers can get specialist advice from NHS professionals about lifestyle, as well as any concerns about their emotional wellbeing and mental health.

At the same time as developing well-placed facilities and services for our patients, we focussed on putting our trust on the best possible footing for the future. In 2022/3 we went through the final planning and approval processes in preparation to merge our trust with Yeovil District Hospital NHS Foundation Trust on 1 April 2023. We merged because we want to provide better care for our patients and ensure that everyone in the county enjoys consistent access to high quality services irrespective of where they live. Working as one organisation, and therefore eliminating organisational boundaries, puts us in a better position to support people to stay well, give equal priority to mental and physical health, deliver services in the most appropriate setting, help us to further improve care for our patients and service users, and make better use of our resources.

During 2022/3 our clinical and corporate services worked towards integrating and planning single county-wide services and we merged our two trusts to create the new Somerset NHS Foundation Trust on 1 April 2023. Fundamentally this merger is driven by the multiple needs of our patients which cut across our previous organisation structure. The same person may well have a need for mental health and acute services, or acute and community services, or community and primary care services. By bringing all our services together we believe we will be able to make a real impact on population health and help people manage their own health to a much greater degree than at present. I look forward to updating you on this work in future years.

It was clearly an extremely busy year for our trust, in which we responded to extreme immediate pressures on our services - and planned for the future. Our colleagues are at the very heart of this work, and our aim is to support them to develop in their roles, to stay healthy and well, and engage with them positively about how to develop and improve our services.

I was delighted that colleagues at our trust, and YDH provided such positive feedback as part of the annual NHS Staff Survey. YDH received the best scores nationally in five elements and both YDH and Somerset FT ranked first and second

in order of colleagues “agreeing” or “strongly agreeing” they would recommend it as a place to work. The results also give us clear areas to improve, and we will continue working with colleagues to develop a supportive and collaborative environment.

I would like to particularly mention pay tribute to some colleagues, teams and services who received national recognition for their work. They included our homelessness nursing team that was shortlisted for a prestigious Royal Society of Public Health award for “health and wellbeing”; Somerset’s Open Mental Health alliance that was recognised with a national NHS Improvement Award for collaboration; and a team from Musgrove Park Hospital and Infinity Health that was shortlisted for an HSP Partnership Award for a project to ‘banish the bleep out of hours’, replacing paper task lists and bleeps for a digital task management solution that was found to save an average of 91 minutes per doctor, per shift, and has contributed to a significantly smoother operation of the hospital, including reduced overload and bleep fatigue for colleagues.

As we work through another rewarding year in the NHS, I thank to all my colleagues at our trust, our governors, charities, volunteers and supporters. I am enormously grateful for all that you do, and it is my privilege to work with you again in 2023/24.

Signed

COLIN DRUMMOND OBE DL **27 June 2023**
Chairman

PERFORMANCE REPORT

The purpose of the overview is to provide a brief summary about Somerset NHS Foundation Trust (The Trust), its purpose, strategic objectives (and any key risks to the achievement of those objectives) as well as details of how we have performed over the year.

Purpose and activities of the Trust

Somerset NHS Foundation Trust was formed on 1 April 2020 when Somerset Partnership NHS Foundation Trust (SPFT) and Taunton and Somerset NHS Foundation Trust (TST) merged. The transaction was ground-breaking because it created the first Trust in mainland England to provide integrated community, mental health and acute hospital services.

Somerset Partnership and Taunton and Somerset NHS Foundation Trusts established a close working relationship when we formed an alliance in May 2017. In late 2017, we established a joint executive team that oversaw all aspects of both Trusts' operations and worked to a single set of strategic objectives covering hospital, community and mental health services. With services working more closely together than ever before, we made improvements to the care and support our patients and service users receive. However, it became clear that we needed to merge in order to remove the barriers that add unnecessary delay and cost to the care we provide, and to truly integrate community, mental health and hospital services.

Map of key Somerset Healthcare Sites

The impetus for our merger came from colleagues who saw the improvements that we can make if these services work together differently. Our clinical strategy is built from the ground up, based on the experience of our colleagues and services, and our knowledge of the growing needs of our population. This impetus drove our initial merger and is core to our subsequent merger with Yeovil District Hospital NHS Foundation Trust, so that we can realise these ambitions and benefits for the whole population of Somerset.

Somerset NHS Foundation Trust provides a wide range of services for the whole of Somerset, as well as acute services for people in the north, west and centre of the county (population c.350,000) and more specialist services across the county and beyond. We work with health and social care partners in Somerset to ensure that we deliver outstanding services that meet the needs of our population.

The Trust provides acute services from Musgrove Park Hospital (MPH) in Taunton, which has around 700 inpatient beds. We also operate 13 community hospitals (with over 220 beds), providing inpatient, outpatient and diagnostic services, and seven Minor Injuries Units.

The Community Dental Service provides dental care to a caseload of over 5,700 patients across Somerset and Dorset. In addition, children with high dental needs attend the service for a single course of treatment which often includes inhalation sedation or general anaesthetic. The service has made good progress in reducing waiting times in Dorset and in both counties for adults and children needing general anaesthetic for their dental treatment.

Somerset NHS Foundation Trust's community services are wide-ranging and include district nursing, stroke services, podiatry, physiotherapy, acute home treatment for frailty and respiratory care, and diabetic eye screening. These services are provided in a range of settings including community team facilities, GP surgeries, local clinics, and patients' homes.

Somerset NHS Foundation Trust provides mental health inpatient services and specialist healthcare for adults with learning disabilities from ten mental health wards across four sites. Its community mental health services include Talking Therapies, Early Intervention in Psychosis, a community eating disorder service, and services for patients with autism and personality disorder. The Trust is also an early implementer of the new model of community mental health services called Open Mental Health. The Trust was named Mental Health Trust of the year at the 2021 Health Service Journal awards.

Somerset NHS Foundation Trust cares for some people from neighbouring counties who live close to the county border. In 2022/23, the Trust treated around 18,600 people in total from across north Somerset, Devon, Bristol and Bath & North East Somerset (BANES), Wiltshire, Swindon, and South Gloucestershire.

We are privileged to work with over 9,000 substantive and bank colleagues who deliver or support our patient services. From therapists to nurses, doctors, researchers, scientists, porters, cleaners, kitchen staff, accountants, those who

teach the next generation of clinicians and the receptionists who welcome our patients, the contribution of all of our colleagues is invaluable.

The Trust's general services are commissioned by the local Integrated Care Boards while specialist services are nationally commissioned.

In addition to providing a wide range of patient services, we also contribute to training the next generation of nurses, doctors and therapists and conduct research that will help to advance clinical practice and treatments in the future.

During 2022/23 we concluded our business case and completed our merger with Yeovil District Hospital NHS Foundation Trust. We have operated with a single executive team across both organisations since January 2022 and held board meetings and sub-committees in common during the whole of 2022/23. NHS England issued an Amber rating on the proposed merger in April 2023 and the two boards and councils of governors approved the business case for merger on 17 April 2023 which was supported by the Secretary of State to create the new Somerset NHS Foundation Trust which was formally established on 1 April 2023.

A vision and mission have been developed for the merged Trust which focusses on supporting our colleagues to deliver outstanding and integrated patient care. The new mission is to improve the health and wellbeing of everyone in Somerset and to deliver outstanding integrated care by supporting our colleagues and nurturing an inclusive culture of kindness, respect and teamwork.

Some key facts about Somerset NHS Foundation Trust and our services are shown in Figure 1 below:

Strategic Context

Somerset is a largely rural county with a population of circa 572,000. 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.

The geography of Somerset and the surrounding areas, and the local population demographics presents challenges for the provision of health services. There is an increase body of evidence around the challenges of providing health services to people living in rural areas and coastal communities.

We are struggling, like the rest of the NHS, with the impact of chronic nationwide workforce shortages, and this situation is exacerbated by local demographics as Somerset has proportionately fewer people of working age than other parts of the country. Many of our staff go above and beyond on a daily basis to do the best for patients, but the current position in some services is unsustainable, both for individual colleagues and our organisations.

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 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.

Merger with Yeovil District Hospital NHS Foundation Trust

Yeovil District Hospital NHS Foundation Trust was formally acquired by Somerset NHS Foundation Trust on 1 April 2023 as part of a ‘merger by acquisition’. This was in response to the recognition that no individual organisation in Somerset had what it would take to respond to the challenges alone. The merger bought together our skills, knowledge and resources in health together with those of our colleagues in social care, education, housing and the voluntary sector to tackle health inequalities and to enable our communities to thrive.

The journey towards merging both Yeovil District Hospital NHS Foundation Trust and Somerset NHS Foundation started in May 2020, where both Trusts 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

[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).

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, carried cost and time inefficiencies which were hard to justify in the long-term. There was also a risk of lack of clarity around accountabilities as we continued to integrate and blur some 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 was considered 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 committed to a merger by acquisition route, through which Yeovil Hospital was acquired by Somerset NHS Foundation Trust. This enabled 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 technical acquisition, this was 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. Both Trusts wanted to create a merged organisation that brings together the best of both organisations.

Merger enables us to build a stronger, more resilient organisation that will provide an environment where colleagues can thrive, develop their careers, and are enabled to do the best job they can. Our newly developed People Strategy sets out how we will do this in a way that enables us to retain the talent we have and recruit the best people to come and work in Somerset.

The merger brings together all of Somerset's NHS acute, community, mental health and learning disability services, and around a fifth of primary care into a single NHS Foundation Trust. Our plans were developed closely with our Somerset system partners. The merged Trust is now in a unique position to provide genuinely integrated mental and physical health care, spanning whole patient pathways.

The key expected benefits of merger are summarised in the table below. In line with our clinical strategy, we have considered patient benefits in terms of time – both maximising years of healthy life and making time in healthcare count. Merger offers us significant scope to deliver benefits for patients and this is the primary driver for merger. It also helps us tackle our workforce issues, which in turn helps to drive high quality patient care.

Benefits	
Patients	
More time in good health (from better health outcomes) • Earlier intervention meaning illness is less likely to escalate to crisis or emergency • Quicker access to diagnosis and treatment, including specialist care • Improved access to holistic care which meets both physical and mental health needs • Improved patient safety from simpler, quicker pathways and shared patient record systems • Better health outcomes as colleagues see wider range of clinical cases, share knowledge & best practice • Unwarranted variation reduced through consistent county-wide pathways • Ready access to patients' full clinical history via shared IT systems which increases patient safety and good clinical outcomes • Equity of care across the county from consistent approach	**Making every minute count (by eliminating wasted time in healthcare)** • Effective use of spare diagnostic and treatment capacity wherever it exists in the county • Eliminating wasteful steps in pathways, including duplicate investigations or steps without clinical value • Smoother transfer between acute, community and mental health settings when all are run by the same Trust • More care closer to home (in community settings) which increases patient choice and reduces patient travel time & inconvenience

Benefits	
• Improved patient experience from streamlined pathways, and in some cases less travel for care.	
Colleagues	
• Improved wellbeing and motivation from more resilient services • Increased job satisfaction from broader career opportunities • Colleagues freed up for front line care by efficiencies deriving from streamlined pathways, shared IT systems, and removal of duplicate tasks • Greater colleague capacity to implement transformational changes which benefit patients	
Trust & System	
• Improved recruitment & retention from improved staff offer • Fragile services placed on a more sustainable footing • Better able to respond to rising demand • Easier to redirect resources to services or parts of a pathway where most needed • Better placed to work with partners to implement new care models which are more responsive, and less bureaucratic and costly • Easier to integrate with the work of partners when we are one organisation • Better able to implement population health management and tackle health inequalities • Creates further opportunities to align functions and services in Somerset	

The full Business Case and Patient Benefits Case for the merger are available on the Trust's public website.

The Somerset healthcare system

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. ICSs became legal entities on the 1 July 2022 as part of the Health and Care Act 2022 and includes a statutory Integrated Care Partnership (ICP), and a new NHS body called the Integrated Care Board (ICB).

An Integrated Care System (ICS) brings together the NHS organisations, councils, and wider partners in a defined geographical area to deliver more joined up approaches to improving health and care outcomes.

ICSs remove barriers between organisations to deliver better, more joined up care for local communities. ICS partners share a common vision to improve health and care, backed by robust operational and financial plans, collective leadership and accountability.

Collaborating as ICSs will help health and care organisations tackle complex challenges.

For several years prior to the formal establishment of ICSs, in Somerset we had been working in an integrated and collaborative way.

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 requires 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 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, the recent industrial action taken by a range of staffing groups, 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 merger has given 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.

Despite the challenges faced during 2022/23, we continued to maintain performance across a range of key performance standards, although performance was below the nationally set targets. This is a direct impact of the continued demand experienced across the NHS.

The NHS Annual Staff Survey for 2022 remains aligned to the People Promise themes, with the addition of 'Staff Engagement' and 'Morale'. In 2022 we scored better than the benchmark comparator in all nine themes. The themes that scored the most positive included: 'We are compassionate and inclusive', 'We each have a voice that counts' and 'Staff Engagement'. In 2022 we also saw a more positive score in the theme of 'We are always learning'.

As a foundation trust we benefit from the support of and dedication of our volunteers, our Council of Governors, our Leagues of Friends, Love Musgrove, charities, and partners – and we thank them for their contribution.

Equality of service delivery

As a public sector organisation, there is a statutory requirement to ensure that equality, diversity and human rights are embedded into all 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.
- Encourage people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Work we have undertaken during 2022/23 to ensure equality of service delivery includes:

- We continue to be part of a three-year project, “Advancing Mental Health Equalities” (AMHE), which is supported by the Royal College of Psychiatry. This project is now in year two and we have an advanced plan for one Community of Identity (rural communities) with an emerging plan for a further Community - Gypsy, Roma and Travellers. We have Experts by Experience involved in the overarching project group as well as the subgroups.

- Our Open Mental Health Services were co-produced and developed with service users to improve access among all groups. Open Mental Health, alongside public health, have secured fixed-term funding to develop a project to support access for underserved communities, which will further complement the above. This project is now up and running and is led by SPARK (Somerset’s Voluntary, Community and Social Enterprise [VCSE] infrastructure organisation).

- We have identified that we wish to strengthen further, at a system level, approaches to people with Learning Disabilities. The launch event for this is in its planning stages.

- We continue to have a thriving approach to co-production, with Recovery Partners (Experts by Experience) involved in many aspects of patient participation as well as co-producing projects and service developments. The rollout of ‘Attend Anywhere’ clinics across Somerset has been successfully adopted within most outpatient services, enabling the continued delivery of care to patients across Somerset during the pandemic.

- We have developed the Neurodevelopmental team partnership, to provide an equitable and consistent pathway approach to Autism referrals across the county, as part of the wider special educational needs and disabilities (SEND) work.

- Self-referral into our Child and Adolescent Mental Health Service (CAMHS) for 15–17-year-olds started in September / October 2021. This is to be expanded and will be for young people aged 12 years and over, supported by a promotional campaign in schools.

- Interpretation services have been adapted to remote working through virtual and telephone appointments, and take-up has remained high.

- We have broadened the access to digital assessment and treatment for children with diabetes and we have appointed a Youth Worker and Health Care Assistant to ensure understanding of the technology. This offers better

solutions to overcome frequently encountered barriers and empowers children living with diabetes to understand their own health status and manage the response effectively and efficiently, ultimately improving health outcomes.

- The NHS Long Term Plan commits to making further improvements to the care for people with dementia, identifying dementia as an improvement priority. It aims to improve the care provided to people with dementia and delirium, whether they are in hospital or at home. In Somerset we have launched the Somerset Dementia Wellbeing model, a collaboration between VCSE and statutory dementia services, who are working together to improve diagnosis, enhance support in the community and provide an excellent, consistent service for people with dementia and their carers in Somerset. The aims of the service are to:

    - Co-produce and improve diagnosis processes and performance and boost post-diagnostic support for all people in Somerset wherever they live or engage with services.
    - Provide quick access to trusted, localised dementia information, physically, digitally and by phone call.
    - Provide better dementia training for all carers, paid and unpaid, and all health and care staff involved in dementia care.
    - Raise awareness of dementia across the county and make Somerset a dementia-friendly community.
    - Provide more support, respite and opportunities for networking and peer support for all carers.

Personalised Care

Over 100 people working in our Neighbourhoods have completed our Personalised Conversations and Health Coaching Skills Training, a programme that has been developed by NHS England South-West Integrated Personalised Care Team with Involvement from Somerset NHS Foundation Trust, including a Lead Educator role, based in SFT. There have been more colleagues working in Somerset's Neighbourhoods through the training than any other area in the South-West, showing a huge commitment to personalised care, enabling people to have better "what matters to you" conversations, understanding people's priorities, and supporting them in their health and social care goals. The programme has been shortlisted for the "Best Educational Programme in the NHS" category of the HSJ Awards. In addition to the number of people who have received training, Somerset's Neighbourhoods have also shown a huge commitment to delivering the training through a train the trainer approach, with ten Trainer/Facilitators delivering training within their roles across the county.

Volunteer to Career Programme

Somerset FT was successful in its bid for the Volunteer to Career Programme, a 2022/23 programme commissioned by Health Education England to promote careers within the NHS to people who have little/no experience of health and social care. The Volunteer Neighbourhood Responder role has been created, whereby people who

are interested in careers in health and social care, and align with our values, can choose the services that they would like to deliver, and the Neighbourhood Teams across the integrated care system can 'book out' volunteers. Once the volunteers have decided in which area they would like to work, they are offered career coaching conversations, and offered a 'free ticket' to an interview for advertised entry level jobs within our health and care systems. Once we have completed the pilot in North Sedgemoor, we aim to roll it out to other Neighbourhoods across Somerset in a bid to promote health and social care careers and reduce the number of vacancies across our systems.

North Sedgemoor Opportunity

Somerset FT has been driving integrated working in North Sedgemoor Neighbourhood. In collaboration with the NHS England 'Safe Day Programme', a working strategy has been developed to improve the health of our local population and reduce health inequalities. The follow four areas were agreed at system level, and are progressing:

- A Fearless Community: *Improving the health and social care of our neighbourhood through engaging with our service users and workforce, making them equal partners in our service design, and ensuring psychological safety.*

- The One Team Collaborative: *A multi-disciplinary team of teams, without organisational boundaries, working together to proactively address the health and social care needs of North Sedgemoor's neighbourhood.*

- Health and Wellbeing Hub: *A place that is owned by the neighbourhood of North Sedgemoor, where people can access health and social care. A place that strengthens community connections and improves the health and wellbeing of the current population and that of future generations.*

- Working Together and Reducing Duplication: *Working together to establish truly integrated services spanning all our health and social care organisations in North Sedgemoor through identifying enablers and aligning processes.*

Successes of this work to date include:

- A community investigation hub operating out of Burnham on Sea War Memorial Hospital, enabling people to access hospital investigations locally.
- The CLEAR Programme: workforce modelling and redesign study of Primary Care services within North Sedgemoor to improve access to health services for our local population.
- A review of local dressings provision, and a new delivery model proposed, delivering wound care in a community environment with access to health coaching, social prescribing, and peer support.
- IT systems can now communicate between Primary Care and Somerset FT.
- Population health data is being used by the multi-disciplinary team to proactively support people in the community, keeping them well in their own homes.

- We are at the end of the first-year pilot of the Somerset System Peri-Operative Services with the aim to improve surgical outcomes for all patients on our elective surgical waiting lists. So far, around 700 patients countywide have been identified with modifiable risk factors with around 100 patients already achieving their target goal for optimisation. The next phase of funding is awaiting approval to enable activation of the countywide service with the following ambitions:

  - Scaling up of the well-received countywide Peri-Operative Diabetes programme to implement Diabetes support for every patient referred onto the waiting list, from GP practices across Somerset. This programme enables patient engagement with education around the importance of optimising their diabetes, practice nurse support and helps to minimise the burden on primary care by assisting and supporting in the medical management of our elective care waiting list diabetic patients. The programme is impartial to location or numbers of referrals into the programme (from GP practices) and will enable a wholly equitable Somerset wide Peri-Operative Diabetes service.
  - The first iteration of prescriptive exercise programmes for elective care patients on the waiting list and those coming onto the waiting list. The Exercise workstream will, in the first instance, invite patients awaiting hip/knee replacements, with a number of choices; varying degrees of digital exercise programme (SASP, HOPE), paper-based exercises (for those patients who are digitally excluded and cannot travel) and face-to-face programmes in local leisure centres (for those patients who are digitally excluded, can travel and who would prefer to be in a more face-to-face social setting). The subsequent phase will invite all patients on the waiting list to join an exercise programme, regardless of location or accessibility restrictions.
  - We have utilised a 'Benefit in Kind' funding support offer from Apodi Pharmaceuticals to implement a six-month iron infusion service (at Williton Community Hospital) to offer patients swift access to iron infusions and, in some case, ease the burden of travel to Taunton for patients in more rural locations of the county. Following data analysis of how well the service is received, our ambition is to expand an iron infusion service across the wider reach of community hospitals for equitable, faster and more convenient access for all patients requiring an infusion prior to surgery.
  - We have secured a 'Health Coaches' pilot with the Northwest Somerset Primary Care Network team to truly understand the mechanics of a health coaching team. With patients who might not otherwise have access to social prescriptive services, this pilot will help us to understand how we support patients in the community, who might not otherwise ask for help. Health Coach support includes assisting patients with their emotional and mental health wellbeing, mobility, taking part in social activities and addressing issues with diet, alcohol, smoking and weight management.
  - Somerset has been offered the opportunity (as one of ten Trusts across the country) to pilot the development and implementation of a referral pathway to the national NHS Digital Weight Management (12-week) Programme (DWMP), for patients on selected elective care waiting lists. We have a higher-than-average obesity prevalence, with 66% of adults either overweight or obese. All patients on the elective care waiting list, regardless of location

will be offered the opportunity to self-refer to the DWMP, prior to surgery. This in turn helps us to address existing health inequalities and high levels of unhealthy weight in our population. The pilot will run for a year (April 2023 to April 2024) with view to implementing the referral pathway on completion.

- The newly established SFT Tobacco Reduction Team have already achieved a 78% conversation rate of referrals, for patients on the elective waiting list, to receive smoking cessation support via Smoke Free Somerset, prior to surgery. This programme offers countywide support with equitable identification of patients being offered smoking reduction and smoking cessation support.
- Work is being undertaken with our Talking Therapies team to pilot an offer of an 'Emotional Health Check' for all Trauma & Orthopaedic (T&O) outpatients following decision to treat. This programme particularly helps to support patients who might not otherwise be aware of their emotional health and does not discriminate according to age, sex, ethnicity, mobility, residential location or education. The initial assessment, directly following face to face consultation with a T&O surgeon is gentle, informational, and helps to identify patients who might benefit from a referral onto a Talking Therapies pathway.
- The Cancer Prehabilitation team are two months into a 12-month programme to offer patients exercise, nutrition and emotional wellbeing support, via a weekly 'PreHab Hub'. The service covers patients on a colorectal, lung and / or prostate cancer pathway and offers face-to-face and virtual assessment options. Leisure centres countywide are participating in prescribed exercise programmes for referred patients, enabling equitable and fair access across the county for all patients on these pathways.

PERFORMANCE REPORT ANALYSIS

During 2022/23 Somerset NHS Foundation Trust continued to maintain performance across a broad range of indicators linked to the delivery of high-quality care to patients.

Review of Trust Strategy and Business Model

2022/23 was the second full year of Somerset NHS Foundation Trust following the merger of Somerset Partnership and Taunton and Somerset NHS Foundation Trusts. This year we also made significant progress with our plans to merge with Yeovil District Hospital NHS Foundation Trust, and in the development of the Somerset Integrated Care System.

We have continued to strive to deliver high quality care in line with our vision and values, whilst focusing on key areas of improvement such as recovering from the COVID-19 pandemic, and delivering reduced waiting times for patients.

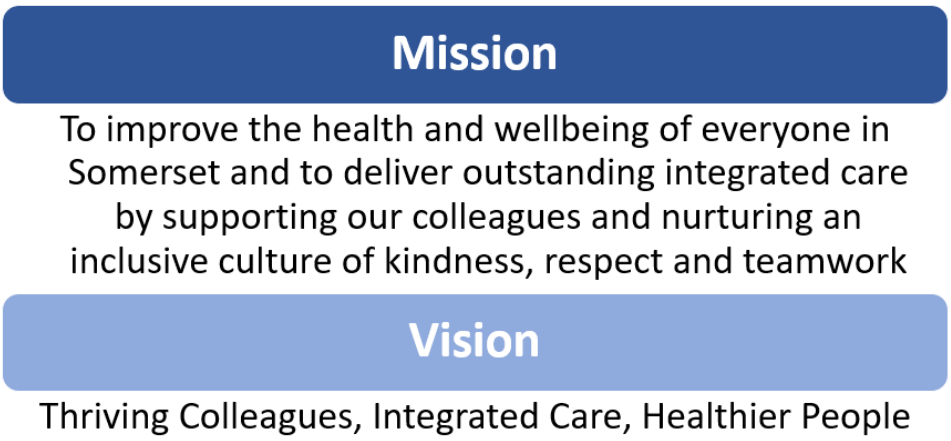
Mission, Vision and Values

We have developed a mission and vision for the merged Trust which focus on supporting our colleagues to deliver outstanding and integrated patient care.

Our mission, vision and objectives

On the path to our merger, we have developed a new vision, values and strategy that builds upon the previous organisations' visions and reflects the integrated services which the merged Trust provides, and our commitment to focus on the health of the population we serve. This vision is supported by shared values that we have developed following a widespread consultation exercise with colleagues from both organisations ahead of merger.

Our vision and vision for the merged Trust focusses on supporting our colleagues to delivery outstanding and integrated care.



We will deliver this mission and vision via our single organisation strategy, which has the following eight objectives:

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. Support our colleagues to deliver the best care and support through a compassionate, inclusive and learning culture
7. Live within our means and use our resources wisely
8. Develop a high-performing organisation delivering the vision of the Trust

Our clinical strategy is core to the delivery of our vision for the merged Trust, and the first five objectives of the organisation strategy replicate the five health and care aims which have been agreed at system level. These clinical aims sit alongside our strategic financial and people objectives as our core three strategies. The final objective describes the type of organisation we want to be, linked to the delivery of our vision and values.

We know that we cannot deliver the five system clinical health and care aims on our own, so effective working with our partners in Somerset and beyond will be key to our success. The remaining enablers, which are all internal, will be supported by the following strategies:

- **Green Plan**: our actions to deliver our target of being a net zero carbon Trust by 2040
- **Digital strategy**: how we will provide digital services that drive excellent support and care, communication, information, and improved efficiency
- **Estates strategy**: how we will make best use of our combined estate to support the delivery of safe, effective, high quality care
- **Quality strategy**: how we will ensure patient safety, learning and good clinical governance in the merged Trust
- **Communications and engagement strategy**: how we will engage, inform and involve our stakeholders in our work.

With the support of a specialist independent consultant, A Kind Life, we have developed a joint set of values and behaviours for the merged Trust which help us deliver our vision. These values provide a common set of expectations for how we deliver care and work together in pursuit of our vision. They will guide colleagues and help inform the developing culture of the merged Trust.

Our Values

With the support of a specialist independent consultant, A Kind Life, we have developed a joint set of values and behaviours for the merged Trust which help us

deliver our vision. These values provide a common set of expectations for how we deliver care and work together in pursuit of our vision. They will guide colleagues and help inform the developing culture of the merged Trust.

	I will ...	I won't...
Respect		
Honesty	make it safe and easy for people to speak up about issues, give kind and fair feedback, and be open to receiving it too	criticise people for mistakes, stay silent when needing to speak up, be closed to feedback about myself
Integrity	set and deliver high standards, adhere to follow agreed, evidence-based practice, professional, ambitious, try to do the right thing, put patients first	accept low standards, 'walk past' issues when I see them, come across as 'too busy' or often be late, unprofessional, fail to adhere to agreed, evidence-based practice
Equity	embrace others' strengths, value different backgrounds, cultures and stories, include others, advocate for equity and diversity in the organisation	dismiss others' views, experiences or backgrounds, ignore if you see someone being treated differently because of their background
Civility	be polite approachable and welcoming to everyone, challenge each other respectfully, be considerate of others	belittle or dismiss others, be rude, uncivil, or use an abrupt tone of voice, undermine or bully others, be reactive to others or ignore others
Kindness		
Compassion	treat people as valued individuals, protect their dignity and privacy with compassion, be patient, understanding, self aware, patient	be indifferent to others struggles, or dismissive of their feelings, stories or journeys, make mean comments or be unkind
Positivity	be optimistic, bring a positive, 'can-do' attitude, bring a smile, welcome change, be hopeful about what is possible, act with courage	focus on problems rather than solutions, moan, be negative or complain without acting to solve or improve the situation, avoid challenges and growth opportunities
Understanding	put myself in other people's shoes, act with empathy; take the time to understand others' concerns, be self aware; be authentic, calm	refuse to see things from other people's perspectives, or consider what might be going on for other people
Appreciation	notice the little things other people do to make a difference and give ABC appreciation so that they feel valued, celebrate success	ignore it when people do great things or 'take the credit' for others' achievements, only give negative feedback without appreciating what is going well
Teamwork		
Support	be attentive to other people's needs and feelings, reliable, offer help, do what I say I will, encourage others and help them take responsibility	avoid helping when I see someone in need, make people feel 'a burden', have a 'not my patient / job' attitude
Collaboration	work together, seek opportunities to share, ask for ideas and input, seek cross team and service input, involve and encourage others, communicate clearly	work in 'silos', not seek out opportunities to work with or share learning with other teams, services or divisions, isolate or exclude others
Listening	listen with curiosity and empathy, giving people time to speak, welcome different views, seek out information	dismiss others' views or ideas without giving them a chance to explain, talk over people as if they aren't there, ignore concerns, dictate, interrupt, lecture or argue
Trust	be open and transparent when communicating, building trusting relationships with colleagues, reassuring	be 'economical with the truth', make no effort to share information, withhold information others need, or leave them 'in the dark'

Care Quality Commission (CQC)

Somerset NHS Foundation Trust was inspected by the CQC in September 2022 and the report published on 23 January 2023.

The CQC team carried out a short notice announced inspection of the trust's acute wards for adults of working age and psychiatric intensive care unit, specialist community mental health services for children and young people and community end of life care services of the trust as part of their continual checks on the safety and quality of healthcare services. The CQC further inspected the well-led key question for the trust overall.

The CQC rated the trust's community mental health services for children and young people (CAMHS) as outstanding and our community end of life services and our

acute wards for adults of working age and psychiatric intensive care unit as good overall.

The CQC praised the trust's work and said:

"it is a remarkable achievement to merge trusts at the beginning of a national pandemic and yet Somerset NHS Foundation Trust has continued to maintain the good quality of service that we had come to expect from both Somerset Partnership NHS Foundation Trust and Taunton and Somerset NHS Foundation Trust".

The CQC inspection team found outstanding practice which it highlights in the report and includes the CAMHS team's work and approach to eliminating waiting times for the service and the work of community end of life team to consider the specific needs of patient groups and better meet their needs.

As part of its consideration of how "well-led" the trust is, the CQC observed a number of meetings and met leaders across the trust. The CQC also spoke to a range of patients, carers and colleagues about our services during their inspection, as detailed in their report. The CQC's inspection team noted that:

- The trust has a clear vision and set of values that colleagues understand.
- The trust has well-embedded clinical leadership.
- The senior leadership team demonstrated a high level of awareness of the priorities and challenges facing the trust and how these were being addressed.
- Overall leaders had the skills and abilities to run the service, were visible and approachable for patients and colleagues and supported colleagues to develop their skills and take on more senior roles.
- Leaders operated effective governance processes and colleagues at all levels were clear about their roles and accountabilities and had regular opportunities to meet, discuss and learn.
- Leaders and colleagues actively and openly engage with patients, staff, equality groups, the public and local organisations to plan and manage services and collaborate with partner organisations to help improve services for patients.
- Colleagues feel respected, supported and valued.
- We promote equality and diversity in our daily work.
- Colleagues are focussed on the needs of our patients.

The CQC inspection report also provided some valuable insights about where we can improve, most notably at a trust-wide level by reviewing how we increase representation of black and minority ethnic colleagues in some areas and address the issues that black and minority ethnic colleagues report about bullying and harassment.

Within the services that it inspected, the QCQ also highlighted issues for us to address which we are following up. We have taken immediate action to rectify the specific environmental issues within our mental health wards. We are also making wider improvements with the development of a new ward in Yeovil and the

refurbishment of Rowan ward which cares for adults of working age who are experiencing an acute mental health problem.

Ratings for the whole trust

Safe	Effective	Caring	Responsive	Well-led	Overall
Requires Improvement ➔➔ Jan 2023	Good ➔➔ Jan 2023	Outstanding ↑ Jan 2023	Good ➔➔ Jan 2023	Good ➔➔ Jan 2023	Good ➔➔ Jan 2023

Ratings for a combined trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Acute locations	Requires Improvement	Good	Outstanding	Good	Good	Good
Mental health	Good	Good	Good	Good	Good	Good
Community	Requires Improvement	Good	Outstanding	Good	Good	Good
Overall trust	Requires Improvement ➔➔ Jan 2023	Good ➔➔ Jan 2023	Outstanding ↑ Jan 2023	Good ➔➔ Jan 2023	Good ➔➔ Jan 2023	Good ➔➔ Jan 2023

New and Enhanced Services

During the year we have continued to rise to the challenges faced across the NHS as we recover from the COVID-19 pandemic and attempt to improve backlogs. Our target of at least 75% of patients waiting no more than six weeks for diagnostics was met after steady improvement throughout the year, and we exceeded targets for mental health discharge follow-ups, and talking therapies.

As with many other trusts, we struggled to meet waiting time targets in Accident and Emergency, and for elective treatments. However, our Clinical Strategy and new model of care recognises the barriers to improvement in these areas, and sets out how we will overcome them. This includes continuing to implement new ways of working, particularly through the use of new technologies. We will continue to adapt our recruitment practices, to ensure that we have appropriate staffing levels in place. These improvements will include significant reductions in the time it takes to hire staff. We have also improved our reporting of performance, to help clinicians and managers make better informed decision.

We have improved and invested in many services over the last twelve months. Some of the major new and enhanced services delivered this year include:

- Surgical Decision Unit

A new £11.5 million surgical decision unit opened to patients at Musgrove Park Hospital during 2022/3. The new unit is a combination of our surgical assessment unit and our emergency surgical ambulatory care clinic.

The new multi-specialty unit means patients can be assessed more rapidly by our surgical teams to determine whether they need emergency surgery or can be safely discharged home. The unit is purpose-built and brings surgeons, emergency doctors and other healthcare professionals closer together, with a much better environment for patients and staff too.

It is a major part of the Musgrove 2030 programme – creating state-of-the-art buildings that offer patients safe, effective, and personalised care, based on the most advanced treatments, technology, and innovations in healthcare.

The new unit represents a 'one-stop' shop for patients. Patients are seen by their GP or an emergency department clinician, who will identify whether they are suitable to be seen by our specialist surgical team. Patients are triaged to bring them in at the right time, such as earlier in the morning, so they can have all their tests in a single day rather than needing to be admitted to hospital for investigations and decisions to be made. This reduces the need for them to keep coming back to hospital for investigations.

- Discharge Lounge

A new discharge lounge opened at Musgrove Park Hospital in May 2022 to help make it easier for patients to return home from hospital. The facility is open seven days a week, from 8am to 7pm, with our staff in the lounge able to care for medically-fit patients who are due to go home that day – they provide a comfortable space for patients to wait for their transport.

Using the discharge lounge provides a safe way of caring for patients who are ready and waiting to start their journey home or being transferred to another care facility, while also freeing up much-needed beds on wards across the hospital.

- Ophthalmic Diagnostic Centre

Our new Ophthalmic Diagnostic Centre is now open at Harrison House, near junction 25 of the M5. The centre will see around 10,000 retinal and glaucoma patients a year in a "one stop shop" where the patient has a series of tests and images taken in the same appointment.

Ophthalmology is the highest volume outpatient specialty in the NHS and demand for the treatment of eye care areas, such as glaucoma, cataract, retina and urgent care, is predicted to rise by 60 per cent in medical retina and 44 per cent in glaucoma over the next 20 years. Patients with retinal and glaucoma conditions need regular and timely life-long eye care to prevent permanent visual loss.

The centre builds on the NHS' aim to develop a series of community diagnostic centres away from acute hospital sites, which was a key recommendation in an independent review of NHS diagnostics capacity by renowned cancer specialist, Professor Sir Mike Richards CBE, former National Cancer Director in the Department of Health.

- Community Mental Health hubs

We have continued to invest in community mental health provision. For example, a new high street centre opened this year in Bridgwater that promises support for people with mental health challenges. Based in the town centre, people can walk into the Fore Street hub to access the mental health support they need. The development is part of the innovative Open Mental Health alliance between the NHS in Somerset and a number of voluntary sector organisations – which work together to ensure that people with mental health difficulties get the right support at the right time.

- Young People's Mental Health

Children and young people who need care for their emotional and mental health can now receive improved support at a new specialist community hub in Taunton. The hub at the Horizon Centre offers a range of healthcare appointments, giving children and young people better access to the care they need, in a more relaxed setting.

The hub is run in partnership by Somerset FT and Young Somerset. A multi-disciplinary team of NHS professionals are working at the hub alongside a range of voluntary and third sector organisations involved in the care of children and young people.

It has a suite of consultation and group rooms, as well as a coffee shop, which can be used as a relaxing space for patients, their families, and colleagues based at the hub.

- Hospital @ Home

This year we have further developed the new Hospital @ Home programme (also known as virtual wards) to care for patients at home safely, rather than being in hospital. This is a joint development with other health and care partners from across the county.

A virtual ward is a safe and efficient alternative to NHS bedded care that is enhanced by technology. It supports patients to remain at home who would otherwise be in hospital to receive the acute care, monitoring and treatment that they need.

This includes either preventing avoidable admissions into hospital or supporting early discharge out of hospital. The service can help patients to complete their treatment or be monitored prior to surgery from the comfort of their own home.

People who are cared for through Hospital@Home are regularly reviewed by a multi-disciplinary team made up of experienced clinicians such as consultants, nurses, therapists and experienced healthcare workers to ensure they receive the highest levels of care.

Other developments

As well as the major developments highlighted above, there have been numerous improvements to individual services, and smaller developments that help the wider

trust. We have particularly focused on better use of technology, better partnership working, and helping patients get home from hospital quicker.

One example of the trust better using technology is the improvement that has taken place in our maternity services. Here, paper notes have been replaced with a new app called “BadgerNotes”, which gives patients and clinicians instant access to clinical notes on mobile devices throughout pregnancy. By using the new system, our clinicians and midwives are able to record information in the same way across the county wherever they are caring for patients – be that in a hospital, birthing centre or at home.

Working in partnership is key to our success, and one such example is the trust’s work embedding Occupational Therapists (OTs) into GP practices across the county. Earlier access to occupational therapy is great for patients as it offers holistic and preventative support to help people live independently in their preferred home setting. The new service began in five neighbourhood areas during 2022/3, with plans for more in the coming two years.

When patients are in hospital, we want their stay to be as short as it can be, getting patients home as quickly as we can. This year, for the first time, our trauma and orthopaedic team performed a total hip replacement as a day case procedure at Musgrove Park Hospital. Our new, innovative day case pathway makes sure that the patient doesn’t need to stay overnight in hospital following hip and knee surgery.

The new arrangement means a patient can assessed, operated on, and be discharged from hospital on the same day, back to their home environment to continue their rehabilitation and recovery.

It significantly increases the capacity available at the hospital for hip and knee surgery, which will help to reduce our waiting lists. Prior to this new development, patients would have needed to stay an average of two to three days in hospital, which created additional pressure on our inpatient bed capacity.

Commercial and Business Development

Taunton Diagnostic Centre

A new partnership between Somerset NHS Foundation Trust and Alliance Medical now means that the Taunton Diagnostic Centre will be operated by Alliance Medical for the next 15 years.

The Taunton Diagnostic Centre opened in September 2021 to provide NHS diagnostic tests to the people of Somerset. It was the first community diagnostic centre in England run by the independent sector in partnership with the NHS. It provides Magnetic Resonance Imaging (MRI), Computed Tomography (CT), Ultrasound and X-Ray on equipment provided by Philips.

Since it opened, the percentage of Somerset NHS Foundation Trust patients waiting longer than the recommended 6-week standard for a diagnostic test has halved. In September 2021, 45.8% of Somerset NHS Foundation Trust’s patients were waiting

longer 6 weeks for a diagnostic test. At the end of September 2022, the percentage had dropped to 23%. After a period of time in which the centre was directly run by the trust, we reached an agreement with Alliance Medical to operate it on our behalf, using their expertise to ensure that improvements will continue to be made for patients.

Key issues and risks to the achievement of Trust objectives

During the year the most significant risks (managed in year) were:

- **Staffing Pressures** - The Trust has continued to identify risks in a number of services around staffing pressures arising from vacancies, sickness absence and increasing levels of demand. This has led to the temporary closure or reduction of some services specifically within community hospital services and ongoing pressures within our acute hospital wards. We have a recruitment and retention strategy in place to attempt to mitigate these pressures, which are felt across the whole NHS.

- **Finance** - The system-wide risks in relation to the financial position have been significant during the year as we continue to recover from the pandemic, making headway in reducing waiting lists. We are working with partners across the system to improve our financial position and deliver more efficient and effective services within budget.

- **Waiting Times** – During the year we have continued to struggle to meet national waiting time targets, similar to trusts across the country. The restoration and managing the resultant backlog will be a key focus during 2023/24, and we have signed off an elective recovery plan with clear targets to reduce waiting times and eliminate exceptionally long waits.

- **Discharge pressures** – We continue to face difficulties in discharging patients, particularly into social care settings, or back home where care packages are required. We work closely with partners from the Council and other organisations to facilitate easier discharge, and our specialist teams have put together pathways which further enhance our ability to help patients get out of hospital. But demand on our own and others' services continues to rise. We will look to strengthen our response to these pressures in 2023/24.

- **Our ageing estate** – We have continued to try to improve our ageing estate, particularly on the Musgrove Park Hospital site where some of our buildings date from the 1940s and are expensive to maintain as well as no longer fit for purpose. This year has seen significant progress on our new Surgical Centre, which will replace theatres from the 1970s and some of our oldest buildings. This major project will continue in 2023/24 as the latest in our multi-phase "Musgrove 2030" plan to create a transformed, modern hospital site.

KEY PERFORMANCE MEASURES

Oversight Framework targets

The NHS Improvement / NHS England Oversight Framework sets out the key national standards which are applicable to Somerset NHS Foundation Trust as a service provider. The table below sets out our performance levels across the year:

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge*	95%	77.04%	78.8%	73.7%	77.9%	76.2%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway**	92%	61.5%	60.5%	56.4%	58.5%	-
Number of patients waiting over 104 weeks from referral to treatment (RTT)	Zero (year-end)	33	13	3	3	-
Children and Young Persons Eating Disorders: urgent referral to be seen with 24 hours of referral	95%	83.3%	80.0%	84.2%	100%	-
Children and Young Persons Eating Disorders: routine referrals to be seen with 24 hours of referral	95%	79.0%	85.4%	91.1%	95.4%	-
Early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE-approved care package within two weeks of referral	56%	76.9%	66.7%	61.9%	83.3%	-

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
Improving access to psychological therapies (IAPT): • people with common mental health conditions referred to the IAPT programme will be treated within 6 weeks of referral • people with common mental health conditions referred to the IAPT programme will be treated within 18 weeks of referral	75% 95%	56.6% 98.2%	57.4% 98.4%	63.3% 98.1%	63.3% 98.4%	60.2% 98.3%
Cancer - maximum 2-week wait from GP referral (suspected cancer)***	93%	62.1%	56.9%	53.1%	56.3%	57.0%
Cancer - 28 days Faster Diagnosis: all Cancers***	75%	66.2%	56.7%	59.7%	61.7%	61.0%
Cancer 62 Day Waits for first treatment***: • urgent GP referral for suspected cancer • NHS cancer screening service referral	85% 90%	62.0% 76.6%	60.1% 71.3%	53.8% 72.4%	52.7% 70.8%	57.0% 72.7%
Six-week diagnostic wait	99%	74.4%	77.0%	78.8%	87.5%	-
Clostridium difficile (all cases including community associated)	24	12	14	11	12	49
MRSA (Trust apportioned cases)	0	0	1	0	1	2

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
Improving Access to Psychological Therapies (IAPT)/talking therapies: Percentage of people completing a course of IAPT treatment moving to recovery	50%	64.4%	60.8%	58.6%	61.9%	61.4%
The percentage of adult mental health inpatients who were followed up within 72 hours after discharge from psychiatric inpatient care during the reporting period	80%	94.6%	94.1%	98.9%	94.7%	95.5%
Inappropriate out-of-area placements for adult mental health services (cumulative numbers shown)	0	201	110	242	61	614
Admissions to adult facilities of patients under 16 years old	0	0	0	0	0	0

**A&E maximum waiting times - the indicator is expressed as a percentage of all A&E attendances where the patient spends four hours or less in A&E from arrival to transfer, admission or discharge*

*** RTT incomplete pathways – the indicator is expressed as the percentage of patients on an incomplete pathway (i.e. those still awaiting first consultant led treatment) who have waited less than 18 weeks from referral.*

**** Cancer figures are for April 2020 to March 2021; but please note that due to national reporting of March 2021 performance taking place in May the March figures have been estimated and may be subject to change.*

NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

Segmentation indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

1. objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)

2. additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

Somerset NHS Foundation Trust is in Segment 2.

More detailed analysis and explanation of performance during the year

The number of patients being admitted to hospital with COVID-19 declined during 2022/23 but continued to impact on the delivery of elective and emergency services during the year. The focus remained on restoring elective activity levels to higher than pre-COVID levels and using this capacity to treat the longest-waiting patients whilst also treating the clinically most urgent patients. National clinical prioritisations processes were adopted early in the first wave of COVID-19 and have remained in place to support the prioritisation of patients whilst routine waiting list backlogs are reduced. The Trust has continued to prioritise emergency, urgent and cancer care, but has also made sure as far as possible that patients who are most at risk of their condition deteriorating are reviewed. This has included writing to the longer-waiting patients who have not been seen recently, and who do not have a date to be seen in the next few weeks, to check whether their condition has worsened. Those patients reporting worsening symptoms are then reviewed and, if their consultant feels it is appropriate, the date for their outpatient appointment or surgery is brought forward.

National priorities for elective care recovery were published in February 2022, and included treating all remaining patients waiting over 104 weeks by the end of June 2022, and achieving a maximum wait of 78 weeks from Referral to Treatment (RTT) by March 2023. At the start of the year the Trust reported 86 patients waiting over 104 weeks. By June 2022, the number of 104-week waiters had reduced to 33 patients, and since November 2022 fewer than three patients are exceeding a 104-week wait at each month-end, all due to clinically complexity. Similar improvements were seen in the 78-week waiters. In March 2022, the Trust reported 359 patients waiting over 78 weeks. Additional capacity was established in the specialties with the longer waiting patients. This was delivered through a combination of weekend

theatre sessions, insourcing and outsourcing. As a result, over the period of the year, we reduced the number of patients waiting over 78 weeks down to 60 at the end of March 2023, whilst also addressing a significant bulge in the waiting list. The next key national target is to achieve a maximum wait of 65 weeks by March 2024. To achieve this target will mean treating over 15,000 more patients than we did over the course of 2022/23.

The national elective recovery plan published in February 2022 also set out the priority to achieve a maximum waiting time for a diagnostic test of six weeks, for at least 95% of patients, by March 2025. Over the last eighteen months the Trust has established additional diagnostic capacity for a number of different tests. This has helped to reduce waiting times for these tests, with steady improvements being seen across 2022/23. The number of patients waiting over six weeks for a diagnostic test fell from 2,142 in March 2022 to 855 in March 2023. In percentage terms performance against the national six-week wait standard increased from 71.7% in March 2022 to 87.7% in March 2023, meeting the regional ambition of at least 75% of patients waiting under six weeks at year-end. The highest volume of patients currently waiting over six weeks for their diagnostic test are waiting for a colonoscopy, a CT, or an MRI scan. Together the patients waiting for these three types of tests in March 2023 made-up two-thirds of all the patients waiting over six weeks. Demand for these tests has remained very high over the last year, reflecting the high level of complexity of patients on our waiting lists and being referred in by GPs for urgent investigations.

The demand for a colonoscopy was exceptionally high in 2022/23. This has mainly been due to the very significant increase in referrals for suspected colorectal cancers, following the death of Dame Deborah James in June 2022. A similar increase in cancer referrals was seen following Bill Turnbull's death in August 2022, which led to a large rise in demand for MRIs and other diagnostic tests. In addition to the increasing demand there has also been some loss in capacity, due to two of the scanners being replaced in the year. Additional CT and MRI scanning capacity continues to be provided by the Taunton Diagnostic Centre, with which the Trust works in partnership, and the Trust has also supplemented capacity with mobile scanning vans at key times. However, the majority of the long waiters waiting for these types of scans are waiting for specialist scans, such as cardiac MRIs, which are more difficult to increase capacity for. The Somerset system is in a good position for early achievement of the 85% South West regional ambition for the diagnostic six-week wait standard, by March 2024, as a step towards achieving the national standard of 95% before the target date of March 2025.

The very high levels of demand for cancer services created significant challenges in meeting the national cancer waiting times standards during the year. Of the eight key national standards, only the subsequent drug therapy and radiotherapy 31-day standards were met, in most months and for the year as a whole. The exceptional demand following celebrity deaths led to 10% more cancers being diagnosed and treated from GP referrals, than seen in 2021/22. But the even higher volumes of patients being referred to have diagnostic tests for a suspected cancer led to longer waits to reach a diagnosis. There were also particular services which experienced reductions in capacity. This included the breast service, where the loss of clinical capacity through changes to the team and unplanned absences, led to longer waits

for the one-stop diagnostic appointments. Evening clinics were established as an interim measure and support was provided by the Yeovil District Hospital team. Additional clinic capacity is now in place on an ongoing basis, run by specially trained GPs. This capacity has restored the breast service's achievement of the 28-day Faster Diagnosis Standard (FDS), with performance above the 75% national standard from November 2022. This has had a significant impact on overall Trust performance against the FDS standard across the year, with performance at the start of the year being 73.2% with the 75% national standard being achieved in seven of 12 tumour sites. In line with the breast service challenges and also the celebrity deaths, FDS performance deteriorated across the year but improved to 64.2% in February 2023, with seven of the 12 tumour sites again achieving the national standard. Performance against the 62-day GP cancer and 31-day first definitive treatment standards has also reflected the challenges in FDS achievement posed by very high levels of demand, with performance being below the national standards throughout the year.

The Trust continues to work with key stakeholders to redesign cancer pathways, to reduce unnecessary steps and make it as easy as possible for patients to access the care they need. An example of this is a new clinic which is being established in a number of community hospitals for patients referred with post-menopausal bleeding (PMB). The number of patients being referred in by their GPs with this symptom, with a suspected endometrial cancer, has increased very sharply over the past two years. This is thought to be linked to the increasing use of Hormonal Replacement Therapy (HRT) and the symptom in many patients being a consequence of a change in the HRT used rather than a symptom of a potential cancer. These new PMB clinics have been established and will commence in June 2023. Clinics will initially be for patients referred by their GP, with patients being seen in a one-stop appointment which includes an ultrasound scan. Later in the year the service will be open for women to self-refer. These clinics will enable patients to be quickly assessed in the community. Patients for whom a simple benign diagnosis has been ruled out will be referred into the Trust for further investigation. This is just one example of where we are redesigning how patients access cancer services to enable prompt and early diagnosis to be delivered in the right setting.

Trust performance against the target of treating all patients within four hours of their arrival at A&E was below the national target during the year. 2022/23 continued to be challenging as a result of Covid-19, and also pressures associated with patient flow and bed availability.

Although Emergency Department performance in relation to the four-hour target was below the national standard, continued good performance by our Minor Injury units has seen overall performance remain strong in relation to the overall national picture. SFT also remains one of the highest-performing Trusts in relation ambulance handover times in the southwest region. There is strong system-wide working to improve patient flow to support appropriate and timely discharge from the hospital setting, and continued emphasis on the development of alternate pathways of care in reducing pressures on urgent and emergency care. A new South Western Ambulance Service NHS Foundation Trust (SWAST), Hospital Ambulance Liaison Officer (HALO) role was implemented across both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust in August 2022, to support

ambulance flow and handovers. HALO is liaises with our Patient Flow teams, flagging current and pending activity.

As part of our arrangements to keep patients safe and ensure that our services were accessible, our community-based physical and mental health services continued to offer patients, where appropriate, appointments via telephone and a virtual video clinic 'Attend Anywhere'. This enabled patients to continue to receive advice and support throughout the pandemic and was instrumental in ensuring that we met the standards relating to Talking Therapies and early intervention in psychosis. All of our mental health services continued to operate during the whole of the pandemic and we did not close or suspend any services. The expansion of services also continued during this period, including our Community Mental Health Service Transformation work, Open Mental Health. Appointment outcomes remained favourable, with the standard for the percentage of people completing a course of talking therapies treatment moving to recovery consistently being met and exceeded throughout the year.

Activity levels and referrals to our mental health services and community physical health services remained high throughout 2022/23. Referrals to our community mental health services between 1 April 2022 and 31 March 2023 were 2.7% higher than in the same months of 2021/22 and 38.6% higher than the same months of 2019/20. Increases occurred across a range of mental health services for adults, and children and young people. Attendances for community mental health services in 2022/23 were 3.0% higher than the corresponding months of 2021/22 and 43.7% higher than in 2019/20.

Direct referrals to our community physical health services in 2022/23 were 4.2% higher than in the same months of 2021/22 and 7.9% higher than in the same months of 2019/20. Attendances during 2022/23 increased by 1.9% compared to 2021/22 and were 4.5% above levels seen in 2019/20.

Waiting times for our community physical health services and mental health services were largely maintained at a low level throughout the year. Over 90% of people waiting to be seen for the first time by our children and young people's mental health service had waited less than six weeks at the month-end in every month throughout the year. Over 90% of people waiting to be seen for the first time by our mental health service for older adults had waited less than six weeks at the month end in all months except December 2022, and over 90% of people waiting to be seen for the first time by our service for adults with learning disabilities had waited less than six weeks at the month end in all months except August and December 2022. The latest available data from the NHS Benchmarking Network shows that our waiting times for adults with learning disabilities and mental health services for adults, older adults and children & young people all compare favourably with peer providers nationally.

For Child and Adolescent Mental Health Eating Disorders Services (CEDS), at least 95% of urgent referrals should be seen within one week and at least 95% of routine referrals should be seen within four weeks, based on performance across a rolling 12 months. In 2022/23, all 15 urgent referrals to our CEDS were seen inside the reporting standard (100% compliance, compared to national average performance of

68.6% as at 31 December 2022 – the latest national data available), and of 110 routine referrals, a total of 105 patients were seen inside the four week reporting standard (95.5% compliance, compared to national average performance of 73.5% as at 31 December 2022 – the latest national data available). Over the 12-month reporting period the main reasons for breaches were a shortfall of capacity in the team, and patient / family delays.

Good performance was maintained throughout the year, in respect of adult mental health inpatients receiving a follow up within 72 hours of discharge from psychiatric inpatient care, with compliance of 96.2% being achieved against a required standard of at least 80%.

Performance was also maintained throughout the year in respect of the 18-week national waiting time standard for Talking Therapies, but performance in relation to the six-week waiting time standard was below the 75% target level throughout the year. The fall in compliance with the six-week standard was primarily due to a sustained rise in the level of referrals and a shortfall in capacity within the service. Between 1 April 2021 and 31 March 2022 referrals into the service increased by 26.7% compared to the same months of 2020/21 and by 17.1% compared to same months of 2019/20. Referrals between 1 April 2022 and 31 March 2023 were 2.6% lower than the same months of 2021/22, but 14.0% higher than the same months of 2019/20. The position was exacerbated by vacancy levels, long term sickness and maternity leave.

For Early Intervention in Psychosis (EIP), the requirement that at least 60% of people should begin treatment with a NICE-recommended care package within two weeks of referral was met for the majority of the year. Performance fell below the standard in November 2022, due to delays in the referral of patients to the EIP service, but performance was restored in December 2022 and was maintained thereafter.

Our numbers of inappropriate out-of-area placements for adult mental health services remained amongst the lowest nationally. The majority of out of area placements are due to patients requiring admission into our Psychiatric Intensive Care Unit (PICU). With only ten beds available there are occasions when, due to clinical acuity or gender, it would be unsafe to admit a patient. When a patient is so placed, a key worker is immediately assigned to maintain regular contact with the patient until the patient is either transferred back to our wards, discharged, or moved to secure services. The placements sought are always as close to Somerset as possible. At times, episodes relate to patients awaiting transfer to secure services. We continue to work closely with other NHS providers, to facilitate such transfers and closely monitor processes to minimise risk.

We also had no admissions to adult facilities of patients under 16 years old in 2022/23.

The Trust had one case of MRSA bloodstream infection in 2022/23. Forty-nine Clostridium difficile cases were recorded during the year, which is higher than the threshold for the year of 41. All Trust associated cases are thoroughly investigated to assess whether there was any lapse in care that may have contributed. These

assessments are subsequently peer reviewed and validated with the Trust's commissioners.

Commissioning for Quality and Innovation (CQUIN) Targets

Somerset Integrated Care Board, our principal commissioner of services, sets annual targets under the framework for Commissioning for Quality and Innovation (CQUIN), the aim of which is to improve the quality of services delivered to patients. The achievement of the CQUIN standards generates additional income for the Trust, of up to 1.25%.

In 2022/23 the five CQUIN indicators selected for the contract were across Acute, Community and Mental Health Services and included the following programmes:

- Staff 'flu vaccinations
- Timely communication of changes to medicines to community pharmacists via the Discharge Medicines Service
- Use of anxiety disorder specific measures in IAPT
- Biopsychosocial assessments by Mental Health liaison services
- Assessment, diagnosis and treatment of lower leg wounds

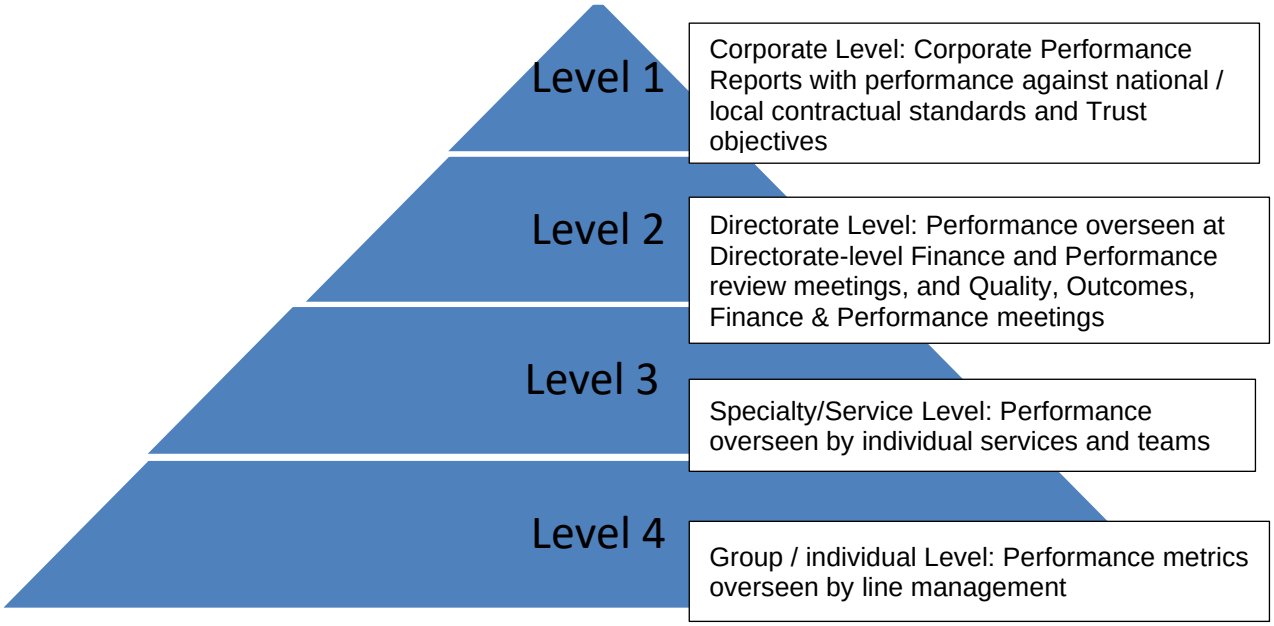
The financial risk associated with performance of the CQUIN indicators was removed during 2022/23 due the CQUIN income being included in the block contract value.

Monitoring Performance, Improvements in Quality and Meeting National Targets

Somerset NHS Foundation Trust has a comprehensive quality monitoring and performance management framework in place, to ensure that high standards of care are delivered to patients and that all applicable performance targets are delivered.

Our Performance Management Framework is based upon on a hierarchy of performance management arrangements, ranging from the Trust Board to individuals and line managers. This is represented diagrammatically in Figure 3 below:

Figure 3: Performance Management System Hierarchy



We have developed and employ an integrated approach to quality and patient safety and performance management, which is evidenced through the monthly Quality and Performance exception report, presented to our Trust Board. The reports incorporate metrics which span key national and local frameworks, including the NHS Improvement / NHS England Oversight Framework, the NHS Constitution, the NHS Long Term Plan, the framework for Commissioning for Quality and Innovation (CQUIN), and local commissioning intentions, with an emphasis on monitoring key aspects of quality improvement, harm reduction, patient safety and patient satisfaction.

The Quality and Performance report is published monthly on our website and provides our Trust Board with regular information, across a broad range of quality and safety measures including slips, trips and falls, medication incidents, pressure ulcers, incidents involving restraint, ligatures and ligature points, harm-free care and safer staffing.

The Quality and Performance Report is continually reviewed, to ensure that it reflects the most current and relevant metrics and analysis. The report presents information relating to the five key questions which the Care Quality Commission considers when reviewing and inspecting services:

- Are they safe?
- Are they effective?
- Are they caring?
- Are they well-led?
- Are they responsive to people's needs?

The monthly Quality and Performance Report and accompanying dashboards assist the Board in its assessment of the achievement of our strategic and annual

objectives and key targets, and all of the measures are linked to the five Care Quality Commission themes.

The Quality and Performance Report is accompanied by a range of supporting information which sets out performance data for the reporting year, including:

- a dashboard of quality and patient safety measures
- a corporate balanced scorecard, with all measures linked to our corporate objectives
- referral, caseload and activity levels for community physical and mental health services for the current year, compared to the previous year
- acute service activity levels for the current year, compared to the previous year, including day cases, elective and non-elective inpatient activity, attendances at Accident & Emergency, and outpatient attendances
- average length of stay and bed occupancy levels for our community hospitals and mental health inpatient wards for the current year, compared to the previous year
- details of our Care Quality Commission ratings

These reports help the Board to evaluate whether we are meeting national and local standards and targets and operating safely, efficiently and effectively, whilst improving the quality of our services. The Quality and Performance Report sets out what we are doing in respect of increased levels of reported incident or where performance falls below set compliance standards.

Our Quality and Governance Assurance Committee, a sub-committee of the Trust Board, provides high-level challenge and assurance, in relation to key quality and performance metrics. This detailed analysis and challenge complements Board discussions on performance, enabling a balance to be struck between effective Non-Executive Director scrutiny of the operational detail, whilst enabling the Board to remain focused on the key strategic issues. The Quality and Governance Assurance Committee receives a range of detailed tabulated and graphical performance information, at the level of individual service / ward, together with other key performance information and also requests, as necessary, focused information on particular aspects of service delivery and patient safety.

In addition to our Quality and Performance report and corporate balanced scorecard, we also maintain directorate-level performance dashboards for each of our six operational service directorates, and our Estates and Facilities service. Each directorate dashboard sets out the performance of the service directorate, in relation to key targets relating to the services managed within that directorate. This allows our key corporate performance measures to be managed at a more granular level, and to identify any areas of concern which may lie below an overall incidence of underperformance, or even areas of concern which are component elements of an aggregate level of performance which meets the required corporate level standard.

The key forums, via which performance management arrangements for divisions are managed, are:

- a monthly senior operational managers' team meeting, chaired by the Chief Executive, combining review and challenge of service directorate progress against key objectives outlined on each dashboard, with an opportunity for Service Directors to share with the executive team issues of concern.
- a Finance and Performance (F&P) Group meeting for each of the Trust's service directorates, held every other month, with the Performance section of the meeting chaired by the Trust's Associate Director of Performance. The Finance and Performance Group focuses on the principal performance issues for each directorate and considers the exceptions arising from the directorate scorecards.
- a Quality, Outcomes, Finance and Performance (QOFP) Group, held in the intervening months, with a similar remit to the Finance and Performance Group, but extended to include a more in-depth focus on patient safety and quality issues and a more detailed review of performance issues relating to People.

The key purposes of these meetings include:

- undertaking detailed scrutiny of performance against key indicators and agreeing:
  - actions as necessary to address under performance
  - recovery trajectories as necessary to restore or achieve compliance against performance standards
- undertaking detailed scrutiny of trends and incidence levels of patient safety and quality measures and outcomes, and agreeing actions as necessary to address any identified issues
- reviewing data and other feedback in relation to patient experience, and agreeing any actions as necessary in the light of notable positive or adverse areas
- monitoring activity levels, identifying variances against plans and the underlying causes, and agreeing actions as necessary to address variances
- providing support and challenge to teams, in relation to their performance position and to gain assurance that performance issues are being addressed effectively.
- assessing risks to future delivery and agree mitigation plans.
- identifying and agreeing future performance management arrangements.
- rewarding directorates which perform well, by reducing the degree of performance management involvement.
- identifying the contributory issues behind any declines in performance and to have a clear escalation and de-escalation process.
- focusing on early performance management intervention, where directorates might be at risk of failing to meet required standards.

Monthly review meetings are also held by each service directorate, chaired by the service director, and with representation from individual services managed within the

service directorate, as well as from corporate teams including Performance, enabling a discussion of operational issues relating to each service.

ENVIRONMENTAL SUSTAINABILITY

Introduction

> *"There is a rapidly closing window of opportunity to secure a liveable and sustainable future for all."*
>
> *The viability of humanity living within planetary boundaries rests on the actions we take in the next seven years. There is no time to lose to keep to the target of limiting the global average temperature to below 1.5ºc.*

This is the conclusion of the Intergovernmental Panel on Climate Change (IPCC) in its latest report which sets out to summarise the scientific data on global temperature rises, fossil fuel emissions and the impact of the climate crisis.

The health impacts of climate change and the causes of climate change include:

- increased heat wave events leading to more heat related admissions to hospitals
- burning of fossil fuels (and wood) linked to poor air quality leading to increases in respiratory illness and other health conditions.
- extreme weather events, that climate change will make more common will impact people's mental health.

Research has shown that climate action aligned with Paris Agreement targets would save millions of lives due to improvements in air quality, diet and physical activity, among other benefits.

The Green Plan

The Green Plan has been developed and approved by the Trust Boards of Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust in 2022, bringing together the sustainability objectives of both organisations into one plan to take forward in our newly merged trust. The Green Plan includes a vision for sustainability in the Trusts:

> *'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 trusts, 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 Trusts 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 Trusts impact on the environment including the impact on air quality, climate change and single use plastics.

Challenges

The ongoing energy crisis has significantly increased our energy costs in the current and next financial years. As a result, NHSE have amended the requirement for Trusts to purchase Renewable Energy Guarantee of Origin (REGO) certificate backed electricity. REGO certificates are intended to provide some assurance that electricity is coming from renewable sources, but the scheme fails to achieve its intended aims and has simply become a financial method of greenwashing energy production. Due to the costs that REGO's introduces over and above the recent price rises the Trusts do not currently purchase REGO backed electricity but are continually reviewing the additional costs to update this decision when if the cost differential is minimal and the option is worthwhile. Work is also underway to assess other methods to purchase zero carbon electricity directly from generators.

Travel remains one of our biggest challenges. Reducing carbon emissions associated with not only the travel that is undertaken by staff for work, but also commuting and visitor travel to our sites. We have good working relationships with the Somerset County Council teams and will continue to work with them on park and ride opportunities in Yeovil, extensions to the bus services to our other sites and cycling infrastructure around our sites.

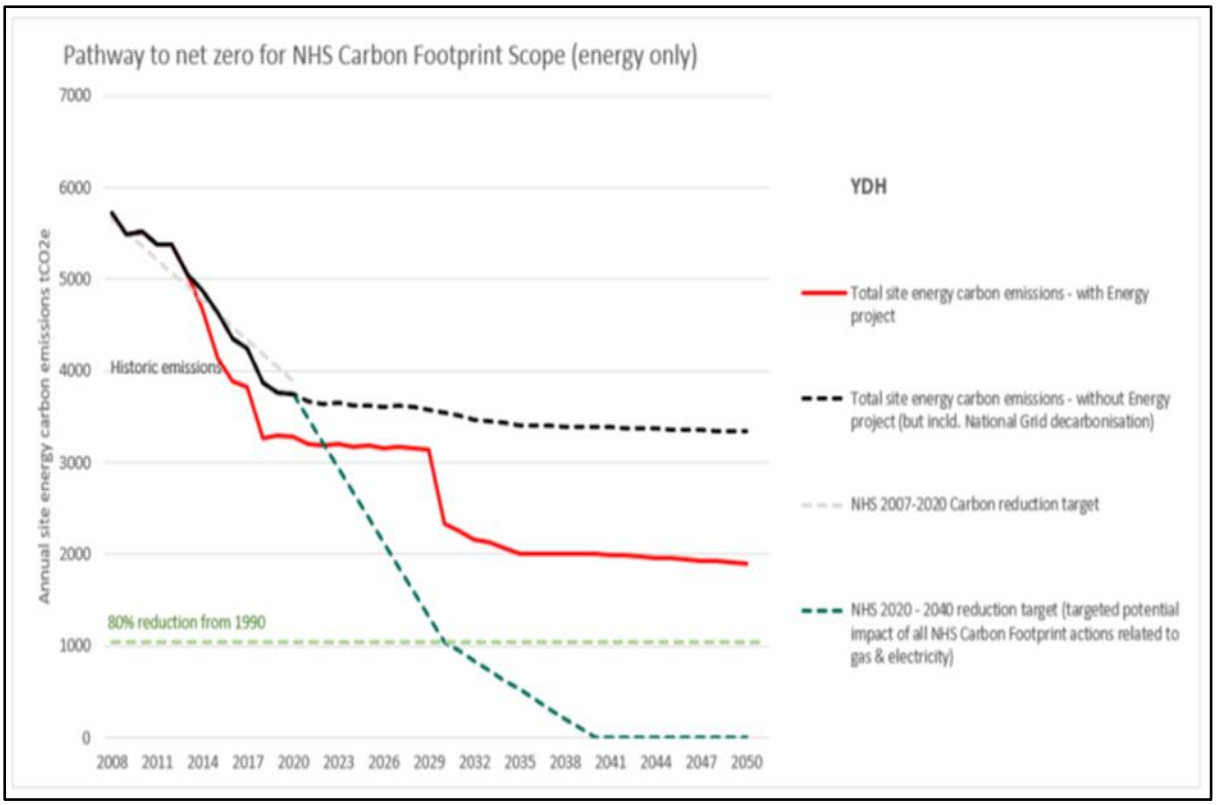
In March 2023 the NHS clinical waste strategy was published by NHSE. This and an update to HTM 07-01 provides targets for waste treatment and waste carbon emissions reductions to assist the NHS to achieve its net zero targets. This represents a significant challenge for the Trust.

Achievements

The following describes the Trust's successes in reducing the impact on the environment:

- The £1m grant funded heat decarbonisation projects at Wincanton Community Hospital and Priorswood Records Office have progressed well this year.

- At Wincanton Community Hospital, Air Source Heat Pumps and Water to Water Heat Pumps have been installed to provide low carbon heating and hot water to the hospital. Gas boilers have also been installed to replace the oil-fired boilers. These will provide back up to the heat pump systems. Solar panels and new Building Management Systems have also been installed. Final installation and commissioning will be taking place in April 2023.
- At Priorswood Records Office air source heat pumps and solar panels have been installed. The solar panels are already operating and showing that at times, no mains electricity is required to operate the building. The air source heat pumps are not operational whilst an electrical supply upgrade is undertaken.
- Over the next 12 months monitoring will be undertaken to identify carbon emission reductions from these projects.
- The £10m grant funded decarbonisation work at YDH is also progressing. There are five fundamental areas that this award is focussing on to reduce the Hospital's carbon footprint which includes:
    - LED Lighting upgrade to remove all of the Hospital's fluorescent lights for fully controllable LED's which manage not only light levels but switch automatically on and off.
    - BMS control and software upgrade. This is an expansion of our current system to allow greater control and management of heating and ventilation systems.
    - The ward window replacement on the south façades of both the Tower Block and Women's Unit have been selected and unfortunately paused due to the increased clinical activity experienced after the pandemic. This installation will aim not only to provide better insulation but make the patients areas more comfortable in sunny conditions by being installed with glass that will act as a restrictor to solar gain.
    - Removal of one of the Hospital's old CHP's for an Air Source Heat Pump, designed to replace the heat output of the CHP.
    - The full installation of a brand new High Voltage Ring Main and increased electrical capacity in order to support the Hospital's long term strategy of removing all carbon emitting heat sources on site.
- The level of investment awarded will enable Yeovil District Hospital to reduce its carbon footprint to a significantly lower position from that forecast. Alongside the long term strategy to install an HV Ring, complete with power capacity increase will thus enable the Trust to plan for the future and for the future removal of all carbon emitting plant and equipment.
- The diagram below shows the benefit of the investment towards the NHS Net Zero goal.



- Following a successful bid to the Low Carbon Skills Fund, heat decarbonisation plans have been developed for 19 community hospital, mental health and Yeovil District Hospital sites. The plans help to identify the sites where opportunities exist to reduce carbon emissions from heating and hot water systems and the financial investment required for the installation of low carbon heating systems. These plans will be developed into more detailed designs in the future as and when sites require replacement systems.
- A consultant anaesthetist has undertaken a project to remove piped nitrous to the main theatres at Musgrove Park Hospital to reduce emissions from the use of piped supplies. Instead, small bottles are provided if nitrous is required, though anaesthetic colleagues have suggested they rarely use it. The project has also resulted in re-evaluation of central nitrous supplies for the proposed surgical centre.
- The same anaesthetist has engaged with colleagues to commit to no longing using desflurane at Musgrove Park Hospital. A target was set by NHS England to phase out desflurane use by 2024, so MPH has hit that target a year early. Discussions are ongoing with anaesthetists at YDH to also phase out its use sooner than 2024. Desflurane has a global warming potential 2,500 times that of CO2 and alternate anaesthetic gases are available that are less harmful to the environment.
- Food waste recycling has been introduced at 6 community hospital sites. Other sites are currently being considered for further roll out.
- LED lighting continues to be installed at all of our sites as replacement for older fluorescent lighting.

- The first Trustwide Travel Survey was undertaken in February 2023. Colleagues were asked to answer questions on how they travel to work and what would improve their ability to use public transport or active travel options. Over 800 responses were received from right across SFT and YDH Trusts.
- The Energy Savings Trust has completed a review of the Trusts fleet and provided a report on the adoption of electric vehicles and charging infrastructure across the Trust sites.
- Additional electric vehicle charging points have been installed in the YDH car park for staff and visitors.
- Frome Community Hospital stepped forward to become a beacon for sustainability at the Trust with a year-long programme of staff engagement starting in March 2023. The events include plant swaps, uniform swaps, sustainable transport initiatives and plastic reduction.
- An 'Infrastructure Study' for Musgrove Park Hospital has begun. A consultant has been appointed to provide a strategy for decarbonising heat at the hospital as well as medical gas and cold water infrastructure for the future. This will be completed in June 2023.

Monitoring and Performance

NHS England have used central data to provide a carbon footprint for SFT and YDH Trusts. This data represents the NHS carbon footprint of each Trust (the emissions the Trusts are directly responsible for called Scope 1 and 2) and the second half of each table and chart represents the NHS carbon footprint plus (including the emissions of our supply chain to provide the products and services we use, called Scope 3).

Figure 1. SFT carbon footprint for 2019/20

NHS Carbon Footprint	**18,667**	**tCO_2e**
Building energy	*12,887*	tCO_2e
Waste	*2,582*	tCO_2e
Water	*173*	tCO_2e
Anaesthetic gases	*1,512*	tCO_2e
Inhalers	*74*	tCO_2e
Business travel and fleet	*1,438*	tCO_2e
Personal travel	**21,624**	**tCO_2e**
Staff commuting	*6,350*	tCO_2e
Patient travel	*11,915*	tCO_2e
Visitor travel	*3,360*	tCO_2e
Medicines, medical equipment and other supply chain	**54,687**	**tCO_2e**
Medicines and chemicals	*16,473*	tCO_2e
Medical equipment	*9,673*	tCO_2e
Non-medical equipment	*6,519*	tCO_2e
Other supply chain	*22,023*	tCO_2e
Commissioned health services outside NHS	**1,428**	**tCO_2e**
NHS Carbon Footprint Plus	**96,407**	**tCO_2e**

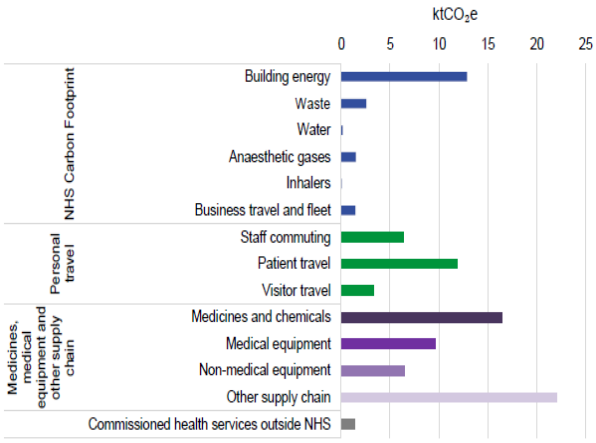
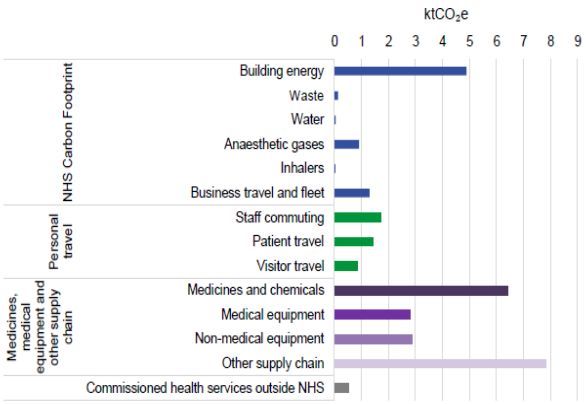


Figure 2. YDH NHS Foundation Trust carbon footprint for 2019/20

NHS Carbon Footprint	**7,328**	**tCO_2e**
Building energy	*4,889*	tCO_2e
Waste	*130*	tCO_2e
Water	*50*	tCO_2e
Anaesthetic gases	*918*	tCO_2e
Inhalers	*38*	tCO_2e
Business travel and fleet	*1,303*	tCO_2e
Personal travel	**4,003**	**tCO_2e**
Staff commuting	*1,724*	tCO_2e
Patient travel	*1,429*	tCO_2e
Visitor travel	*850*	tCO_2e
Medicines, medical equipment and other supply chain	**19,945**	**tCO_2e**
Medicines and chemicals	*6,431*	tCO_2e
Medical equipment	*2,811*	tCO_2e
Non-medical equipment	*2,889*	tCO_2e
Other supply chain	*7,813*	tCO_2e
Commissioned health services outside NHS	**525**	**tCO_2e**
NHS Carbon Footprint Plus	**31,801**	**tCO_2e**



The estimates have initially been provided for 2019/20 as this is the baseline year that NHSE have used to define the trajectories to net zero in the 'Delivering a Net Zero NHS' report.

Our interim targets are to achieve a 47% reduction in the NHS carbon footprint, that is the top number on each chart, by 2032 at the latest and a reduction of 73% in the NHS carbon footprint plus (the final number in the charts) by 2038 at the latest.

We must achieve net zero by 2040 for the NHS carbon footprint and 2045 for the NHS carbon footprint plus.

HUMAN RIGHTS

We recognise our responsibilities under the European Convention on Human Rights (included in the Human Rights Act 1998 in the UK), which are relevant to health and social care. These rights include the:

- right to life;
- right not to be subjected to torture, inhuman or degrading treatment or punishment;
- right to liberty; and
- right to respect for private and family life.

The Trust is committed to ensuring it fully takes into account all aspects of Human Rights in its work, following on from the *Human Rights in Healthcare: A Framework for Local Action* (Department of Health, March 2007). This will ensure the Trust continues to meet its duty to respect human rights in all that it does.

Information on the trust's work to tackle health inequalities, with reference to any relevant guidance from NHS England

During 2022/23 we have undertaken a detailed piece of work to look at access for people to elective surgery in the county. We know that our patients are waiting longer than we would like them to in many specialities, both to be seen and assessed and to have a surgical procedure. The standard approach to managing waiting lists is by clinical priority and then chronological order, but we are in a unique position in Somerset FT to be able to easily identify potentially more vulnerable patients who are more likely to deteriorate whilst waiting. We have developed a process to flag the most vulnerable so that their treatment can be expedited, and this approach has been welcomed and endorsed by our Clinical Leadership Team and Senior Managers across our acute and mental health services.

We looked at three factors:

- Patients with a known learning disability
- Patients with a current mental health referral
- Patients living in one of the two most socially deprived areas in the county

Why these 3 factors? - There is a good evidence that patients with these characteristics on average live shorter lives. This means they spend a disproportionately longer part of their life on our waiting list. As an integrated provider we can relatively easily/reliably flag these factors on our waiting lists.

We used the evidence around life expectancy as the key for the weighting of the scores, as this was a commonality for all three protected characteristics. Other factors, like patients with learning disabilities often requiring a carer to attend appointments with them (so being more difficult to arrange), were also considered.

In practice this means, for patients on the surgical waiting list, a new V (for vulnerable) code is being used to manage these patients so that Admissions can

easily identify patients that need to be expedited. Their target date for treatment is being adjusted to the next priority code up e.g., a P4 patient flagged as vulnerable is being managed as a V3 patient with a target date for treatment within 12 weeks of being added to the extended waiting list. Patients waiting for their first appointment are being treated as urgent rather than routine so that they are offered a sooner appointment.

In January, the number of patients flagged as vulnerable under the agreed criteria amounted to around 200 patients, representing just under 0.6% of the total RTT waiting list. Due to the very small number of patients being reprioritised compared with the total numbers on the waiting list, the impact on waiting times of those patients **not** being expedited will be minimal. But the impact on the re-prioritised patients will be significant.

Going Concern

The Trust has received approval from the Secretary of State for Health and Social Care for the merger with Yeovil District Hospital on 1 April 2023 and it is expected that the merged Trust will continue to provide the same level of services in the future.

The merged Trust has submitted detailed financial plans for the financial year to NHS England to the end of March 2024. Based on current assumptions, it is unlikely that the Trust will require additional cash support in the form of interim revenue loan support from the Department of Health and Social Care.

For these reasons, the Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the next 12 months.

Financial Instruments

It is Trust policy to avoid the use of financial instruments, when possible, thus minimising financial risk to the Trust. This means that the Trust's exposure to risks created by financial instruments is much lower than commercial organisations of the same size. The accounts state the Trust's accounting policies (note 1.12) and the nature and value of the risk that the Trust faces (note 30).

To the best of my knowledge, the information in this document is accurate.

Signed

PETER LEWIS **27 June 2023**
Chief Executive

FINANCIAL OVERVIEW AND REVIEW

Overview

2022/23 was another challenging year for our organisation. Our colleagues and services were under sustained pressure as demand for our services remained exceptionally high as we continued to recover from the pandemic.

In 2022/23 we delivered a breakeven position (before the impact of technical adjustments arising from the annual revaluation of its estate, see page 25; note 2 annual accounts (2021/22: £1.9million surplus). The Trust capital investment in infrastructure and equipment totalled over £47million in year (2021/22: £64million) and will help to ensure the Trust has the buildings, equipment, and IT to continue to deliver high quality safe services for its patients.

The Trust financial performance is also assessed by NHS England (NHSE) on an adjusted financial performance basis. The Trust achieved a breakeven position (2021/22: £1.8million) under this measure.

The delivery of the financial plan becomes increasingly more challenging as demand increases. The Trust will continue to face financial challenges in 2023/24 as the NHS focuses on restoring activity to pre-pandemic levels, improving efficiency and productivity all while delivering a challenging savings programme to achieve financial sustainability. In order to achieve this, the Trust will need to be more radical in its approach to the delivery of services, working closely with all the health and social care organisations in Somerset to ensure the services are delivered as efficiently as possible and transforming how services are provided to the population of Somerset.

Regulatory Ratings

The NHS Oversight framework, as part of the NHS provider licence requirements, enables NHS E to monitor five themes relating to providers' performance and to consider their support needs. These themes are:

- Quality of Care
- Finance and Use of Resources
- Operational Performance
- Strategic Change
- Leadership and improvement capability

The framework aims to identify a significant risk to the financial sustainability of a provider of key NHS services which may endanger the continuity of those services and/or poor governance. Under the theme 'Finance and Use of Resources', regional teams oversee and support providers in improving financial sustainability, efficiency and value for money. This includes a provider's compliance with current sector controls such as agency staffing, capital expenditure and financial control totals. Identifying providers' support needs under this theme may take into account:

- a monthly finance score, calculated by scoring providers on a scale of 1 (best) to 4 against the following five metrics, and averaging these scores to derive an overall figure:
    - capital service capacity
    - liquidity
    - income and expenditure margin
    - distance from financial plan
    - agency spend
- a use of resources assessment
- other relevant information on financial performance, operational productivity and whether a provider is making optimal use of its resources

Based on the extent to which a provider is triggering a concern under one, or more, of the five themes, providers are placed into one of four segments:

1. Maximum autonomy
2. Targeted support
3. Mandated support
4. Special measures

In 2020/21, Somerset NHS Foundation Trust was in segment 2.

Internal Audit

The Trust engaged BDO to provide an internal audit function during 2022/23 in order to review, evaluate and help to continually improve the effectiveness of our risk management and internal control processes.

External Audit

The financial statements were reviewed by the Trust's external auditors, KPMG, who issued an unqualified opinion, and the statements were approved by the Board of Directors on 7 June 2023.

Statutory audit costs for 2022/23 were £166,314 with no audit-related assurance services. (2021/22: £142,800 for statutory audit). The costs include unrecoverable vat.

Income Disclosure

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2022) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. In 2022/23 the Trust has not received any income for goods and services not related to the health service and there are no plans to do so within the next 12 months.

Directors' Responsibilities Statement

For each individual who is a director at the time this annual report was approved, so far as the directors are aware, there is no relevant audit information of which the auditors are unaware and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Political Donations

Somerset NHS Foundation Trust has not made any political or charitable donations in 2022/23.

Better Payments Practice Code

The Better Payments Practice Code requires the Trust to aim to pay all undisputed invoices by the due date, or within 30 days of receipt of goods or receipt of invoice, or from the invoice date, whichever is the later. The results against this target for the financial year 2022/23 are shown below.

	Number	£000
Total non-NHS trade invoices paid in period	138,894	367,988
Total non-NHS trade invoices paid within target	127,237	342,096
Percentage of non-NHS trade invoice paid within target	91.6%	93.0%
Total NHS trade invoices paid in period	2,125	47,529
Total NHS trade invoices paid within target	1,929	44,306
Percentage of NHS trade invoices paid within target	90.8%	93.2%

There were no amounts paid or payable under The Late Payment of Commercial Debts (Interest) Act 1998.

Financial Statements and Accounting Policies

The complete set of financial accounts is provided in full within this report. They have been prepared in accordance with International Financial Reporting Standards (IFRS), completed in accordance with directions given by NHS England, and are designed to show a true and fair view of the Trust's financial activities. The accounting policies used comply with the NHS Foundation Trust Annual Reporting Manual and form the basis on which the financial statements have been compiled.

Signed

PETER LEWIS **27 June 2023**
Chief Executive

REMUNERATION AND STAFF REPORT

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.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board comprises the non-executive directors and determines the level of remuneration, terms of service for the Chief Executive and other executive directors. It supports the work of the Chairman in assessing the size, structure and skill requirements of the Board. The remuneration element of the Committee is chaired by the Senior Independent Director, Kate Fallon, and the nomination element of the Committee is chaired by the Trust’s Chairman, Colin Drummond.

The Committee met once in the financial year 2022/23 and attendance is set out in the accountability report.

The Remuneration Committee’s meeting held on 7 February 2023 covered the salary review for the new Chief Operating Officer.

There was no requirement for the Director of People and Organisational Development to attend this meeting to provide further advice.

Statement of Policy on the Remuneration of Senior Managers for Current and Future Years

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.

Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the NHS Foundation Trust successfully, but an NHS Foundation Trust should avoid paying more than is necessary for this purpose.

The Trust will set executive remuneration taking account of data on pay available elsewhere for each particular role within the benchmark data. The benchmark data will be reviewed annually and will be based on the Hay scores. The principal benchmark will be the national public sector and the foundation trusts with an annual turnover of £125-£150 million will be used as a secondary benchmark. Additional factors, as defined by the Nomination and Remuneration Committee, will also be taken into account.

The remuneration package for non-executive directors is made up of:

Salary	£14,000 per annum for all non-executive directors
Salary	£50,500 per annum for the non-executive chairman
Salary	£3,000 per annum for the additional roles of Senior Independent Director, Deputy Chairman and Chairman of the Audit Committee.

Remuneration packages and any changes made to it for Executive Directors

Element	Rationale
Salary	The Board approved the Trust Strategy. These are delivered by the Directors. This success measure is one of the ways in which the Directors performance is monitored. All executive director remuneration is subject to satisfactory performance of duties in line with their employment and monitored through regular 1:1 with the Chief Executive and annual appraisal. The Chief Executive performance review is led by the Trust Chairman. There is no performance related pay and Directors receive 100% of their salary subject to the relevant deductions. Salary is benchmarked and there are no automatic rises for executive directors.
Taxable Benefits	Any taxable benefit is agreed by the Nomination and Remuneration Committee. This forms part of the recruitment and retention of executive directors by ensuring that the Trust remains competitive. There is no maximum amount payable.
Bonus	No bonus scheme operates at the Trust therefore the maximum that could be paid is £0.
Pension	Standard pension arrangements are in place for 2022/23.

The Chairman of the Nomination and Remuneration Committee confirms that for the 2022/23 financial year a change had been made to the new Chief Operating Officer's remuneration but no changes had been made to other Executive Directors' remuneration. The change to remuneration was as a result of the combination of two Chief Operating Officer's posts into a single post following the departure of one of the Chief Operating Officers. No new components of the remuneration package were introduced in 2022/23.

In some cases, an additional responsibility payment may be paid where individual senior managers are required to take on significant responsibilities outside of their core role for an extended period. The allowance should be linked to the proportion of time spent on the additional responsibilities and would not normally exceed 10% of basic salary. Executive members of the Board are employed on contracts with no fixed or specified term, save for the Chief Medical Officer, who is subject to a three year fixed term in respect of his executive role. Notice periods for executive members of the Board are set at six months. No provision is made for additional termination payments.

Expenditure on consultancy

A total of £298,000 was spent on consultancy in 2022/23 (2021/22: £374,000).

Off payroll arrangements

There were no off-payroll engagements of board members and/or senior officials with significant financial responsibility.

The Trust policy is not to use such off-payroll engagements unless in exceptional circumstances, and then for the minimum time demanded by such circumstances.

Payments for Loss of Office

The Nomination and Remuneration Committee is the body charged with determining payments for loss of office. There is no policy for such payments. Instead, the Committee makes individual decisions on the rare occasions where such payments may be warranted. These decisions relate to both the award of a loss of office payment and on the value of any such payment. The Committee is free to exercise its discretion, and bases its decisions on the circumstances of the loss of office, the performance of the office-holder, and any other factors deemed relevant.

Statement on remuneration levels higher than the British Prime Minister

Following guidance from the Secretary of State the Trust is required to disclose the steps it has taken to satisfy itself that the remuneration is reasonable in cases where senior managers are paid more than £150,000 p.a. There are 2 senior managers currently employed by the Trust who were paid more than £150,000 p.a. (the Chief Executive and the Chief Medical Officer) (2020/21 = 2). The salaries for these posts have been benchmarked and are commensurate with national, regional and local comparator roles within the NHS, reflecting the very high levels of responsibility associated with the posts.

Employment Conditions of Other Employees

The Trust applies national pay rates, terms and conditions for other staff, both medical and non-medical and has not implemented any local conditions reflecting market forces or other factors.

All other employees' remuneration is based on the national terms and conditions appropriate to their contract of employment. While the Trust does not consult with staff on remuneration for directors, it is always mindful of the remuneration of staff when making decisions. When reviewing salary, the Nomination and Remuneration Committee considers what is happening to staff pay across the sector, the comparison to the median ratio of the workforce and ensuring that the Committee continues to be financially prudent. NHS Providers produce an annual remuneration survey for benchmarking.

The future focus of activity for people services will relate to the Wellbeing Strategy (continuing to deliver a range of resilience, stress management and health promotion initiatives placing the emphasis on prevention) alongside the creation of a new people services strategy, supporting the merger and working towards the delivery of the NHS People Promise.

Council of Governors remuneration

As Somerset NHS FT is a foundation trust, the Council of Governors is required to approve the remuneration and terms of service of the Chair and Non-Executive Directors. The Council of Governors has established a Remuneration and Nominations Committee in accordance with the Trust's constitution.

There was no remuneration paid to governors. During 2022/23 a total of £244.70 (no travel expenses were claimed by governors in 2021/22) of travel expenses were reimbursed to three governors. Details of the governors are shown on page 107.

Contracts of Employment

The Trust continues to review and updated our standard contracts of employment, in conjunction with partner organisations, to ensure a consistent approach in line with current national terms and conditions and best practice on contracts.

Executive Directors allowed to work elsewhere as a Non-Executive

In the case of executive directors serving as a non-executive, earnings will not be retained by the relevant director. The board does not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.

Pensions and retirement benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.5 to the accounts and details of senior employees' remuneration can be found on page 65 of this report.

Salaries and Pensions Entitlements of Senior Managers

The following sections provide details of the remuneration, pensions of the Directors for the period ended 31 March 2023, median pay, staff costs and WTE and reporting of compensation schemes have been audited.

Total remuneration 2022/23	Note	Salary	Taxable benefits *	Pension related benefits **	Total Remuneration	Recharges Salary	Recharges Taxable Benefits *	Recharges Pension	Remuneration Net of recharges ***
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**		**£000**	**£000**
Peter Lewis, Chief Executive		220 – 225	400	0	220 – 225	(65 – 70)	(300)	0	155 – 160
Matthew Bryant, Chief Operating Officer (Hospital Services)	1	125 – 130	0	10 – 12.5	140 – 145	(35 – 40)	0	(2.5 – 5)	95 – 100
Andy Heron, Deputy Chief Executive & Chief Operating Officer	2	140 – 145	300	37.5 – 40	175 – 180	(40 – 45)	(100)	(10 – 12.5)	125 – 130
Phil Brice, Director of Corporate Services		120 – 125	200	62.5 – 65	180 – 185	(35 – 40)	(100)	(17.5 – 20)	125 – 130
Pippa Moger, Chief Finance Officer		140 – 145	500	80 – 82.5	220 – 225	(40 – 45)	(200)	(22.5 – 25)	155 – 160
Hayley Peters, Chief Nurse		125 – 130	400	52.5 – 55	180 – 185	(35 – 40)	(100)	(15 – 17.5)	125 – 130
David Shannon, Director of Strategy and Digital Development		130 – 135	500	47.5 – 50	180 – 185	(40 – 45)	(200)	(12.5 – 15)	125 – 130
Isobel Clements, Chief of People and Organisational Development		130 – 135	600	70 – 72.5	200 – 205	(35 – 40)	(200)	(20 – 22.5)	140 – 145

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Total remuneration 2022/23 (continued)	Note	Salary	Taxable benefits *	Pension related benefits **	Total Remuneration	Recharges Salary	Recharges Taxable Benefits *	Recharges pension related benefits	Remuneration Net of recharges ***
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**		**£000**	**£000**
Daniel Meron, Chief Medical Officer		210 – 215	0	67.5 – 70	280 – 285	(60 – 65)	0	(20 – 22.5)	195 – 200
Shelagh Meldrum Chief Officer-Collaboration and Partnerships	3	n/a	n/a	n/a	n/a	5 – 10	0	n/a	5 – 10
Colin Drummond, Chairman		50 – 55	0	n/a	50 – 55	n/a	0	n/a	50 – 55
Barbara Gregory, Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	0	n/a	15 – 20
Kate Fallon, Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	0	n/a	15 – 20
Stephen Harrison, Non-Executive Director		10 – 15	0	n/a	10 – 15	n/a	0	n/a	10 – 15
Jan Hull, Non-Executive Director		20 – 25	0	n/a	20 – 25	(5 – 10)	0	n/a	10 – 15
Alexander Priest, Non-Executive Director	4	5 – 10	0	n/a	5 – 10	(2.5 – 5)	0	n/a	5 – 10
Sube Banerjee Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	0	n/a	15 – 20
Martyn Scrivens		n/a	n/a	n/a	n/a	10 – 15	0	0	10 – 15

Notes

1. To 6 March 2023.
2. Deputy chief executive & Chief operating officer (Mental health & community services) to 26 Feb 2023.
   Deputy chief executive & chief operating officer from 27 Feb 2023.
3. To 7 June 2022.

4. Joint Non-Executive Director from 10 June 2022.

*Taxable benefits are costs associated with travel expenses allowances that are subject to income tax.

**The value of pension related benefits is determined in accordance with the HMRC method, which incorporates pensions payable for a 20-year period.

*** During 2021/22, the Trust developed a closer working relationship with Yeovil District Hospital NHS Foundation Trust. As a result, a single Executive/Management Team was formed. The table of Salary and Pension entitlements of senior managers for 2021/22 includes the full entitlements paid to senior managers during the year. This is not the amount chargeable to the Trust. Recharges between the two organisations are shown separately in the table.

The equivalent disclosures for 2021/22 were as follows:

Total remuneration 2021/22	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges Taxable Benefits ***	**Recharges Pension**	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**		**£000**	**£000**
Peter Lewis, Chief Executive	1	205 – 210	100	50 – 52.5	255 – 260	(30 – 35)	0	(15 – 17.5)	205 – 210
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)	2	140 – 145	0	120 – 122.5	260 – 265	(40 – 45)	0	(35 – 37.5)	180 – 185
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)	3	130 – 135	0	32.5 – 35	165 – 170	(5 – 10)	0	(7.5 – 10)	145 – 150
Phil Brice, Director of Governance and Corporate Development	3	110 – 115	0	20 – 22.5	130 – 135	(5 – 10)	0	(7.5 – 10)	115 – 120
Pippa Moger, Director of Finance	3	130 – 135	0	0	130 – 135	(5 – 10)	0	0	120 – 125
Hayley Peters, Chief Nurse	3	120 – 125	100	0	120 – 125	(5 – 10)	100	0	115 - 120
David Shannon, Director of Strategic Development & Improvement	3	130 – 135	100	30 – 32.5	160 – 165	(5 – 10)	100	(7.5 – 10)	140 – 145
Isobel Clements, Director of People and Organisational Development	3	125 – 130	100	40 – 42.5	165 – 170	(5 – 10)	100	(10 – 12.5)	145 – 150

Total remuneration 2021/22 (continued)	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges Taxable Benefits ***	**Recharges pension related benefits**	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**		**£000**	**£000**
Daniel Meron, Chief Medical Care Officer	3	200 – 205	0	77.5 – 80	280 – 285	(10 – 15)	0	(22.5 – 25)	240 – 245
Shelagh Meldrum Chief Officer-Collaboration and Partnerships	4	0	0	0	0	20 – 25	0	n/a	20 – 25
Colin Drummond, Chairman		50 – 55	100	n/a	50 – 55	n/a	n/a	n/a	50 – 55
David Allen, Non-Executive Director	5	0 – 5	0	n/a	0 – 5	n/a	n/a	n/a	0 – 5
Barbara Clift, Non-Executive Director	6	0 – 5	0	n/a	0 – 5	n/a	n/a	n/a	0 – 5
Jan Hull, Non-Executive Director	7	15 – 20	100	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Barbara Gregory, Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Kate Fallon, Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Stephen Harrison, Non-Executive Director		10 – 15	0	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Alexander Priest, Non-Executive Director		0 – 5	0	n/a	0 – 5	n/a	n/a	n/a	0 – 5
Sube Banerjee Non-Executive Director	8	10 – 15	0	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Martyn Scrivens	9	0	0	0	0	0	n/a	0	0

Notes

1. Commenced joint role 18 September 2021.
2. Commenced joint role 1 January 2021.
3. Commenced joint role 10 January 2022.
4. Not a member of the NHS Pension Scheme
5. To 7 July 2021.
6. To 1 November 2021.
7. Joint Non-Executive Director – no recharge between SFT and YDH as remuneration is the same
8. From 1 May 2021 as Associate Non-Executive Director and from 7 July 2021 as Non-Executive Director
9. Joint Non-Executive Director from 1 October 2021- no recharge between SFT and YDH as remuneration is the same

*Taxable benefits are costs associated with travel expenses allowances that are subject to income tax.

**The value of pension related benefits is determined in accordance with the HMRC method, which incorporates pensions payable for a 20-year period.

*** During 2021/22, the Trust developed a closer working relationship with Yeovil District Hospital NHS Foundation Trust. As a result, a single Executive/Management Team was formed. The table of Salary and Pension entitlements of senior managers for 2021/22 includes the full entitlements paid to senior managers during the year. This is not the amount chargeable to the Trust. Recharges between the two organisations are shown separately in the table.

Pension Benefits	Note	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2023	Lump sum at pension 60 related to accrued pension at 31 March 2023	Cash equivalent transfer value at 31 March 2023	Cash equivalent transfer value at 1 April 2022	Real increase in cash equivalent transfer value	Employer's contribution to stakeholder pension
Name and Title		**(Bands of £2,500) £000**	**(Bands of £2,500) £000**	**(Bands of £5,000) £000**	**(Bands of £5,000) £000**	**£000**	**£000**	**£000**	**£000**
Peter Lewis, Chief Executive	1&2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Andy Heron, Deputy Chief Executive & Chief Operating Officer	1	2.5 - 5	0	45 – 50	65 – 70	894	807	43	n/a
Matthew Bryant, Chief Operating Officer (Hospital Services)	1	0 – 2.5	0	50 – 55	95 – 100	875	819	12	n/a
Phil Brice, Director of Corporate Services	1	2.5 – 5	2.5 – 5	35 – 40	70 – 75	777	671	68	n/a
Pippa Moger, Chief Finance Officer	1	2.5 – 5	5 – 7.5	50 – 55	90 – 95	870	755	72	n/a
Hayley Peters, Chief Nurse	1	2.5 – 5	0 – 2.5	50 – 55	95 – 100	894	803	49	n/a
David Shannon, Director of Strategy and Digital development	1	2.5 – 5	0 – 2.5	45 – 50	80 – 85	740	662	39	n/a
Isobel Clements, Chief of People and Organisational Development	1	2.5 – 5	2.5 – 5	55 – 60	120 – 125	1085	966	70	n/a
Daniel Meron Chief Medical Officer	1	2.5 – 5	0 – 2.5	65 – 70	145 – 150	1467	1315	82	n/a

Notes

1 Posts are shared between Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust. Full pension figures attributed to the employee have been disclosed in the table above rather than the amount chargeable to the Trust.

2 Chose not to be covered by the pension arrangements during 2022/23.

Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

As Non-Executive Directors do not receive pensionable remuneration there are no entries in respect of pensions for Non-Executive Directors.

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.

Median pay

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 in the financial year 2022-23 was £155-160k (2021-22, £170-175k). Gross of recharges to Yeovil District Hospital is £220-225k (2021-22, £205-210k) which is a 7% change between years (2021-22, 3%).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, pay award and HCA re-banding 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 2022-23 was from £78 to £426,517 (2021-22, £3 to £241,981). 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 10.1% (2021-22, 1.1%).

292 employees received remuneration in excess of the highest-paid director (net of recharges) in 2022-23 (2021;22, 114 employees). Gross of recharges to Yeovil District Hospital NHS Foundation Trust, 77 employees received remuneration in excess of the highest paid director (2021-22, 65 employees).

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	£24,891 (2021/22: £20,330)	£31,114 (2021/22: £27,780)	£43,842 (2021/22; £39,027)
Total pay and benefits excluding pension benefits	£27,344	£36,509 (2021/22: £32,396)	£48,893
Pay and benefits excluding pension; pay ratio for highest paid director	6:1	4:1 (2021/22: 5:1)	3:1

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The

benefits valued are the member's accrued 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 accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which 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 accrued 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 in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff costs

	Permanent	Other	2022/23 Total	2021/22 Total
	£000	**£000**	**£000**	**£000**
Salaries and wages	**356,567**	**1,889**	**358,466**	316,632
Social security costs	**38,026**	**0**	**38,026**	30,697
Apprenticeship levy	**1,795**	**0**	**1,795**	1,640
Employer's contributions to NHS Pensions	**44,216**	**0**	**44,216**	41,101
Additional contribution 6.3%, paid by NHSE	**19,235**	**0**	**19,235**	17,725
Temporary staff (including agency)	**0**	**51,847**	**51,847**	42,687
Total staff costs	**459,839**	**53,736**	**513,585**	450,482
Costs capitalised as part of assets	**(3,955)**	**0**	**(3,955)**	(2,715)

Average number of employees (WTE basis)

	Permanent Number	Other Number	2022/23 Total Number	2021/22 Total Number
Medical and dental	776	53	**829**	**792**
Ambulance Staff	4	0	**4**	**4**
Administration and estates	2,277	104	**2,381**	**2,315**
Healthcare assistants & other support staff	1,830	219	**2,049**	**2,009**
Nursing, midwifery and health visiting staff	3,333	290	**3,623**	**3,377**
Scientific, therapeutic and technical staff	469	6	**475**	**431**
Healthcare science staff	74	8	**82**	**79**
Other	1	13	**14**	**19**
Total of which	**8,764**	**693**	**9,457**	**9,027**

	Permanent Number	Other Number	2022/23 Total Number	2021/22 Total Number
Number of employees (WTE) engaged on capital projects	**67**	**0**	**67**	**48**

Retirements due to ill-health

During 2022/23 there were 13 early retirements from the Trust agreed on the grounds of ill-health (2021/22: 4 early retirements). The estimated pension liabilities of this ill-health retirement was £496,879 (2021/22: £230,080).

The additional pension costs for individuals who retired early on ill-health grounds will be borne by the NHS Business Services Authority- Pensions Division.

Directors' remuneration and other benefits

		31 March 2023 *	31 March 2022
		£000	£000
Salary		**961**	1,185
Employer's National Insurance contributions		**134**	154
Employer pension contributions		**114**	156
		1,209	1,495
Number of executive directors to whom pension benefits are accruing		**9**	9

Benefits are accruing under the NHS defined benefit pension scheme to 9 of the directors; (2021/22: 9). No benefits are accruing under any money purchase schemes.

*This includes the Director's recharge to/from Yeovil District Hospital where the Trust developed a closer working relationship during 2021/22; as a result, a single Executive/Management Team was formed. The recharge took effect part way through 2021-22 whereas it is in effect for the full year during 2022-23

Reporting of compensation schemes - exit packages 2022/23

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
< £10,000	**1**	**3**	**4**
£10,001 - £25,000	**1**	**4**	**5**
£25,001 - £50,000	**1**	**2**	**3**
£50,001 - £100,000	**1**	**1**	**2**
£150,001 - £200,000	**2**	**0**	**2**
Total resource cost (£)	**£433,293**	**£220,276**	**£653,569**
< £10,000	**1**	**3**	**4**

Reporting of compensation schemes - exit packages 2021/22

Exit package cost band (including any special payment element)	Number of other departures agreed	Total number of exit packages
£10,001 - £25,000	**1**	**1**
£25,001 - £50,000	**0**	**0**
£50,001 - £100,000	**1**	**1**
	2	**2**
Total resource cost (£)	**86,427**	**86,427**

The exit packages within the scope of this disclosure include, but are not limited to, those made under nationally-agreed arrangements or local arrangements for which Treasury approval was required.

Signed

PETER LEWIS **27 June 2023**
Chief Executive

Trade Union Facility Time Disclosure

Union	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Outside working hours	TOTAL PAID HRS	Hourly rate with on-costs	Average Union Hours Per Week	Cost Per Week	Total Cost Per Year	FTE	Contracted Hours	% of Employers Cost	Percentage of time spent on facility timein bands of a) 0%, b) 1-50%, c) 51-99% and d) 100%	Unpaid time for Trade Union activities	Time spent on trade union activities as a % of total paid facility time
RCN	5	5	5	5	5	10	5	15	15	15	2	1		88	£28.30	1.69	£ 47.89	£ 2,490.03	0.60	22.50	8%	B	0	0.00%
BDA	3	3	3	3	3	3	3	3	3	3	3	3		36	£28.30	0.69	£ 19.59	£ 1,018.65	0.80	30.00	2%	B	0	0.00%
BDA	4	4	6	8	6	4	4	4	4	6	6	8		64	£28.30	1.23	£ 34.83	£ 1,810.93	0.80	30.00	4%	B	0	0.00%
CSP														0	£21.78	-	£ -	£ -	1.00	37.50	0%	B	0	#DIV/0!
RCN	65	65	65	65	65	65	65	65	65	65	65	65		780	£26.17	15.00	£ 392.49	£ 20,409.27	1.00	37.50	40%	B	0	0.00%
RCN												33		33	£29.42	0.63	£ 18.67	£ 971.02	0.77	28.88	2%	A	0	0.00%
RCN														0	£30.27	-	£ -	£ -	1.00	37.50	0%	B	0	#DIV/0!
UNITE	65	65	65	60	65	60	65	60	60	35	60	60	75	720	£50.14	13.85	£ 694.29	£ 36,102.87	1.00	37.50	37%	B	75	10.42%
UNITE	10	10	10	10	0	0	0	0	0	0	0	0	30	40	£53.07	0.77	£ 40.82	£ 2,122.68	1.00	37.50	2%	B	30	75.00%
RCN	12	12	47	12	12	12	12	12	12	12	12	12		179	£24.96	3.44	£ 85.92	£ 4,467.74	1.00	37.50	9%	B	0	0.00%
UNITE	16	12	16	12	8	16	16	16	8	16	8	12	60	156	£21.10	3.00	£ 63.30	£ 3,291.50	1.00	37.50	8%	B	60	38.46%
UNTIE	4	4	4	4	4	4	4	4	4	4	4	4		48	£18.61	0.92	£ 17.18	£ 893.50	0.80	30.00	3%	B	0	0.00%
UNTIE	8	8	8	8	8	8	8	8	8	8	8	8		96	£18.61	1.85	£ 34.37	£ 1,786.99	0.80	30.00	6%	B	0	0.00%
RCN														0	£26.23	-	£ -	£ -	1.00	37.50	0%	B	0	#DIV/0!
CSP	0	4	4	4	4	4	4	4	4	4	4	4		44	£22.85	0.85	£ 19.33	£ 1,005.20	1.00	37.50	2%	B	0	0.00%
BDA	3	3	3	3	3	3	3	3	3	3	3	3		36	£30.85	0.69	£ 21.36	£ 1,110.77	1.00	37.50	2%	B	0	0.00%
Unison	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77		333.24	£24.96	6.41	£ 159.95	£ 8,317.48	1.00	37.50	17%	B	0	0.00%
Unison	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77		333.24	£24.96	6.41	£ 159.95	£ 8,317.48	0.61	23.00	28%	B	0	0.00%
GMB														0	£29.42	-	£ -	£ -	1.00	37.50	0%	A	0	#DIV/0!
UNITE	12	12	10	10	15	12	10	12	12	8	12	15	105	140	£26.87	2.69	£ 72.35	£ 3,762.45	1.00	37.50	7%	B	105	0.00%
UNITE	12	12	12	12	12	12	16	16	12	8	12	12		148	£14.64	2.85	£ 41.67	£ 2,166.87	0.80	30.00	9%	A	0	0.00%
RCN	15	15	15	15	13	13	15	15	15	15	15	15		176	£14.64	3.38	£ 49.55	£ 2,576.81	1.00	37.50	9%	B	0	0.00%
RCN					11	15	15	15	15	15	10	0		96	£26.17	1.85	£ 48.31	£ 2,511.91	0.80	30.00	6%	B	0	0.00%
Unison	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77		333.24	£20.05	6.41	£ 128.47	£ 6,680.64	1.00	37.50	17%	B	0	0.00%
GMB	4	4	4	4	4	4	4	4	4	4	4	4		48	£12.72	0.92	£ 11.74	£ 610.41	0.43	16.00	6%	B	0	0.00%
BMA	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25	18.25		208	£50.81	4.00	£ 203.24	£ 10,568.48	0.43	16.00	25%	B	0	0.00%
RCM	114.08	114.08	114.08	114.08	114.08	114.08	114.08	114.08	114.08	114.08	114.08	114.08	114.08	1368.96	£12.72	26.33	£ 334.78	£ 17,408.76	0.43	16.00	165%	B	114.08	8.33%
Unison	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77	27.77		333.24	£13.65	6.41	£ 87.49	£ 4,549.24	0.80	30.00	21%	B	0	0.00%
RCN														0	£12.70	-	£ -	£ -	1.00	37.50	0%	B	0	#DIV/0!
RCN			35									33		68	£18.61	1.31	£ 24.34	£ 1,265.79	1.00	37.50	3%	B	0	0.00%
RCN			35									33		68	£22.85	1.31	£ 29.87	£ 1,553.50	1.00	37.50	3%	B	0	0.00%
CSP	6	6	6	10	6	6	10	10	6	6	6	6		84	£29.42	1.62	£ 47.53	£ 2,471.69	1.00	37.50	4%	B	0	0.00%
RCN paid time			35		1	0	1	1	10.5	45	39	38.5		171	£22.85	3.29	£ 75.13	£ 3,906.59	1.00	37.50	9%	B	0	0.00%
Society of Radiographers														0	£26.87	-	£ -	£ -	1.00	37.50	0%	B	0	#DIV/0!
												Trust Wide Totals		**6228.92**		**119.79**	**£ 2,964.41**	**£ 154,149.26**		**1,119.88**	**11%**	**B**	384.08	6.17%

Total Pay Bill		**£ 491,188,000**

% of the total pay bill spent on facility time	**0.03%**

TRUST WORKFORCE REPORT

The Trust has a workforce of 12,322 employees working in a range of inpatient, outpatient, community and mental health team settings across a wide range of geographical locations. The information provided is drawn from the national ESR, (NHS Electronic Staff Record) system and provided in a way that will be recognisable to all, using national guidelines for Staff Group and using our known Trust Workforce Directorate naming convention.

Colleagues in post at 31 March 2023

Type	Headcount	FTE (Full Time Equivalent)
Contracted Employees	10,267	8,863
Bank/Zero Hours Employees	2,055	0
Grand Total	**12,322**	**8,863**

We also host Trainee clinical Psychologists. These figures do not count towards our profiles such as sickness and turnover figures.

Trainee Clinical Psychologist	Headcount	FTE
	304	303

Workforce Information by Directorate

Directorate	Headcount	FTE
Clinical Support & Specialist	1103	965.94
Corporate Support Services	3182	1229.89
Families Care Directorate	1115	884.54
Integrated and Urgent Care	1417	1268.50
Mental Health and Learning Disabilities (LD)	1243	1110.50
Operational Management	387	200.52
Primary Care & Neighbourhoods	1913	1545.13
Surgical Care	1962	1718.32
Grand Total	**12,322**	**8,923.328**

Contracted and Bank/Zero Hours by Directorate

Directorate	Headcount		FTE	
	Bank/ Zero Hours	Contracted	Bank/ Zero Hours	Contracted
Clinical Support & Specialist	4	1099	0.00	965.94
Corporate Support Services	1832	1350	0.00	1229.89

Directorate	Headcount		FTE	
	Bank/ Zero Hours	Contracted	Bank/ Zero Hours	Contracted
Families Care Directorate	31	1084	0.00	884.54
Integrated and Urgent Care	14	1403	0.00	1268.50
Mental Health and LD	5	1238	0.00	1110.50
Operational Management	141	246	0.00	200.52
Primary Care & Neighbourhoods	6	1907	0.00	1545.13
Surgical Care	22	1940	0.00	1718.32
Grand Total	**2055**	**10267**	**0.00**	**8923.33**

Workforce Information by Staff Group

Staff Group	Headcount	FTE
Add Prof Scientific and Technic	609	501.72
Additional Clinical Services	3200	2022.52
Administrative and Clerical	2297	1765.11
Allied Health Professionals	905	709.78
Estates and Ancillary	872	622.06
Healthcare Scientists	91	79.94
Medical and Dental	1139	748.71
Nursing and Midwifery Registered	3209	2473.50
Grand Total	**12,322**	**8,923.33**

Contracted and Bank/Zero Hours by Staff Group

Staff Group	Headcount		FTE	
	Bank/ Zero Hours	Contracted	Bank/ Zero Hours	Contracted
Add Prof Scientific and Technic	46	563	0.00	501.72
Additional Clinical Services	847	2353	0.00	2022.52
Administrative and Clerical	244	2053	0.00	1765.11
Allied Health Professionals	75	830	0.00	709.78
Estates and Ancillary	130	742	0.00	622.06
Healthcare Scientists	4	87	0.00	79.94
Medical and Dental	303	836	0.00	748.71
Nursing & Midwifery Registered	406	2803	0.00	2473.50
Grand Total	**2055**	**10267**	**0.00**	**8923.33**

Staff Group by Gender

Staff Group	Headcount		FTE	
	Female	Male	Female	Male
Add Prof Scientific and Technic	471	138	383.82	117.90
Additional Clinical Services	2674	526	1674.46	348.06
Administrative and Clerical	1908	389	1430.08	335.03

Staff Group	Headcount		FTE	
	Female	Male	Female	Male
Allied Health Professionals	730	175	556.26	153.52
Estates and Ancillary	468	404	314.48	307.58
Healthcare Scientists	63	28	54.63	25.31
Medical and Dental	581	558	391.79	356.92
Nursing and Midwifery Registered	2893	316	2195.32	278.17
Grand Total	**9788**	**2534**	**7000.84**	**1922.49**

Analysis of gender breakdown (based on headcount) – non-audited information Directors

	Female	Male
Executive	6	3
Non-executive	4	3
Total	10	6

Other senior managers (all employees (excluding directors) at band 8 and above)

	Female	Male
Medical consultants & GPs	194	259
Senior managers (all band 8+ staff)	385	155

Other employees

	Female	Male
Medical (training and career grade)	381	283
All other staff	8825	1832

Gender pay gap

We welcome the requirement for UK organisations to report their gender pay gap. This is a good opportunity to understand and address the root causes of gender inequality in our society, and we are looking at how we can best do this in the local NHS.

The Trust's gender pay gap report for 2020/21 shows statutory information but also an analysis of the difference between different roles, (medical in comparison to non-medical roles), and provides further commentary in addition to the statutory requirements.

The 2022/23 Gender Pay gap reports are not legally required until April 2024, however, we have very recently brought the internal deadline forwards to be in line with the latest year; meaning by May this year we will have completed two submissions in close succession to achieve this.
Below is the link to our Gender Pay Gap information - as is available online.

In line with national guidance, the data for 2020/21 is published on the Trust's website at:

Somerset Foundation Trust: Gender-Pay-Gap-Report_2020-21.pdf (somersetft.nhs.uk)

This information can also be found on the Cabinet Office website: Gender pay gap for Somerset NHS Foundation Trust - GOV.UK - GOV.UK (gender-pay-gap.service.gov.uk)

Staff Sickness Absence

Ave FTE	Adjusted days lost	FTE Days avail	FTE Days lost to sickness	Ave Sick days per FTE
8716	108877	3181251	176622	12.49

Data items: ESR does not hold details of the planned working/non-working days for employees, so days lost and days available are reported based upon a 365-day year. For the Annual Report and Accounts the following figures are used:

- The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.

- The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.

- The average number of sick days per FTE has been estimated by dividing the adjusted FTE days lost by Average FTE.

Sickness is shown as total actual days lost to sickness eg. Medical suspension would not be included as sickness. The Trust experienced monthly levels of sickness during 2022/23 ranging from 4.8% (March 2023) to a high of 6.6% (July 2022).

Staff Turnover as at 31 March 2023

Turnover excludes all Training grade/Junior Doctors and students in a transient role. This is done as these members of staff will leave as part of their role and therefore not a true leaver in a turnover sense.

Directorate	March 2023
Clinical Support and Specialist	14.1%

Directorate	March 2023
Corporate Support Services	12.5%
Families Care Directorate	9.7%
Integrated and Urgent Care	9.8%
Mental Health and Learning Disabilities	10.9%
Operational Management	12.1%
Primary Care & Neighbourhoods	11.0%
Surgical Care	8.8%
Grand Total	**10.8%**

Employees with disabilities

The Trust is committed to supporting colleagues with a disability or underlying health condition as part of the approach to create a just and fair culture.

The Workforce Disability Equality Standard (WDES) is a set of specific measures designed to enable NHS organisations to compare the experiences of disabled and non-disabled colleagues. This information can then be used to develop a local action plan and enable demonstration of progress against the indicators of disability equality. The WDES report is updated and published each year on the Trust website here - WDES-Annual-Report-2022_Final.pdf (somersetft.nhs.uk)

The data shows the workforce representation as a whole and the board representation against this alongside the experience of colleagues with a disability. This report outlines progress made to date, areas for improvement, and an action plan for the next 12 months.
The Trust is committed to having a representative workforce and takes appropriate steps to support the attendance of colleagues with a disability, making reasonable adjustments as necessary to help colleagues with a disability remain in work.

The Trust continues to demonstrate its commitment to respond to the needs of employees with disabilities. We continue to offer job applicants who declare a disability (and meet the person specification for a post) an interview.

Information on diversity and inclusion policies, initiatives and longer-term ambitions

Early in 2022, the Inclusion Team was formed to support Yeovil District Hospital (YDH) and Somerset NHS Foundation Trust (SFT) ahead of our planned merger. SFT and YDH have both made progress towards equality, diversity, and inclusion. Both organisations have an inclusion strategy and have made commitments under annual reporting including the Workforce Race Equality Standard, Workforce Disability Equality Standard, gender pay gap reporting, and the Equality Delivery System (all reports available here).

SFT holds a Disability Confident Committed accreditation, we are committed to the Armed Forces Covenant, and in 2022 received a Gold award under the Defence Employer Recognition Scheme.

As part of these accreditations, the Trust has committed to offering a guaranteed interview to applicants with a disability, or applicants who are a veteran or member of the armed forces, if they meet the minimum requirements for a role. Applicants for roles with Yeovil District Hospital are offered an adjustment to ensure a fair, equitable and accessible recruitment process.

There are six active colleague networks that welcome members from across YDH and SFT. These networks provide a safe space for colleagues to share their experiences and to provide peer support. The networks also host events and raise awareness of inclusion across both organisations. Our networks include:

- Armed Forces and Veterans Network
- LGBTQ+ Network
- Lived Experience Network (for colleagues with a disability)
- Multicultural Network
- Neurodiversity Network
- Women's Network

The merger provides an opportunity to review progress to date, and to adopt a new, innovative, approach to inclusion. We have set out our ambitious in our 'Inclusion Roadmap'. Our roadmap outlines our short-term plan for creating the framework, governance structures and ways of working that we will put in place that will enable us to define and measure impact and create sustainable and systemic change.

Our vision is to be a Trust where everyone knows that their unique skills and abilities are valued, and where each member of our community feels they belong. We want to be a Trust with a truly inclusive culture, and with policies and ways of working that are equitable.

Our approach is how we create change. Our actions address the cultures, behaviours, policies, and processes that create or maintain inequality. Our approach is to 'fix the system'.
This is fundamentally different from traditional approaches to inclusion that 'fix people' to fit into an existing system. We are moving away from one-off events or interventions that focus on the assumed deficits of underrepresented groups, towards actions that make our processes such as recruitment, development, retention, and progression inclusive and equitable.

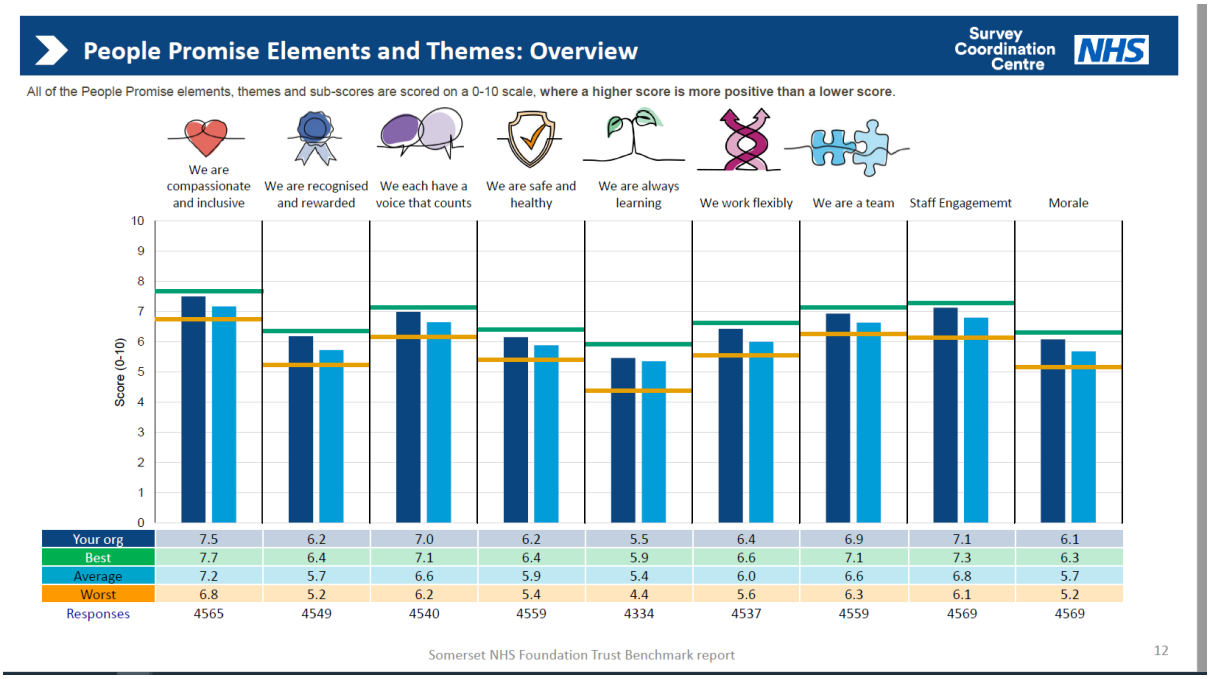
Our approach also represents a significant shift in the role and purpose of an Inclusion Team. We will transition from a 'project' based model, to providing consultation and advice for leaders and teams to embed inclusion within their work and behaviours. We have a growing inclusion team supporting both SFT and YDH - Inclusion Leads from each organisation and a new Head of Inclusion came together to form a merged inclusion team early in 2022. Since then, the team has grown from 3 to 5 colleagues.

STAFF ENGAGEMENT

NHS Staff Survey

The 2022 NHS Staff Survey was completed between September and December 2022 with a 45% response rate which is in line with the 2021 response rate and 1% higher than the average for the comparator group nationally. The response rate for the comparator group nationally has declined by 2%.

The NHS Staff Survey has 9 themes in total, 7 are the People promise themes with Staff Engagement and Morale as the additional themes. The 2022 survey results were positive with all 9 themes scoring better than the national average. This can be seen in the table below.



The strongest themes for the Trust in 2022 remain the People Promise of, we are compassionate and Inclusive, with the Trust scoring better than the comparator group in all 17 questions that contribute to this theme. The second strongest theme is Staff Engagement again with the Trust scoring better in all 9 questions that contribute to this theme than the comparator group.

The area of focus following the 2022 Staff Survey results is in the theme of We are always learning, this covers two sections, development, and appraisals. The Trust has made a slight improvement in both areas however continued focus is required as the theme score remains the lowest of all nine.

Appraisals – This remains an area of focus into 2023 and work continues ensuring that the quality of the conversation as well as numbers completed are a priority. The working group looking at aligning both Somerset Foundation Trust and Yeovil have come together and along with the Staff Survey results, and the recommendations from the Internal Audit carried out in 2022 in Somerset Foundation Trust a work plan

had been developed. This sits alongside the work already underway as part of the People Promise exemplar site in terms of ways of retaining colleagues.

The work around the development of the People Strategy is due to be completed by May 2023 alongside the metrics to track progress.

The work of the engagement champions will continue after the merger date and conversations have taken place with this group to ensure agreement. This group will continue to provide rich feedback monthly around colleague engagement and wellbeing and will be used to drive colleague engagement such as People Pulse and NHS Staff Survey as well as other initiatives.

Table below indicates the score for the benchmarking group for each of the nine indicators in the staff survey report for the current and the prior year and the 10 indicators for the year before.

People Promise Theme	SFT 2022	Benchmark 2022	+/- Difference
We are compassionate and inclusive	7.5	7.2	+0.3
We are recognised and rewarded	6.2	5.7	+0.5
We each have a voice that counts	7.0	6.6	+0.4
We are safe and healthy	6.2	5.9	+0.3
We are always learning	5.5	5.4	+0.1
We work flexibly	6.4	6.0	+0.4
We are a team	6.9	6.6	+0.3
Staff Engagement	7.1	6.8	+0.3
Morale	6.1	5.7	+0.4

Overall Staff Engagement

Colleague Wellbeing remains a high focus and the colleague support line is in place in the current format until March 2024. The Service continues to provide the phone line service to all Health and Social Colleagues within the Somerset System and plans are now in place to expand interventions such as Compassion Circles and Staff Support post incident into the system from April 2023.

In addition to the focus on colleague wellbeing other work has taken place including:

Resolution Services – the resolution service uses the skills of trained internal coaches and accredited internal mediators to offer a several interventions to support colleagues who may be experiencing some difficulties within their teams and supports the avoidance of taking colleagues through formal processes. Interventions include:

- **Resolution Coaching** – supporting colleagues through a coaching approach to resolve conflicts by providing them with the tools to have the right conversations.

- **Facilitated Conversation** – Supporting two or more colleagues through a conflict by facilitating a conversation where they can hear the needs of the others and try to reach an agreeable solution.

- **Mediation** – Supporting 2 or more colleagues through an informal resolution process. Mediation would also include colleagues having resolution coaching as part of this pathway.

The Leadership and Organisational Development team have also focussed on the development of the Rising Star Programme. A programme that takes colleagues through a period of development in a cohort to prepare them for the next step in their career. This was a piloted with nurses at Band 5 level and in 2022 has been expanded to include colleagues who are looking to step into their first management role.

In 2023 there is a plan to further develop the internal leadership offering with the introduction of a programme that will aim to develop leaders across the new merged Trust in how to continue to have a positive leadership impact for all colleagues in a large, geographically dispersed Trust.

Facilitated Conversations

Bite-size coaching - Quick sessions made available for colleagues to receive some quick coaching to help them with specific issues they may have.

Peer to peer facilitated sessions – An opportunity for colleagues to book a session with a facilitator and share with peers some concerns they may have and seek other perspectives to help.

Difficult Conversations sessions – A forum where managers can bring a challenging conversation they have had or may need to have and seek support from others about how they may go about this.

Resolution workshops – support for teams if they have found some challenges within the team and need some help in dealing with these before they get out of hand.

Communication remains key in 2022 and the Trust continue to use various channels to ensure colleagues are kept informed. Main channels used remain Staff News which from April 2023 will be available for all colleagues across the new Trust and Live Team Brief, this has been available for all colleagues to engage with since 2022.

Senior leaders across Somerset NHS Foundation Trust and Yeovil District Hospital come together regularly to meet with Executive Team members to discuss financial, performance, operational and other issues of importance at Senior Management Operational Team Meeting. Development of this group takes place on a quarterly basis and a programme of development is planned to start from May 2023.

The Somerset Operational Partnership meeting takes place monthly which is a forum where Trade Union colleagues and Senior Managers from Somerset NHS Foundation Trust and Yeovil District Hospital meet.

HEALTH AND SAFETY

There continues to be a positive health and safety culture within the organisation and this is recognised by external regulators such as the Health and Safety Executive.

The Trust's Health and Safety Committee and the Safety Environment and Advisors Group (SEAG) are effective meetings that ensure structures and processes are in place to manage health and safety successfully. Safety topic leads report to SEAG either directly or via specialist safety meetings such as the Fire Safety Committee.

The Health and Safety Committee is in place to ensure appropriate consultation with colleagues on all issues affecting their health and safety. Terms of reference are in line with relevant health and safety legislation.

The Head of Health, Safety and Risk is responsible for ensuring that a structure is in place to manage the health and safety functions for the 24 topic leads who report into SEAG. This includes policy consultation, development and approval, monitoring of policy implementation plans, policy monitoring and action plan updates. This work schedule aligns with the Integrated Quality Assurance Board (IQAB).

Incidents reported to the HSE under RIDDOR

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 2013 (RIDDOR) requires the Trust to report deaths, certain types of injury, specified occupational diseases and dangerous occurrences that 'arise out of or in connection with their work'. An annual RIDDOR report is prepared and shared widely for consideration / action. All RIDDORs are fully investigated and monitored. An overview of all RIDDORs is a standing agenda item on the safety committees. During 2022/23 the Trust reported 32 incidents to the Health and Safety Executive as detailed in the table below. This is a significant decrease on 2021/22 (56) – The most notable decrease identified have been in the reporting of Moving and Handling and Violence & aggression / PMVA. Of the 32 incidents, nine were classified in the HSE 'major' category due to the nature of injuries that were sustained (fractures / loss of consciousness).

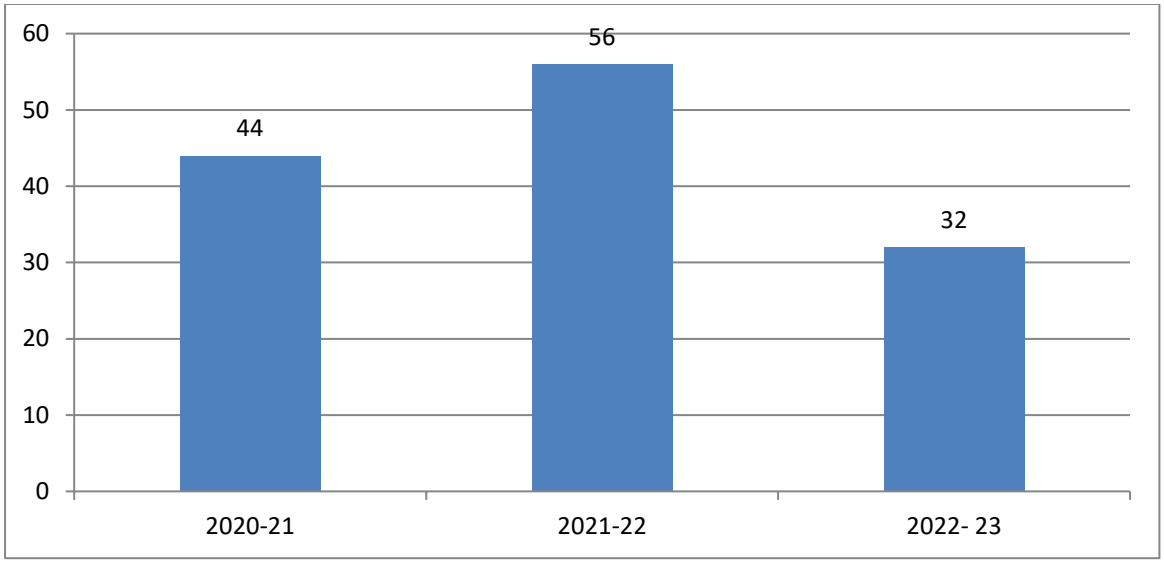
Covid-19 RIDDORs:

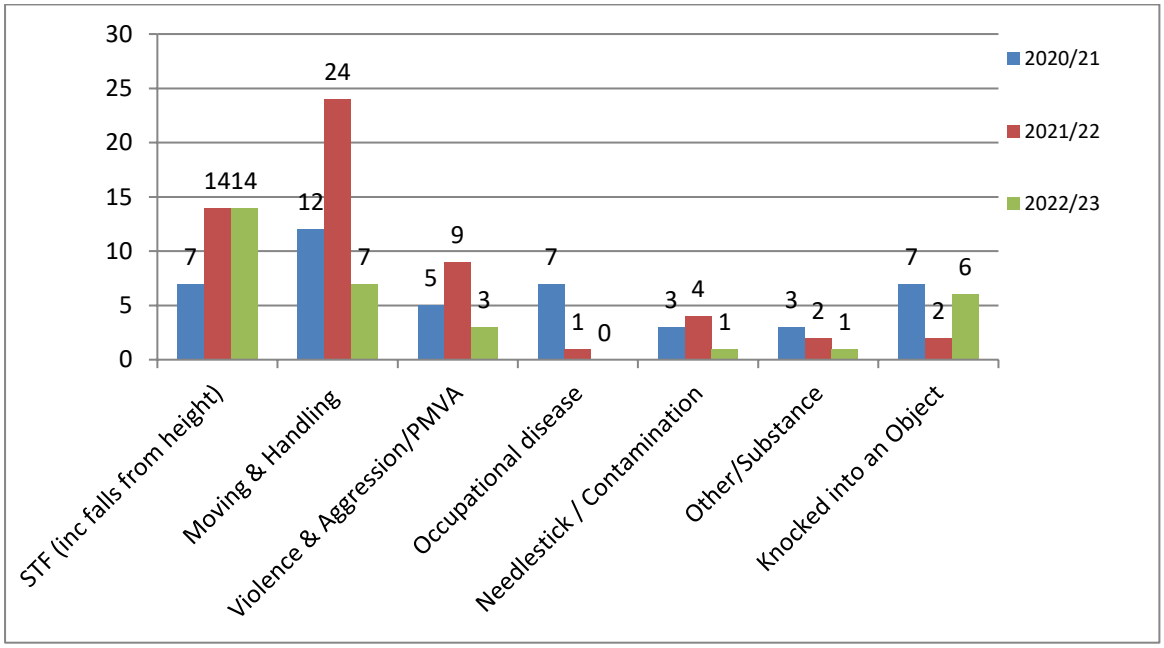
During this period the HSE revised the guidance recognising that reporting will only be appropriate in extremely limited cases. Where an individual has either been exposed to or contracted COVID-19 as a direct result of their work. For an occupational exposure to be judged as the likely cause of the disease, it should be more likely than not that the person's work was the source of exposure to coronavirus as opposed to general societal exposure.

The Trust, following appropriate guidance, removed the requirement for mandatory self-isolation with a positive COVID-19 test during July. However appropriate personal protective equipment (PPE) was still to be worn in specified areas to protect our patients and colleagues.

No cases were identified as being RIDDOR reportable during this period.

The following two tables are an extract from the annual RIDDOR report and give an indication of the total number of RIDDORs year on year and a breakdown by cause.





COUNTER FRAUD

Somerset NHS Foundation value our reputation for top quality patient care and financial probity, and we conduct our business in a fair and ethical manner.

Somerset NHS Foundation Trust 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 Counter Fraud Managers who conduct 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 Managers, Chief Finance Officer or to the NHS Counter Fraud Authority.

Statement of the Chief Executive's Responsibilities as the Accounting Officer of Somerset 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 England.

NHS England has given Accounts Directions which require Somerset 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 Somerset 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 England, 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*.

Signed

PETER LEWIS
Chief Executive **27 June 2023**

ACCOUNTABILITY REPORT

Directors' Report

Board of Directors

The Trust's Board of Directors reserve certain powers and decisions which may only be exercised or made by them in formal session. These powers and decisions are set out in the Scheme of Delegation (which may be obtained from the Secretary to the Trust) together with the decisions which are delegated to Executive Directors or to Board Committees.

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 the Trust's performance, business model and strategy.

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

The Board should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.

The Board, and in particular Non-Executive Directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant advisor for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.

Membership of the Board as at 31 March 2023

A full list of directors who were in post on 31 March 2023 and details of changes during the year is set out below together with details of the number of meetings of the Board and Board Nomination and Remuneration Committee attended in-year.

* Indicates member of the Audit Committee
\+ Indicates member of the Board Nomination and Remuneration Committee

Non-Executive Directors

Colin Drummond OBE, DL+
Chairman
(Chair of the Nomination Committee)

Appointed: 1 April 2020
Re-appointed: 1 April 2023
Term Expires: 31 March 2026

Board Attendance 11/11
Board Nomination/Remuneration Committee Attendance: 1/1

Colin was appointed chairman of Somerset NHS Foundation Trust on 1 April 2020 following the merger between Somerset Partnership NHS Foundation Trust and Taunton and Somerset NHS Foundation Trust.

He was chairman of Taunton and Somerset NHS Foundation Trust from 2014 and is also pro-chancellor and chair of governors of the University of Plymouth.

From 1992 to 2013 Colin was chief executive of Viridor, one of the UK's leading recycling, renewable energy and waste management companies, and an executive director of Pennon Group PLC. He was then chairman of Viridor until the end of 2014. Prior to joining Pennon, Colin was chief executive of Coats Viyella Yarns Division, an executive director of Renold PLC, a consultant with the Boston Consulting Group and an official with the Bank of England. Colin was chairman of the Government's 'Living with Environmental Change' Business Advisory Board from 2009 to 2015 and of the Environmental Sustainability Knowledge Transfer Network from 2007 to 2013. He was master of the Worshipful Company of Water Conservators for 2007/08 and chair of the 'WET 10' City Livery Companies from 2008 to 2013. From 1997 to 2015 he was a trustee, and is now honorary vice president, of the Calvert Trust Exmoor.

Colin holds an MA from Oxford University and an MBA from Harvard Business School where he held a Harkness Fellowship. He was appointed an OBE in the Queen's Birthday Honours 2012 for services to technology and innovation, and a Deputy Lieutenant (DL) of Somerset in 2016.

Jan Hull +

Non-Executive Director/Joint Non-Executive Director with Yeovil District Hospital NHS Foundation Trust

(Deputy Chairman)
Chair of the Quality and Governance Assurance Committee

Appointed: 1 August 2017
Re-Appointed:1 August 2020
Term Expires: 31 July 2023

Board Attendance: 10/11
Board Nomination/Remuneration Committee Attendance: 1/1

Jan spent the early part of her career with Unilever, in an international perfumery business covering sales, marketing and general management roles, including two years in the USA. She has over 20 years' experience of the NHS in Somerset, initially in public health and later as deputy chief executive for NHS Somerset, until she became managing director of the South, Central and West Commissioning Support Unit.

Jan retired from this post in 2016. Jan has worked at senior level with all of the major health and social organisations in the county, including primary care, local authorities and the voluntary sector. She also has significant experience of structural change, having led the merger of three commissioning support units in 2015.

Jan is a joint Non-Executive Director with Yeovil District Hospital NHS Foundation Trust.

Dr Kate Fallon +

Non-Executive Director
(Senior Independent Director from 1 April 2020)
Chair of the Finance Committee

Appointed: 29 May 2018
Re-Appointed: 29 May 2021
Term Expires: 28 May 2024

Board Attendance: 10/11
Nomination/Remuneration Committee Attendance: 1/1

Kate came to the Trust with great experience in the strategic direction and transformation of services within the NHS. She established a new NHS Trust in 2010, which trebled in size in 2011 and became the first community trust to be licensed by Monitor as a Foundation Trust in November 2014.

Previously, Kate transformed her own GP practice, taking it from a traditional reactive business to a forward-planning, innovative “beacon site”, with a sustained Investors in People accolade. Kate is currently a trustee of the Board of Skills for Health and a member of the Board of the National Skills Academy for Health. In 2015 she was included in the HSJ “Top 50 NHS Chief Executives” list, being recognised for her approach to service transformation and the integration of services across NHS boundaries.

Barbara Gregory *+

Non-Executive Director
Chair of the Audit Committee

Appointed: 1 August 2017
Re-Appointed: 1 August 2020
Term Expires: 31 July 2023

Board Attendance: 11/11
Board Nomination/Remuneration Committee Attendance: 1/1

Barbara Gregory is a chartered accountant who has worked at senior management level in the NHS since 1993, including 15 years at Board level in many different parts of the health system.

She has an excellent working knowledge gained from first-hand experience of the health and social care system including working in strategic transformation programmes. Barbara has also worked closely with senior colleagues from local authorities on the integration of provision and commissioning and on the opportunities for the devolution of expenditure to providers as part of the potential development of accountable care organisations/systems.

Stephen Harrison *+

Non-Executive Director
Chair of the People Committee

Appointed: 29 May 2018
Re-Appointed: 29 May 2021
Term Expires: 1 April 2023

Board Attendance: 11/11
Nomination/Remuneration Committee Attendance: 1/1

Stephen has lived in Wookey for nearly 40 years after joining Clarks Shoes for his main career. On leaving Clarks, Stephen developed a portfolio of organisational

development consultancy work and community activity, including being elected leader of Mendip District Council.

In the NHS he has undertaken non-executive director roles with Bath and West Community Trust, Mendip Primary Care Trust (PCT), North Somerset PCT and finally as chairman of a cluster of PCTs across Bristol, North Somerset and South Gloucestershire. Stephen was the chairman of YMCA Mendip and a trustee of a day care centre for older people.

Alexander Priest +

Joint Non-Executive Director with Yeovil District Hospital NHS Foundation Trust (from 10 June 2022)

Chair of the Mental Health Act Committee

Appointed: 1 April 2020
Re-appointed: 1 April 2023
Term Expires: 31 March 2026

Board Attendance: 11/11
Board Nomination/Remuneration Committee Attendance: 1/1

Following a degree and PhD in chemistry at Oxford University (where he used A.I. to design anti-cancer drugs), Alex started his career promoting apprentice partnerships as chief executive of an educational charity in London.

In January 2016, he jumped from a successful career in intellectual property law to become chief executive of Mind (the mental health charity) in his home county of Somerset, where he now farms with his young family. Alex also holds various trusteeships and directorships in the property, education and third sectors.

Professor Sube Banerjee +

Non-Executive Director

Appointed: 7 July 2021
Term expires: 6 July 2024

Board Attendance: 10/11
Board Nomination/Remuneration Committee Attendance: 0/1

Professor Sube Banerjee is Executive Dean of the Faculty of Health and Professor of Dementia at the University of Plymouth and an Honorary Consultant in Psychiatry at Plymouth University Hospitals NHS Trust.

Sube brings an extensive knowledge and understanding of dementia and older people's health. He has worked on health policy and strategy internationally with the World Health Organisation and led the development of the National Dementia Strategy for England. He has extensive strategic and research experience at board level in the NHS and the university sector as an executive and clinical director.

Martyn Scrivens +
Joint Non-Executive Director with Yeovil District Hospital NHS Foundation Trust

Appointed: 1 October 2021
Term Expires: 31 March 2024

Board Attendance: 11/11
Nomination/Remuneration Committee Attendance: 1/1

Martyn is a Fellow of the Institute of Chartered Accountants and chairs 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. Martyn is a joint non-executive director with Yeovil District Hospital NHS Foundation Trust.

Executive Directors

Peter Lewis

Joint Chief Executive Somerset FT/YDH (from September 2021) (voting)

Appointed: 4 November 2017

Board Attendance: 10/11

Peter 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. Peter's previous role was chief executive of Somerset NHS Foundation Trust.

Andy Heron

Chief Operating Officer (Mental Health, Families and Neighbourhoods) Somerset FT/YDH from 25 January 2022

Joint Chief Operating Officer/Deputy Chief Executive (voting) from 6 March 2023

Appointed: January 2014

Board Attendance: 11/11

Andy was appointed as the chief operating officer – neighbourhoods, mental health and families, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust 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 Southwest 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 Southwest 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, centered on improving patient flow and working with partners in the development of successful community alternatives to hospital admission. Having worked closely with colleagues at YDH 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.

Andy’s previous role was deputy chief executive and chief operating officer (mental health, families and neighbourhoods) and joint SRO Somerset COVID-19 Vaccination Programme.

Matthew Bryant

Chief Operating Officer (Hospital Services (voting) Somerset FT/YDH from 25 January 2021 until 5 March 2023

Appointed: 1 October 2017
Date of leaving: 5 March 2023

Board Attendance: 9/9

Matthew was appointed as the chief operating officer – hospital services, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022, following a previous joint role as chief operating officer for Hospital Services for both trusts 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 and 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. Prior to coming to Taunton, 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.

Pippa Moger

Joint Chief Finance Officer (voting) Somerset FT/YDH from January 2022

Appointed: June 2013

Board Attendance: 9/11

Pippa was appointed as the chief finance officer, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust 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.

Dr Daniel Meron

Joint Chief Medical Officer (voting) Somerset FT/YDH from January 2022

Appointed: 2 December 2019

Board Attendance: 9/11

Daniel was appointed as the chief medical officer, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022.

Daniel joined Somerset NHS Foundation Trust in 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. Dan's previous role was chief medical officer, Somerset NHS Foundation Trust.

Hayley Peters

Joint Chief Nurse (voting) Somerset FT/YDH from January 2022

Appointed: 2 October 2017

Board Attendance: 10/11

Hayley was appointed as the chief nurse, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust 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. As part of Hayley's role at Somerset NHS Foundation Trust, she has executive responsibility for safeguarding, patient safety and quality (jointly with the chief medical officer). Hayley is board safety champion for our armed forces, children, maternity and neonates.

Hayley's previous role was chief nurse at Somerset NHS Foundation Trust.

Phil Brice

Joint Director of Corporate Services (non voting) Somerset FT/YDH from January 2022

Appointed: January 2012

Board Attendance: 10/11

Phil was appointed as the director of corporate services, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust 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. Phil's previous role was director of governance and corporate development, Somerset NHS Foundation Trust.

Isobel Clements

Joint Chief of People and Organisational Development (voting) Somerset FT/YDH from January 2022

Appointed: 1 November 2017

Board Attendance: 11/11

Isobel was appointed as the chief of people and organisational development, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust 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 development 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. Isobel's previous role was director of people and organisational development, Somerset NHS Foundation Trust.

David Shannon

Joint Director of Strategy and Digital Development (non voting) Somerset FT/YDH

Appointed: 24 October 2017

Board Attendance: 11/11

David was appointed as the director of strategy and digital development Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022.

David first 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, most of them as assistant director of finance. He originally joined the NHS in 1998 on its graduate financial management training scheme. David's previous role was director of strategic development and improvement, Somerset NHS Foundation Trust.

Shelagh Meldrum

Joint Chief Officer, Partnerships and Collaboration Somerset – Somerset FT/YDH – from January 2022 to 27 May 2022

Appointed: **January 2022**

Date of leaving: 7 June 2022

Board Attendance: 1/1

Shelagh was appointed as the chief officer, Partnerships and Collaboration of Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust in January 2022.

Previously Shelagh joined the Trust Board at Yeovil District Hospital in February 2016 with a background in nursing, clinical services leadership and executive management in both the NHS and private hospitals.

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 and then became Hospital Director. She previously worked for Circle Healthcare and was registered manager/hospital Director at CircleBath Hospital and CircleReading Hospital. Shelagh's previous role was chief nurse, director of people and deputy chief executive, Yeovil District Hospital, NHS Foundation Trust.

Board effectiveness

On the basis of the expertise and experience described above; the appointment of joint Non-Executive and Executive Directors across Somerset FT and YDH, and the Board skills mix analysis carried out in 2022 in preparation for the proposed merger from April 2023, the Trust is confident that the necessary range of knowledge and skills exists within the Board of Directors and that its balance, completeness and appropriateness to the requirements of the NHS Foundation Trust constitute a high performing and effective Board. No company directorships or other material interests in companies are held by any Board members where those companies or related parties are likely to do business, or are possibly seeking to do business, with the Trust. The Chairman has held no other significant commitments during 2022/23. A register of interests of Board members is available from the Secretary to the Trust and is also included in the Board papers published on the Trust's website.

Declarations can also be accessed through the publicly available Conflict of Interest system.

The effectiveness of the Board of Directors meetings is reviewed at the end of each meeting and annually as part of an annual review of the Board's Terms of Reference. Effectiveness of Board sub committees is monitored through the Board by quarterly reports and regular evaluation/review of the terms of reference.

Non-Executive Directors are subject to regular and annual appraisals by the Chairman; unsatisfactory appraisals could result in termination of their appointment. The decision to remove Non-Executive Directors rests with the Council of Governors. During 2022/23 a 360 degree appraisal of the Chairman's performance was undertaken and feedback from the appraisal process was presented to the Nomination and Remuneration Committee and to the Council of Governors. The Chairman's appraisal process is agreed with the Council of Governors on an annual basis.

The performance of Executive Directors is similarly reviewed through regular supervision and annual appraisals by the Chief Executive, whose performance is, in turn, reviewed and appraised by the Chairman, and reported to the Non-Executive Directors through the Nomination and Remuneration Committee.

The Board considers that during 2022/23 all the Non-Executive Directors are independent in character and judgement and there are no known circumstances or relationships which are likely to affect, or could appear to affect, the directors' judgement. The Board also considers that all Board members meet the Fit and Proper persons test.

In assessing the Trust's performance, we take account of our delivery against the NHS Oversight framework and its five key themes of:

- Quality of care, access and outcomes
- Preventing ill-health and reducing inequalities
- People
- Finance and Use of Resources
- Leadership and capability

Our performance against these is set out in the Financial Overview and Review section of this report on pages 31 - 39. In 2022/23, Somerset NHS Foundation Trust was in segment 2.

NHS Improvement Foundation Trust Code of Governance

Somerset NHS Foundation Trust 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, issued in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. A revised Code of Governance will come into effect from 1 April 2023.

The Board can confirm that it is compliant with the NHS England Foundation Trust Code of Governance.

Managing Conflicts of Interest in the NHS

The Trust has complied with NHS England's guidance to publish the Trust's Conflicts of Interest register on its website.

Significant interests held by directors

Interests held by directors which may conflict with their management responsibilities are declared at each Board meeting. Board papers which include these disclosures are available on the Trust's website. Transactions related to those interests are shown in page 59, note 32 of the accounts.

Directors' disclosure to auditors' statement

For each individual who is a director at the time this annual report was approved, so far as the directors are aware there is no relevant audit information of which the auditors are unaware and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Quality and Governance Assurance Committee

The Quality and Governance Assurance Committee is a Board-level committee responsible for providing assurance on issues of legal, regulatory and standards and compliance with our legal and statutory requirements, clinical and quality objectives, effectiveness of strategies and the quality standards required by NHS England (NHS Improvement) and the Care Quality Commission. The Chair of the Quality and Governance Assurance Committee provides a six-monthly assurance report to the Audit Committee in respect of its compliance and governance functions and also provides assurance reports to the Board after every formal meeting.

Membership of the Quality and Governance Committee comprises five Executive Directors and three Non-Executive Directors, two of whom also sit on the Audit Committee. The Quality and Governance Committee meets formally on a bi-monthly basis. In addition, planning meetings take place in the intervening months. The purpose of the planning meetings is to consider the standard business items and identify areas for detailed deep dives for discussion at the formal Quality and Governance Assurance Committee meetings.

Attendance at the formal Quality and Governance Assurance Committee meetings

Name	Formal Quality and Performance Committee meetings attended	
	Possible	Actual
Jan Hull (Chairman)	6	6

Name	Formal Quality and Performance Committee meetings attended	
	Possible	Actual
Stephen Harrison	6	6
Kate Fallon	6	4
Phil Brice	6	6
Hayley Peters	6	5
Isobel Clements	6	6
Daniel Meron	6	4
Andy Heron	6	3
Matthew Bryant	5	5

Finance Committee

The Committee is a Board Committee and acts in an advisory capacity. The Finance Committee met 12 times during the year to focus on investigating the progress made in the delivery of financial plans and carry out an in-depth analysis of the financial performance of the Trust. The Chief Executive and other executive directors have a standing invitation to attend this committee.

Attendance at Finance Committee

Name	Finance Committee meetings attended	
	Possible	Actual
Kate Fallon (Chairman)	12	11
Barbara Gregory	12	12
Alexander Priest	12	10
Pippa Moger	12	9
David Shannon	12	10
Matthew Bryant/Andy Heron	11	4
Shelagh Meldrum	2	2

Finance and performance issues are regularly addressed by the Trust Board and the Finance Committee, comprising Non-Executive Directors, and also at the monthly Senior Management Team, which is chaired by the Chief Executive. The minutes of the Finance Committee meetings are presented to the Board after every meeting.

Audit Committee

Membership of the Audit Committee consists of two Non-Executive Directors. The Chairman of the Trust is not a member of the Audit Committee. An assurance report is presented to the Board after every meeting.

The role of the Audit Committee is:

- to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities;
- to review arrangements by which staff may raise in confidence, concerns about possible improprieties of financial reporting and control, clinical quality, patient safety or other matters;
- to review the annual accounts and make recommendations on the approval of the annual accounts to the Board;
- to ensure that there is an effective internal audit function established by management that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance;
- to develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- to make recommendations to the Council of Governors in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- to review the work and findings of the external auditor and consider the implications and management's responses to their work;
- to review the work and findings of the Counter Fraud Service and consider the implications and management's responses to their work; and
- to review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the integrated governance of the organisation.

Internal audit services are provided by independent auditors and the key role of this service is to develop an internal audit strategy and deliver an annual audit plan, ensuring that this is consistent with the audit needs of the Trust as identified in the Assurance Framework.

Attendance at Audit Committee meetings

Name	Audit Committee meetings attended	
	Possible	Actual
Barbara Gregory (Chairman)	5	5
Stephen Harrison	5	5
Pippa Moger	5	4
Phil Brice	5	4

Directors' Responsibility for Trust Annual Report and Accounts

The directors have responsibility for preparing the annual report and accounts. They consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators

and other stakeholders to assess Somerset NHS Foundation Trust's performance, business model and strategy.

Significant Issues considered by the Audit Committee

After discussion with both management and the external auditor, the committee determined that the key risks of misstatement of the financial statements related to:

- Valuation of Land and Buildings.
- Fraudulent expenditure recognition
- Management override of controls.

Modern Slavery and Human Trafficking Act 2015 Policy Statement

Section 54 of the Modern Slavery Act 2015 requires all organisations to set out the steps taken to ensure slavery and human trafficking is not taking place in any of its supply chains and in any part of its business.
This statement sets out actions taken by Somerset NHS Foundation Trust to understand all potential modern slavery and human trafficking risks and to implement effective systems and controls.

We are committed to ensuring there is no modern slavery or human trafficking in any part of our business and, in addition require that our suppliers hold similar ethos.

We have robust multi agency safeguarding vulnerable adults and safeguarding children policies in place and all staff receive mandatory safeguarding training which includes guidance on how to identify and report any concerns relating to modern slavery and human trafficking.

We follow employment checks and standards which include the right to work and depend on receiving suitable references.

We are committed to social and environmental responsibility and have zero tolerance of modern slavery and human trafficking. Any identified concerns regarding modern slavery and human trafficking would be escalated as part of the organisational safeguarding processes in conjunction with partner agencies.

We will:

- comply with legislation and regulatory requirements.
- ensure suppliers and service providers are aware we promote the requirements of the legislation.
- develop awareness of modern slavery issues.
- include modern slavery conditions or criteria in specifications and tender documents within the supplementary terms and conditions.
- encourage suppliers and contractors to take their own action and understand their obligations about these new requirements.
- expect supply chain/framework providers to demonstrate compliance with their obligations in their processes.

Trust staff must contact and work with the procurement department when looking to work with new suppliers so appropriate checks can be undertaken.

Procurement staff will:

- check draft specifications include a commitment from suppliers to support the requirements of the Act.
- not award contracts where suppliers do not demonstrate their commitment to ensuring slavery and human trafficking are not taking place in their own business or supply chains.

- communicate clear expectations to our suppliers through a supplier code of conduct.
- work with the procurement department to monitor compliance by suppliers with the requirements of the Act.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2023.

To the best of my knowledge, the information in this document is accurate.

Signed

PETER LEWIS **27 June 2023**
Chief Executive

COUNCIL OF GOVERNORS

During 2022/23 the Council of Governors was made up of 43 elected governors, ten of whom are staff Governors. In addition to the Nominations and Remuneration Committee, the Council has the following working groups: People Group; Quality and Patient Experience Group; and Strategy and Planning Group.

The Council meets every quarter in public. Meetings are advertised on the Trust's website and at our headquarters. No business can be transacted at a meeting unless at least half of the governors are present, and of these, not less than half must be governors elected by the public or appointed by non-health service bodies. In view of the COVID-19 pandemic, meetings during 2022/23 have taken place virtually but the link to the meetings have been made publicly available. Two out of the four meetings have taken place in hybrid format.

The responsibilities of the Council of Governors are:

- to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors.
- to represent the interests of the members of the Trust as a whole and the interests of the public.
- to assist the Board of Directors in setting the strategic direction of the Trust and targets for the Trust's performance.
- to monitor the Trust's performance in achieving strategic objectives and performance targets that have been set.
- to act as guardians to ensure that the Trust operates in a way that is consistent with NHS and Trust principles (as set out Annex 9 of the Constitution) and the terms of the Trust's Authorisation.
- to appoint the Trust's external auditors.
- to exercise such other powers and to discharge such other duties as may be conferred on the Council of Governors under the Constitution.
- to appoint the Chairman and other Non-Executive Directors of the Trust.
- with the approval of at least three quarters of the Governors, to remove the Chairman and other Non-Executive Directors of the Trust.
- to approve the appointment of the Chief Executive by the Non-Executive Directors of the Trust, at a general meeting.
- to approve significant transactions.

The Council of Governors is provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.

Led by the chairperson, the Council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.

All governors are required to disclose details of company directorships or other material interests in companies where those companies or related parties are likely to do business, or are possibly seeking to do business, with the Trust. No such company directorships or other material interests in companies are held by any governors. A register of the interests of governors is published and updated at each public meeting of the Council of Governors and is uploaded onto the internet as part of the usual meeting papers.

Disagreements between Council of Governors and Trust Board

Where any disagreements between the Council of Governors and the Trust Board occur, the Trust policy "Policy and Procedure for Council of Governors: Raising Concerns" details the process by which these disagreements are resolved. This policy was last reviewed and approved in 2020 and will be reviewed again in 2023. A copy of the policy can be requested from the Secretary to the Trust by contacting foundationtrust@somersetft.nhs.uk

Nominations and Remuneration Committee (Council of Governors)

The Council of Governors is required to approve the remuneration and terms of service of the Chairman and Non-Executive Directors and has established a Nominations and Remuneration Committee to do so, in accordance with the Trust's Constitution.

The role of the Committee is:

- to consider the Non-Executive Director or Chairman vacancies due in the next 12 months and make recommendations to the Council of Governors (Annex 8, para 2.1.1 of the Constitution in place during 2022/23); and
- to advise the Council of Governors as to the remuneration and allowances and of the Terms and Conditions of the office of the Chairman and other Non-Executive Directors (para 34.1 of the Constitution in place during 2022/3).

The Senior Independent Director, the Chairman and other Directors may be invited to attend meetings of this Committee.

The Committee met twice during the year on 30 May 2022 and 22 February 2023 to discuss:

- Feedback from the Non-Executive Directors appraisals and appraisal process for 2022/23
- Chairman's 360 degree appraisal feedback
- Chairman's objectives and appraisal process for 2022/23
- Non-Executive Directors succession plan
- Appointment of two Yeovil District Hospital NHS Foundation Trust Non-Executive Directors on the post merger Board
- Re-appointment of the Chairman
- Non-Executive Director recruitment process (post merger)

The Committee's attendance is set out below:

Nomination and Remuneration Committee – Attendance at meetings		
	Possible	**Actual**
Ian Hawkins (Chairman)	2	2
Jeanette Keech	2	2
Kate Butler	2	2
Lynn Pearson	2	2
Phil Hodgson	1	1
Sumitar Young	1	1

The Committee received feedback from the Non-Executive Directors performance reviews and concluded that all Non-Executive Directors had had a successful year and that, in spite of the challenges created by the COVID-19 pandemic, all Non-Executive Directors had performed well above the standards required.

The Committee discussed feedback from the 360º degree Chairman's performance review process and agreed that the Chairman's performance during 2021/22 had been excellent.

The Committee further discussed the Chairman objectives for 2022/23 and recommended the approval of the objectives as well as the Chairman and Non-Executive Directors appraisal processes for 2022/23 to the Council of Governors.

The Committee did not carry out any recruitment campaigns during 2022/23 but considered the Non-Executive Directors' succession plan. The Committee recommended the approval of: Graham Hughes and Paul Mapson (Yeovil District Hospital NHS Foundation Trust Non-Executive Directors) to the post-merger Board; the re-appointment of Alexander Priest from 1 April 2023 for a further three-year term; and the re-appointment of Jan Hull and Barbara Gregory for a further one year term with effect from 1August 2023 due to the need for continuity following the merger in 2023. The Committee further recommended the re-appointment of Colin Drummond, Chairman, for a further three-year term. All appointments/re-appointments recommendations were based on the Board skills mix and previous appraisals.

The Committee did not undertake a review of remuneration during 2022/23 and a review will be undertaken during 2023/24.

Council of Governors elections

During 2022/23 elections were held in the following constituencies: Dorset, Mendip, Sedgemoor, Outside Somerset, South Somerset, West Somerset and Taunton and staff. The election process took place during the period 3 March 2022 to 5 May 2022.

The following seats were unopposed: Mendip (one vacancy remaining); and Sedgemoor. No nominations were received for the Dorset seat and this seat will remain vacant until the 2023 election process.

The Outside Somerset; South Somerset; West Somerset and Taunton; and staff seats were contested. Two staff governor seats will remain vacant until the merger as they have been allocated to YDH staff.

An overview of Governors in place on 1 April 2022, including Council of Governor meeting attendance, is set out below:

Governor	Constituency	Governor in place on 1 April 2022	Term of Office		Meetings	
			From	To	Possible	Actual
Erica Adams	Public – Somerset West and Taunton	Erica Adams	1 April 2020	31 March 2023	5	5
Ian Aldridge	Public – Somerset West and Taunton	Melanie Devine	1 May 2022	30 April 2023	5	5
Kate Butler	Public – Somerset West and Taunton	Kate Butler	1 May 2022	30 April 2025	5	5
Sumitar Young	Public – Somerset West and Taunton	Sumitar Young	1 May 2020	30 April 2023	5	5
Jane Armstrong	Public – Somerset West and Taunton	Jane Armstrong	1 May 2020	30 April 2023	5	5
Jeanette Keech	Public – Somerset West and Taunton	Jeanette Keech	1 May 2022	30 April 2025	5	5
Timothy Slattery	Public – Somerset West and Taunton	Tim Slattery	1 April 2020	31 March 2023	5	4
Stephen Fowler (resigned September 2022)	Public – Mendip	Stephen Fowler	1 May 2020	1 September 2022	1	1
Vacancy	Public – Mendip	Stephen Fowler	2 September 2022	30 April 2023	-	-
Vacancy	Public – Mendip	Vacancy	1 May 2022	30 April 2025	-	-
Bob Champion	Public – Mendip	Bob Champion	1 May 2022	30 April 2025	5	5
Philip Jackson	Public – Mendip	Philip Jackson	1 May 2020	30 April 2023	5	2
Dave Gudge	Public – Sedgemoor	Dave Gudge	28 September 2021	30 April 2023	5	4
Judith Goodchild	Public – Sedgemoor	Judith Goodchild	1 May 2022	30 April 2025	5	5
Eddie Nicolas	Public – Sedgemoor	Eddie Nicolas	1 May 2020	30 April 2023	5	5

Governor	Constituency	Governor in place on 1 April 2022	Term of Office		Meetings	
			From	To	Possible	Actual
Jack Torr	Public – Sedgemoor	Jack Torr	1 September 2021	31 March 2023	5	5
Paull Robathan	Public – South Somerset	New seat	1 May 2022	30 April 2025	5	5
David Recardo	Public – South Somerset	New seat	1 May 2022	30 April 2025	5	3
Paddy Ashe	Public – South Somerset	Paddy Ashe	1 May 2020	30 April 2023	5	2
Ian Hawkins	Public – South Somerset	Ian Hawkins	1 May 2020	30 April 2023	5	5
Sue Steele	Public – South Somerset	New seat	1 May 2022	30 April 2025	5	5
Nick Craw	Public – South Somerset	Gillian Waldron	1 May 2022	30 April 2025	5	2
Mick Beales	Public – South Somerset	New seat	1 May 2022	30 April 2025	5	5
Judith Morris	Public – South Somerset	Sue Steele	14 June 2022	30 April 2023	4	4
Alan Peak	Public –Outside Somerset	Alan Peak	1 May 2022	30 April 2025	5	3
Vacancy	Staff	Vacancy	21 January 2022	31 March 2023	-	-
Manuel Blanco-Guzman	Staff	Manuel Blanco-Guzman	1 April 2020	31 March 2023	5	4
Shabnum Ali	Staff	Paul Aldwinckle	1 May 2022	30 April 2025	5	4
Joe Silsby	Staff	Polly Maguire	1 May 2022	30 April 2025	5	5
Phil Hodgson	Staff	Phil Hodgson	1 April 2020	31 March 2023	5	4
Owen Howell	Staff	Owen Howell	1 May 2020	30 April 2023	5	4
Vacancy	Staff	Vacancy	1 April 2022	31 March 2025	-	-
Lynn Pearson	Staff	Lynn Pearson	1 April 2020	31 March 2023	5	5
Julius Ndlovu	Staff	Julius Ndlovu	1 April 2021	30 April 2023	5	1
Neil Thomas	Staff	Neil Thomas	1 April 2020	31 March 2023	5	3
Cllr Heather Shearer	District Councils	Cllr Heather Shearer	All appointed organisations were appointed on 1 May 2008 for an unlimited period.		5	4
Vacancy	District Councils	Vacancy			-	-
Rod Williams (until May 2022)	Somerset County Council	Cllr Rod Williams			-	-
Cllr Ross Henley	Somerset County Council	Rod Williams			4	0

Governor	Constituency	Governor in place on 1 April 2022	Term of Office		Meetings	
			From	To	Possible	Actual
Vacancy (from December 2021)	Somerset Clinical Commissioning Group	Vacancy			-	-
Caroline Gamlin (from 9 November 2022)	Somerset Clinical Commissioning Group	Vacancy			2	0
Robert Cornes	Taunton Samaritans	Robert Cornes	1 May 2020	30 April 2023	5	3
Caroline Toll	Care UK	Caroline Toll	-	30 April 2023	5	4
Jos Latour	Universities	Jos Latour	18 May 2020	17 May 2023	5	5
Vacancy	Somerset GP Board	Vacancy	-	-	-	-

The process for removal from the Council of any Governor who consistently and unjustifiably fails to attend the meetings of the Council or has an actual or potential conflict of interest which prevents the proper exercise of their duties, is clearly set out in the Constitution which has been approved by the Council of Governors. Any incidence of consistent non-attendance by a governor is discussed at a Council of Governors meeting and individual circumstances are taken into account in deciding whether or not to remove a governor on the ground of consistent non-attendance.

Steps taken by Members of the Board in Understanding the Views of the Council of Governors and Membership

All Board members are encouraged to attend Council of Governors' meetings and routinely do so, with the Chief Executive leading on standing agenda items and other Directors presenting agenda items and responding to questions as required.

As the majority of Board members attend the Council of Governors' meetings, feedback from the meetings can be taken into account immediately. In addition, representatives from the Council of Governors also attend the public Board meetings and governors are invited to attend the joint Board/Council of Governors away day held in December each year to discuss strategic priorities. Membership of the Board Committees include a dedicated Governor.

The Chairman meets with the lead and deputy lead governor on a regular basis to discuss issues arising from Board meetings and governors' concerns. The Chairman and/or Chief Executive also meet with the Staff Governors on a regular basis. Governors meet with Non-Executive Directors on a quarterly basis.

During the year, three Governor Development sessions have been held jointly with the Yeovil District Hospital NHS Foundation Trust Governors. These development sessions covered: update on the digital strategy; update on colleague wellbeing and available support; update on the merger, including clinical case studies and colleague engagement; update on the Ockenden report; update by the Chief Executive; discussion on planning for the future and the format of future Governor led working groups; presentation on research and development; update on the review of community hospitals; update from the Executive Team.

Details are set out below of the attendance at meetings of the Council of Governors by Trust Board members. Board members are not members of the Council but have a standing invitation to attend Council meetings.

Board Member Attendance at Council of Governors Meetings

		Meetings	
		Possible	Actual
Colin Drummond	Chairman	4	4
Jan Hull	Non-Executive Director	4	3
Barbara Gregory	Non-Executive Director	4	3
Kate Fallon	Non-Executive Director	4	2
Stephen Harrison	Non-Executive Director	4	4
Alexander Priest	Non-Executive Director	4	4
Sube Banerjee	Non-Executive Director	4	0
Peter Lewis	Chief Executive	4	4
Daniel Meron	Chief Medical Officer	4	2
Pippa Moger	Chief of Finance	4	3
Phil Brice	Director of Corporate Services	4	4
Hayley Peters	Chief Nurse	4	4
Andy Heron	Chief Operating Officer (Mental Health, Families and Neighbourhoods)/Deputy Chief Executive	4	2
Isobel Clements	Chief of People and Organisational Development	4	4
David Shannon	Director of Strategy and Digital Development	4	2

		Meetings	
		Possible	Actual
Matthew Bryant	Chief Operating Officer (Hospital Services)	4	3

Governor Involvement in Business Planning

participate in the Trust's annual business planning process and the Governors were invited to and attended a joint Board/Council of Governors Away Day on 6 December 2022. Topics covered at this meeting included the following strategic items: update on the merger and update on Symphony Health Services and primary care.

Governors have also been involved in setting the Quality Account priorities and the Quality Account priorities for 2022/23 were approved at the September 2022 Council of Governors meeting.

Progress made in implementing the annual plan action plan is monitored by the Strategy and Planning Group, which receives quarterly progress reports for discussion. The Group provides regular feedback on progress made in implementing the actions to the Council of Governors meeting.

Engagement with members

We recognise the importance of having a strong and engaged membership. With circa 21,275 members (public and staff combined), the Trust has access to the local population, interaction with which helps to improve services.

The membership strategy for 2020/23 came into effect from 1 April 2020. The focus of the Trust's membership strategy is on improving meaningful engagement with its members and a key form of engagement is through the annual members' meeting held in September each year. Membership and membership engagement is monitored by the Membership Strategy Group and progress is reported to the People Group. A new membership strategy has been developed for the period 2023 to 2026 and a formal Membership.

Engagement with members during 2022/23 has, in view of the COVID-19 pandemic, been mainly through virtual means but regular Members' Briefings have been produced and emailed to Members for whom an email address is on their record. A hard copy of a Members' briefing was also posted to members without an email. Members have been invited to take part in a number of online surveys.

The Trust's membership is broadly representative of the population it serves. According to 2011 census data, the majority of Somerset residents are 'white British'. Somerset also has an increasingly older population, and the Trust's membership largely reflects this trend but there is an under representation of members in the 12-21 age group. There is also a slight under representation of male members.

The Membership Strategy Group has been actively involved in the development of new membership material and raising the profile of membership. Particular focus is being given to recruiting younger members and work is taking place to set up a Youth Forum and visiting Colleges to attract younger members.

Membership as at 31 March 2023

Public membership

Constituency	Number of Members 31.03.2023	Number of Members 01.04.2022	increase/ decrease over year
Public	8,740	8,275	+ 465

**this number is made up of 992 new members and 527 members who have left, mainly as a result of a change in address.*

Staff membership

Constituency	Number of Members 31.03.23	Number of Members 01.04.2022	increase/ decrease over year
Staff	12,535	12,303	+ 232

How to Become a Member of the Trust

Anyone aged 12 years or over, living anywhere in England or Wales, can join us as a Member. You can sign up online https://secure.membra.co.uk/SomersetApplicationForm or write, phone or email the Membership Office to have a Freepost form sent to you. There is no charge to become a member.

We welcome suggestions from members for topics which they would find of interest, or other types of event they would like us to arrange.

There are also web pages for members on the Trust's website, and governors are happy to accept invitations to talk to community groups with an interest in local health services.

Details of meetings and events can be found on the Trust's website.

Membership Office Tel: **01278 432167**

Email: foundationtrust@somersetft.nhs.uk

Somerset NHS Foundation Trust
2nd Floor Mallard Court, Express Park,
Bristol Road, Bridgwater, Somerset TA6 4RN
Tel: 01278 432000 Fax: 01278 432099

Email: foundationtrust@somersetft.nhs.uk **Website:** www.somersetft.nhs.uk

Trust Board Contact Details

All Board members can be contacted at the following address:

Somerset NHS Foundation House
Trust Management, Barton House South
Musgrove Park Hospital
Taunton, TA1 5DA

Or via Musgrove Park Hospital's switchboard: 01823 333444.

A register of interests of the Trust Board and Council of Governors is available upon request from the Secretary to the Trust, who can also provide a copy of the Scheme of Delegation. The Registers of Interests are also available on the internet www.somersetft.nhs.uk as part of the Board and Council of Governors' meeting papers.

Council of Governors Contact Details

Governors can be contacted via*:* governors@somersetft.nhs.uk

or write care of the Musgrove Park Hospital address above.

ANNUAL GOVERNANCE STATEMENT

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 Somerset 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 Somerset NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust has identified an executive director with responsibility for progressing risk management in the organisation. The Director of Corporate Services has clearly defined risk management responsibilities and is supported by the Director of Integrated Governance. The Chief Operating Officer has overall accountability for the day to day delivery of risk management activity within the clinical directorates. Responsibilities for risk management are clearly defined within job descriptions for all of these roles.

The Trust's governance support team is responsible for providing appropriate training, support and guidance to enable all managers to carry out their risk management responsibilities. Specific training courses on risk management for managers, risk assessment, incident management and investigation are supported by a corporate induction and mandatory update programme covering all regulatory requirements.

The Director of Corporate Services and Chief Operating Officers have been key members of the Trust's Senior Operational Management Team (SOMT), where the risk register has been reviewed monthly to ensure operational risks are being adequately controlled.

The Director of Corporate Services chairs the Trust's key operational management group for governance, the Integrated Quality Assurance Board (IQAB). The Director of Integrated Governance is also a key member of this committee. The IQAB meets monthly to monitor progress with corporate and operational plans and receive

assurance reports and improvement plans from nominated leads on all regulatory requirements in accordance with its reporting schedule.

The Trust's Serious Incident Review Group meets regularly to share issues raised following incidents, complaints, concerns and claims, along with information from other key sources, such as morbidity and mortality reviews. This enables sharing of good practice and lessons learned via directorate governance structures and allows for direct input into the Trust's improvement programme.

The Audit Committee has responsibility for monitoring the effectiveness of the Trust's risk management systems and for reviewing and challenging the organisation's risk appetite and maturity.

The risk and control framework

The idea of 'integrated governance' in the NHS combines the principles of corporate and financial accountability with clinical and management accountability and it moves towards a single risk management process which covers all the Trust's objectives, supported by a co-ordinated approach to collecting and analysing information about performance and risk.

The Trust has effective processes in place for the identification, reporting and management of clinical and non-clinical risks, supported by a Head of Health & Safety and Risk and a dedicated Risk Manager within the governance team. The risk management process is based on the Australian / New Zealand risk management standard (further developed by the National Patient Safety Agency in 2008) and applies to both clinical and non-clinical risks.

Risks are assessed and evaluated using a single form and rating system for all types of risk, allowing direct comparison. From this score, risks are categorised into one of three accountability levels, and responsibility for the control and monitoring of the risk is allocated to the appropriate department, Directorate or the Trust executive team, depending on the level identified. Responsibility for completing actions is allocated to an individual manager, with monitoring carried out by the relevant Directorate or Trust committee.

The corporate risk registers, which include all of the highest risks, are reviewed on a monthly basis at the SOMT and quarterly by the Board, with the overall process for management of risk being overseen by the Audit Committee.

The Board of Directors delegates key duties and functions to its sub-committees. There are five key committees within the structure that provide assurance to the Board of Directors. These are:

- Audit Committee
- Quality and Governance Assurance Committee
- Finance Committee
- Mental Health Act Committee
- People Committee

There are a range of mechanisms available to these committees to gain assurance that our systems are robust and effective. These include using internal and external audit, peer review, external inspection and review, management reporting and clinical audit.

The Board of Directors receives regular reports from its sub committees on business covered, risks identified and actions taken, based on the principle of exception reporting.

The **Audit Committee** provides objective assurance to the Board and management as to the adequacy and effectiveness of the organisation's risk management. The Committee is required to discharge a number of statutory duties and assists the Board with its responsibilities to strengthen and improve the risk management and controls framework. The Audit Committee considers the findings and recommendations of internal and external audit reports, counter fraud reports and monitors the Trust's Assurance Framework.

Membership of the Audit Committee comprises four Non-Executive Directors.
The Board's sub-committee for quality and patient safety is the **Quality and Governance Assurance Committee** (Q&GAC).

The Q&GAC receives reports covering three areas:

- risk, performance and quality assurance (including in its planning meetings the Corporate Risk Register and Assurance Framework and quality and performance dashboards);
- external reports and reviews (including CQC, PHSO and relevant national and regional reports);
- reports on topics covering all aspects of quality performance together with data security and protection, health safety, security and estates and patient and carer experience. In addition, each of the operational divisions within the Trust has their own devolved governance responsibilities and governance groups which report regularly to the IQAB.

The Q&GAC also receives exception reporting in relation to quality performance, based on identified key performance indicators. The Q&GAC triangulates performance information with clinical governance (patient safety, clinical effectiveness and patient experience) and workforce data to provide oversight of the quality of Trust services.

Membership of the Q&GAC comprises four Non-Executive Directors, two of which are also members of the Audit Committee, together with the Chief Nurse, Chief Medical Officer, Chief Operating Officer, the Director of People and OD and the Director of Corporate Services.

The Committee hold a bi-monthly planning meeting at which it regularly receives:

- Issues identified to the Trust by the Care Quality Commission
- Quality and Performance exception reports and divisional dashboards

- Safer staffing information
- Serious Incident Review Group tracker report and other key information (including details of inquests and incidents reported under the RIDDOR regulations)
- Mortality surveillance and learning from deaths reports
- Exception reports from the IQAB for any high risk themes or topics which are assessed as amber or below for compliance over the year
- Information on results from national audits and national surveys
- Information on any data outliers

At its alternate bi-monthly meetings the Q&GAC also receives in-depth reports on areas of risk identified from these reports, setting out areas of risk identified, actions being taken to address and mitigate the risks and determines areas for which further assurance is required.

Issues and risks may be referred to the Audit Committee to request additional external assurance. The Q&GAC monitors all reports on Care Quality Commission (CQC) inspections of the Trust services and any action plans arising from them; and will consider relevant reports of investigations undertaken by the Parliamentary and Health Service Ombudsman, the Information Commissioner, HM Coroner and the Health and Safety Executive and all action plans arising from them.

The Q&GAC will also refer to and receive matters for consideration from the other Board sub-committees, including the People Committee, the Mental Health Act Committee and the Finance Committee.

The **Finance Committee** comprises four Non-Executive Directors, the Director of Finance, the Deputy Director of Finance, the Director of Estates and Facilities and the Chief Information Officer. The Committee focuses on the delivery by the Trust of its key financial targets, its management of capital and investment, including the IM&T and Estates strategies.

The **Mental Health Act Committee** focuses on compliance and monitoring of the Trust's approach to Mental Health legislation, including the Mental Health Act, Mental Capacity Act and Deprivation of Liberty Safeguards. The Committee comprises three Non-Executive Directors, the Medical Director (mental health), the Chief Operating Officer, the Director of Corporate Services, the Deputy Service Director for Mental Health and Learning Disabilities and the Mental Health Legislation Co-ordinator. Representatives from Somerset County Council and from the Care Quality Commission also attend the meetings.

The **People Committee** oversees the development and delivery of the People Strategy. The Committee monitors development and performance against the core objectives of the policy relating to colleague engagement; leadership; learning and development and workforce planning. The Committee comprises non-executive directors; the Director of People and Organisational Development and other executive directors. Freedom to Speak Up Guardians; staff governors and staff side representatives also attend the meeting.

Representatives from the Council of Governors and their working committees attend all board sub-committees and report on their activities to the public meetings of the Council of Governors.

The Trust's Risk Management Policy sets out responsibilities for all staff in relation to risk identification, risk assessment, risk management and risk handling.

The main methods for the identification of risk are:

- Review of compliance with key standards, for example the CQC registration requirements, and health and safety legislation.
- Executive review of annual and strategic objectives to identify potential risks to meeting those objectives.
- Local risk assessment at departmental level, feeding up to divisional risk registers.
- Facilitated risk identification sessions at various levels in the organisation.
- Information from reviews of incidents, complaints, claims, mortality, etc.
- Information from external sources such as CQC inspections, audits and patient and staff surveys.

All risks are assessed and evaluated using a standard form and scoring system, allowing direct comparison. From this evaluation, risks are categorised into one of three accountability levels, and responsibility for the control and monitoring of the risk is allocated to the department, the directorate or the Trust's executive team, depending on the level identified. Responsibility for completing actions is allocated to an individual manager, with monitoring carried out by the relevant directorate committee or Trust executive director. The three accountability levels are set based on the Trust's risk appetite, which is regularly reviewed by the Board.

Risk identification is linked to the setting of organisational objectives, as detailed in the Trust's board assurance framework. Capital planning includes an assessment of risk issues, and spending is prioritised on a risk basis. All papers considered by the Board are referenced to the risks they are aimed at addressing. The board assurance framework links to the significant risks that may affect the Trust achieving its objectives, how they are currently controlled and what sources of assurance the Board has that the risks are being managed appropriately. It also details action that is necessary to reduce the risks or improve sources of assurance, with prioritisation based on the standard Trust risk evaluation process. Information and data security risks are identified and managed through the Trust's risk assessment and incident reporting processes. The Trust has established and Data Security and Protection Group to monitor this process and provide assurance on the systems in place for managing information risks.

Assurance on compliance with CQC registration requirements, along with other key regulatory requirements, is provided to the Q&GAC via the work of the IQAB. The IQAB reviews the assurances in place for all requirements in line with an annual plan, providing regular updates to the Q&GAC.

Somerset NHS Foundation Trust is fully compliant with the registration requirements of the CQC.

The Trust has had an Assurance Framework in place throughout 2022/23. The Assurance Framework is designed to provide the Trust with a method for the effective and focused management of the principal risks which may impact on the achievement of objectives.

The Assurance Framework is linked to the Trust's strategic aims and objectives.

The process for the Assurance Framework includes sub-Committee oversight, with specific sections requiring completion by the Committees. The Assurance Framework is reviewed at each Audit Committee and quarterly by the Board. The Trust's Assurance Framework is designed to provide the Trust with a method for the effective and focused management of the principal risks which may impact on the achievement of objectives.

The highest risks to the Trust are available for detailed scrutiny to both internal and external auditors. Action plans for the management of risks have been developed and monitored through identified governance groups and overseen by the Audit Committee and the Board.

The Q&GAC reviews quarterly the levels of risk identified and the controls in place to manage them.

A summary of significant risks (managed in year) is provided below:

- **COVID-19** – For much of the reporting period, the continued impact of the coronavirus pandemic meant that the Trust, working with all partner agencies locally, regionally and nationally had to work in significantly different ways. Our acute, community, mental health and corporate services responded to the coronavirus pandemic by refocusing services, standing some up and stepping others down, to ensure that we can care for the people who need our support while working progressively to recover all of our services over the course of the year.

- **Performance Targets** - The delivery of a number of a number of performance targets has remained a significant challenge throughout the year, including RTT, cancer waits, A&E waiting times, diagnostic tests and dental general anaesthetics for children in Dorset. This has been significantly impacted by the reduction in elective activity and requirement for major changes to pathways due to the Covid pandemic and, more recently, by strike action. Each of these performance areas have been subject to detailed review and planning at a system level to address the issues of capacity and demand.

- **Finance** - Although the Trust achieved its control total this year, the system-wide risks in relation to the financial position have also been significant again during the year and the Trust has worked with the CCG, Somerset County Council and partner organisations to manage these risks during the year.

- **Staffing Pressures** - The Trust has continued to identify risks in a number of services around staffing pressures arising from vacancies, sickness absence and increasing levels of demand. This has led to the temporary closure or reduction of some services. An extensive recruitment campaign was maintained during the year, including continued overseas recruitment, but was not sufficiently successful and significant pressures remain.

- **Aging Estate** - The condition of some of the estate and the extent of the backlog maintenance continues to be a challenge for the delivery of services at Musgrove Park Hospital and within mental health and community services. Priorities for investment are constantly kept under review, based on risk assessment, to ensure that risks are minimised.

During the year as part of the development of the Risk Management Strategy for the new organisation, the Board of Directors supported by the Head of Risk, discussed and agreed the risk appetite and risk tolerance levels for the new integrated organisation. A risk appetite and risk tolerance statement were included within the Risk Management Strategy as approved in March 2023. The risk appetite and risk tolerance statement sets out the Board's strategic approach to risk-taking by defining its boundaries and risk tolerance thresholds. The risk appetite and risk tolerance statement does not negate the opportunity to potentially take decisions that result in risk-taking that is outside of the risk appetite. The Yeovil District Hospital risk appetite statement in use during 2022/23 was considered against the following risk categories: quality and governance; compliance and performance; continuity of service; operational risk; financial risk; business risk; and reputation risk.

The risk appetite approved in March 2023 based on the Good Governance Institute Risk Appetite for NHS Organisations Matrix, for the new integrated organisation is:

Risk Appetite	Definition
None (0)	Avoidance of risk and uncertainty is a key organisational objective
Minimal (1)	Minimal (as little as reasonably possible). Preference for very safe delivery options that have a low degree of inherent risk and only for limited reward potential
Cautious (2)	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
Open (3)	Willing to consider all potential delivery options while also providing an acceptable level of reward (and value for money)
Seek (4)	Eager to be innovative and choose options offering potentially higher business rewards (despite greater inherent risk)
Significant (5)	Confident in setting high levels of risk appetite because of controls, forward scanning and responsiveness systems are robust

Strategic Objective	Risk Appetite
Improve the health and wellbeing of the population	**Seek (4)**
Provide the best care and support to people	**Open (3)**
Strengthen care and support in local communities	**Seek (4)**
Reduce inequalities	**Seek (4)**
Respond well to complex needs	**Seek (4)**
Support our colleagues to deliver the best care and support through a compassionate, inclusive and learning culture	**Seek (4)**
Live within our means and use our resources wisely	**Financial Management - Open (3)** **Commercial – Seek (4)**
Develop a high performing organisation delivering the vision of the trust	**Seek (4)**

NHS Resolution handles negligence claims made against the Trust and works to improve risk management practices in the NHS.

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. There are structured processes in place for incident reporting, and the investigation of Serious Incidents. The Trust Board, through the risk management policy and incident reporting policy, promotes open and honest reporting of incidents, risks and hazards.

The Trust has a positive culture of reporting incidents enhanced by accessible online reporting systems available across the Trust. All patient related incidents which have resulted in harm as well as 'near miss' incidents are reported onto the National Reporting & Learning System (NRLS) to aid national trend analysis of incident data. The Trust receives regular summaries of incident reporting activity benchmarked against that of other, similar organisations. Significant issues are escalated to the Q&GAC.

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS22 guidance.

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 regulations are complied with. This includes ensuring that deductions from salary, 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 foundation trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.
Quality Governance is a key element of the overall governance arrangements of the Trust. At the heart of the Trust's commitment to quality is a clearly defined system of quality performance management, and a clear risk management process.

A Quality and Performance Report is presented to the Board at each meeting and highlights the key issues and trends, in relation to the provision of high quality care and patient experience.

The Chief Executive is ultimately accountable for the clinical governance processes in the Trust. During the year, this responsibility was delegated to the Chief Nurse, working closely with the Chief Medical Officer and the Director of Corporate Services.

The Executive Directors are experienced in NHS settings and the Non-Executive Directors provide independent challenge and bring a range of senior level experience from the commercial and public sectors. They receive independent appraisals conducted by the Chief Executive and Chairman.

The Trust has an integrated structure for monitoring quality and safety including a committee structure which has executive and non-executive representation.
The Board monitors quality through the following processes:

- the monthly quality and performance report;
- the reporting of serious incidents and learning;
- a monthly IQAB which focuses on compliance with statutory, regulatory and quality standards, reporting exceptions to the Quality and Governance Assurance Committee;

The Trust has a comprehensive clinical audit work plan covering both national and local audits. Findings from national clinical audits are regularly reported to the Quality and Governance Assurance Committee.

A framework exists for the management and accountability of data quality.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission.

The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months as required by the *Managing Conflicts of Interest in the NHS* guidance.

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 regulations are complied with. This includes ensuring that deductions from salary, 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 foundation trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Public engagement with risk management

The Trust involves its key public stakeholders with managing the risks that affect them through the following mechanisms:

- Engagement with HealthWatch Somerset;
- The Council of Governors and Trust members are consulted on key issues and risks as part of the annual operating plan;
- Annual members' meeting;
- Engagement with patient and carer representative groups, including the voluntary sector and Leagues of Friends;
- Involvement with local patient representative groups.

The Trust has an integrated Quality and Patient Experience (QPE) Group, which is chaired by a public governor and comprises governors, executive directors, operational staff, voluntary sector representatives and HealthWatch representatives. The QPE Group provides a quarterly report, including assessment of risks and issues, to the Council of Governors and escalates areas of risk to the Quality and Governance Committee.

The Trust has further developed its risk management processes to ensure that relevant and up to date risk information is available at all key meetings, ensuring that decisions are based on robust assessments of risk. The Trust has an open and fair culture, encouraging incident reporting to enable the hospital to learn and improve as part of its core business.

Developing Workforce Safeguards

In October 2018 NHSI released 'Developing workforce safeguards – supporting providers to deliver high quality care through effective staffing'. The report made many recommendations and highlighted good practice to support Trusts make evidenced decisions about safe staffing levels across all clinical areas, covering all staffing groups.

The Trust has reviewed the safeguards and recommendations during the year and continues to have in place a series of measures to meet these requirements. Central to this is the resourcing principles, aims and plans set out in the Trust's People Strategy.

We have in place regular reviews of safe staffing for inpatient ward areas with key staffing data triangulated against outcomes such as incidents, red flag reports or any harm reported, professional opinion from clinical leaders about current risks or mitigation in all areas. There is a six-monthly report to the Trust Board on safer staffing in inpatient wards.

Any service changes, skill mix reviews and new roles are subject to a Quality Impact Assessment process that it shared with organisations across the county. Escalation processes are documented at a local level and as part of system-wide escalation needs.

Review of economy, efficiency and effectiveness of the use of resources

The following key processes are in place to ensure that resources are used economically, efficiently and effectively:

- Scheme of Delegation and Reservation of Powers approved by the Board
- Standing Financial Instructions
- The monitoring of spend in year using budgets and variance analysis against actuals, with regular monthly financial monitoring reports produced for each operational unit or segment. An organisational report is produced monthly and reported to the Board, and discussed and reviewed in detail at the Finance Committee
- Robust competitive processes used for procuring non-staff expenditure items
- Cost improvement schemes, which are assessed for their impact on quality with local clinical ownership and accountability
- Strict controls on vacancy management and recruitment; and
- Contract monitoring arrangements with key commissioners which provide evidence that key requirements have been delivered.

Staff have a responsibility to identify and assess risk and to take action to ensure controls are in place to reduce and or mitigate risks whilst acknowledging need for economy, efficiency and effectiveness of the use of resources. All budget managers have a responsibility to manage their budgets and systems of internal control effectively and efficiently. These processes are not only reviewed on an ongoing basis by managers themselves but are also examined by internal and external audit as part on their annual plans.

A local counter fraud specialist and procedures are in place for work related to fraud and corruption as required by NHS Protect.
The Trust Board gains assurance from the Finance Committee in respect of financial and budgetary management across the organisation and the Audit Committee, which receives reports regarding Losses and Special payments and the Write-Off of Bad Debts.

There are a range of internal and external audits that provide further assurance on economy, efficiency and effectiveness, including internal audit reports on creditors, financial reporting and budgetary control and cost improvement programmes.

The Audit Committee receives reports from directors of the Trust as well as internal audit, external audit and the Counter Fraud specialist on the work undertaken to review the Trust's systems of control including economy, efficiency and effectiveness of the use of resources. Action plans are agreed from these reports to improve controls where necessary.

Information governance

Maintaining the security of the information that the Trust holds provides confidence to patients and employees. To ensure that security is maintained the Executive Director of Strategy and Digital Development has been identified to undertake the role of Senior Information Risk Owner (SIRO). The SIRO has overseen the implementation of a wide range of measures to protect the data we hold and a review of information flows to underpin the Foundation Trust's information governance assurance statements and its assessment against the data security and protection toolkit. The review against the data security and protection toolkit provides assurance that these aspects are being managed and identified weaknesses addressed.

The Trust will submit its return for the data security and protection toolkit in June 2023, with an expected achievement level of 'exceeds standards'.

During 2022/23, the Trust reported 6 incidents to the Information Commissioner. In all cases, the Information Commissioner was satisfied with the initial steps the Trust had taken and required no further actions.

Data quality and governance

The following steps were put in place during the year to assure the Board that there are appropriate controls in place to ensure the accuracy of data:

- The information provided is subject to robust checking and scrutiny through the Trust's governance groups and the SOMT meetings. The information is further integrated and tested by the Quality and Governance Assurance Committee and by the Board itself
- The Trust ensures key areas of performance are included within the annual internal audit programme
- Data quality and information governance are reviewed through regular quarterly reports to the Data Security and Protection Group and through Board monitoring of the data security and protection toolkit

The Trust's integrated governance model uses a full range of corporate, clinical, and information governance assurances to inform the Board in relation to operations and compliance. This includes formal 'topic-based reporting to the IQAB and specialist governance sub groups for data security and protection, health safety, security and estates, equality and inclusion, and quality and patient experience. In addition, each of the operational divisions within the Trust has their own devolved governance responsibilities and governance groups which report to the IQAB.

Controls are in place to ensure that all the Trust's employees have the appropriate skills and expertise to perform their duties. This includes the provision of relevant training and helps to ensure the accuracy and reliability of data collected and prepared by employees and which is used to assess the quality of the Trust's performance.

The quality metrics relied on by the Board have been regularly reported through Trust governance structures, including the Quality and Governance Assurance Committee, Trust Board and Council of Governors where appropriate.
Data quality issues are addressed through the Trust's information governance systems in line with its relevant policies.

The metrics include key measures developed with the Trust's principal commissioners, the Somerset Integrated Care Board, to provide them with assurance that the Trust is providing high quality care. Additional measures relating to patient experience are provided by the monthly assessments that the Trust has established, overseen by the Trust's Quality and Patient Experience Group.

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 the NHS foundation trust 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 [and risk/clinical governance/quality committee, if appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by:

- NHS Improvement Single Oversight Framework
- Care Quality Commission inspection reports
- Internal Audit reports
- External Audit reports
- CQC Insight Reports
- NHSR assessments
- Clinical audits
- Patient and staff surveys; and
- Benchmarking information

The Board is supported by the Quality and Performance Assurance Committee, Finance Committee, Mental Health Act Committee, People Committee and Audit

Committee who routinely review the Trust's system of internal control and governance framework, together with the Trust's integrated approach to achieving compliance with the Care Quality Commission essential safety and quality standards.

The Assurance Framework provides the Board with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. The Assurance Framework was subject to review and scrutiny at each meeting of the Quality and Governance Assurance Committee and Audit Committee, with a quarterly update provided to the Trust Board.

The Finance Committee focus on investigating the progress made in the delivery of financial plans and to undertake an in-depth analysis of financial information. Clinical Audit is given a high importance. The annual clinical audit plan reflects the priorities of the Board of Directors and national best practice, for example, NICE clinical guidelines, national confidential enquiries, NHS frameworks, high level enquiries and other nationally agreed guidance.

Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the Audit Committee. This has included a specific review of risk maturity and the implementation of a new risk management system. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management. Five internal audits identified limited assurance as part of the review of trust services in year:

- Consultant Job Planning
- Duty of Candour
- Career Conversations/Performance Appraisals
- Payroll Overpayments
- Disability Confident Employer

Action plans were developed to address the issues identified. Completion of the actions will be overseen by the Trust's Audit Committee.
The Head of Internal Audit Opinion was issued for 2022/2023 was issued at a level of Moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2022-23. The opinion states:

"As the internal auditors of Somerset NHS FT we are required to provide the Audit Committee, and the Director with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Somerset NHS FT with moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2022-23. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of

assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.
It should be noted that we strongly considered a limited assurance opinion, due to the number of outstanding recommendations in place at year end. However, in assessing the level of assurance to be given, we have taken into account the following:

- All internal audits undertaken by BDO LLP during 2022/23. We were directed to a significant number of these reviews, defining the scope based on areas of concern where we could add value in identifying the root cause of the issue. This has been reflected in the higher proportion of limited assurance reports in year.
- Two reviews provided substantial assurance for design of controls, one of which also provided substantial assurance for operational effectiveness, including key financial systems. Additionally, the mandated HFMA Financial Sustainability review highlighted only a small number of areas for improvement despite the significant changes taking place within the Finance team at the time as part of the merger preparation.
- Overall, the majority of audits provided moderate or substantial assurance in the design of controls. Whilst one had limited assurance for design and four more were limited by operational effectiveness, we were specifically directed by management to review these areas to help them improve the control environment.
- Of the 13 high priority risks raised in 2021/22 and 2022/23 that required action, the Trust have closed four, reduced a further four to medium priority and three are not due for implementation until 2023/24. The two high priority recommendations that remain overdue relate to the People and OD service, where the risk has been acknowledged and a detailed action plan is in place to address this with oversight at the new People Governance Committee
- All significant recommendations and the consequent risks have been accepted by management.
- The Trust received a ‘Good’ rating in its CQC Well-led inspection in September 2022. The report highlighted that Trust leadership, its vision and strategy, culture and governance were clear and effective and the Trust was well-informed on areas of risk and these were clearly articulated. The rating of ‘Good’ was the same as the Trust’s last inspection.
- We have excellent engagement with the whole Executive team and Trust staff, from audit planning, scoping audit review and follow up of audit recommendations.
- The joint Executive team have been in post since January 2022 and since this point have been working towards the merger of Yeovil District Hospital NHS FT and Somerset NHS FT. This was successfully completed on 1 April 2023
- The Trust is expected to break-even against its agreed control total at year-end.

Conclusion

The Annual Governance review has identified no significant control issues.

Signed

Chief Executive **27 June 2023**

Somerset NHS Foundation Trust

Annual accounts for the year ended 31 March 2023

Foreword to the accounts

Somerset NHS Foundation Trust

These accounts, for the year ended 31 March 2023, have been prepared by Somerset NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed  .....

Name **Peter Lewis**
Job title **Chief Executive**
Date **27 June 2023**

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SOMERSET NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Somerset NHS Foundation Trust ("the Trust") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 Trust's affairs as at 31 March 2023 and of the Trust's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in March 2023 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2022/23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

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 Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to either cease the Trust's services or dissolve the 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 its 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 Accounting Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Accounting Officer's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the 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 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 Trust's high-level policies and procedures to prevent and detect

fraud, including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Assessing the incentives for management to manipulate reported financial performance because of the need to achieve financial performance targets delegated to the Trust by NHS England.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 in particular the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we did not identify 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 non-pay expenditure recognition, particularly in relation to year-end accruals.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and borrowings, unusual postings to accruals in January 2023 to March 2023 and journals posted by individuals who do not usually create or post journals.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspecting cash payments and purchase invoices in the period prior to and following 31 March 2023 to verify expenditure had been recognised in the correct accounting period.
- Performing a year on year review of accruals to identify whether the accruals balance at 31 March 2023 is complete.

Identifying and responding to risks of material misstatement related to 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 Accounting Officer and other management (as required by auditing standards), and discussed with the Accounting Officer and other management the policies and procedures regarding compliance with laws and regulations.

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information in the Annual Report

The Accounting Officer is responsible for the other information, which comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

Annual Governance Statement

We are required by the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") 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 2022/23. 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 all material respects, in accordance with the NHS Foundation Trust Annual Reporting Manual 2022/23.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 85, 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 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 either cease the services provided by the Trust or dissolve the Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

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

We have nothing to report in this respect.

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

As explained more fully in the statement set out on page 127, the Accounting Officer is responsible for ensuring that the Trust has put 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 planned our work and 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 to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006. We have nothing to report in this respect.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Somerset NHS Foundation Trust for the year ended 31 March 2023 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

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

30 June 2023

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Financial assets reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**212,589**	**77,595**	**(2,325)**	**22,125**	**309,984**
Implementation of IFRS 16 on 1 April 2022	**-**	**-**	**-**	109	**109**
(deficit) for the year	-	-	-	(38,069)	**(38,069)**
Impairments	-	(29,896)	-	-	**(29,896)**
Revaluations	-	12,794	-	-	**12,794**
Fair value (losses) on equity instruments designated at fair value through OCI	-	-	(147)	-	**(147)**
Public dividend capital received	19,433	-	-	-	**19,433**
Taxpayers' and others' equity at 31 March 2023	**232,022**	**60,493**	**(2,472)**	**(15,835)**	**274,208**

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Financial assets reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**176,713**	**69,221**	**-**	**32,808**	**278,742**
Deficit for the year	-	-	-	(10,683)	**(10,683)**
Impairments	-	(3,169)	-	-	**(3,169)**
Revaluations	-	11,545	-	-	**11,545**
Fair value (losses) on equity instruments designated at fair value through OCI	-	-	(2,325)	-	**(2,325)**
Public dividend capital received	35,876	-	-	-	**35,876**
Other reserve movements	-	(2)	-	-	**(2)**
Taxpayers' and others' equity at 31 March 2022	**212,589**	**77,595**	**(2,325)**	**22,125**	**309,984**

The notes on pages 8 to 58 form part of these accounts.

Statement of Comprehensive Income

	Note	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	682,669	596,679
Other operating income	4	61,783	70,536
Operating expenses	6	(775,422)	(669,673)
Operating (deficit) from continuing operations		**(30,970)**	**(2,458)**
Finance income	10	983	27
Finance expenses	11	(1,777)	(1,709)
PDC dividends payable		(6,933)	(7,103)
Net finance costs		**(7,727)**	**(8,785)**
Other gains / (losses)	12	249	(244)
Share of profit of joint arrangements	18	379	804
(Deficit) for the year from continuing operations		**(38,069)**	**(10,683)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(29,896)	(3,169)
Revaluations	16	12,794	11,545
Fair value (losses) on equity instruments designated at fair value through OCI	19	(147)	(2,325)
Other reserve movements		-	(2)
Total comprehensive (expense) for the period		**(55,318)**	**(4,634)**

The notes on pages 8 to 58 form part of these accounts.

Statement of Financial Position

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Intangible assets	13	21,127	20,339
Property, plant and equipment	14	292,186	323,891
Right of use assets	17	25,943	-
Investments in associates and joint ventures	18	282	797
Other investments / financial assets	19	14	161
Receivables	21	2,369	2,669
Total non-current assets		**341,921**	**347,857**
Current assets			
Inventories	20	7,391	5,723
Receivables	21	44,446	21,212
Non-current assets for sale and assets in disposal groups	22	-	15
Cash and cash equivalents	22	42,510	58,729
Total current assets		**94,347**	**85,679**
Current liabilities			
Trade and other payables	23	(94,749)	(83,485)
Borrowings	24	(7,086)	(3,846)
Provisions	25	(1,836)	(850)
Other liabilities	23.1	(8,783)	(7,152)
Total current liabilities		**(112,454)**	**(95,333)**
Total assets less current liabilities		**323,814**	**338,203**
Non-current liabilities			
Borrowings	24	(45,121)	(22,736)
Provisions	25	(2,544)	(3,283)
Other liabilities	23.1	(1,941)	(2,200)
Total non-current liabilities		**(49,606)**	**(28,219)**
Total assets employed		**274,208**	**309,984**
Financed by			
Public dividend capital		232,022	212,589
Revaluation reserve		60,493	77,595
Financial assets reserve		(2,472)	(2,325)
Income and expenditure reserve		(15,835)	22,125
Total taxpayers' equity		**274,208**	**309,984**

The notes on pages 8 to 58 form part of these accounts.

Name Peter Lewis
Position Chief Executive
Date 27 June 2023

Information on reserves

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 organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the 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.

Financial assets reserve
This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows

	Note	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Operating (deficit)		(30,970)	(2,458)
Non-cash income and expense:			
Depreciation and amortisation	6.1	26,777	22,371
Net impairments	7	38,644	12,597
Income recognised in respect of capital donations	4	(1,647)	(1,428)
Amortisation of PFI deferred credit		(259)	(259)
(Increase) / decrease in receivables and other assets		(22,671)	2,928
(Increase) in inventories		(1,668)	(939)
Increase / (decrease) in payables and other liabilities		28,020	(18,655)
Increase in provisions		683	1,710
Other movements in operating cash flows		-	(2,486)
Net cash flows from / (used in) operating activities		**36,909**	**13,381**
Cash flows from investing activities			
Interest received		983	27
Purchase of intangible assets		(5,927)	(5,889)
Purchase of PPE and investment property		(54,099)	(49,839)
Sales of PPE and investment property		693	-
Receipt of cash donations to purchase assets		1,193	1,437
Net cash flows from / (used in) investing activities		**(57,157)**	**(54,264)**
Cash flows from financing activities			
Public dividend capital received		19,433	35,876
Movement on loans from DHSC		(848)	(848)
Movement on other loans (Note 1)		(893)	-
Capital element of lease liability repayments (Note 1)		(2,964)	(810)
Capital element of PFI, LIFT and other service concession payments		(2,060)	(1,924)
Interest on loans		(217)	(168)
Interest element of lease liability repayments		(277)	(198)
Interest paid on PFI, LIFT and other service concession obligations		(1,281)	(1,337)
PDC dividend (paid)		(7,757)	(6,372)
Cash flows from (used in) other financing activities (Note 2)		893	1
Net cash flows from / (used in) financing activities		**4,029**	**24,220**
(decrease) in cash and cash equivalents		**(16,219)**	**(16,663)**
Cash and cash equivalents at 1 April - brought forward		**58,729**	**75,391**
Cash and cash equivalents at 31 March	22	**42,510**	**58,729**

Note 1

During 2021/22, the Trust terminated the Energy Finance lease and transferred the remaining balance on the Finance agreement from Finance Lease to borrowings and classified as 'other loans'. This will be repaid annually with the final payment due September 2023.

Note 2

Joint venture dividend received from Southwest Pathology Services LLP (SPS LLP)

The notes on pages 8 to 58 form part of these accounts.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England 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 2022/23 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

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.

Note 1.2 Going concern
These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

On 1 April 2023, The Trust acquired the assets and business of Yeovil District Hopsital (YDH) NHS FT forming Somerset NHS Foundation Trust (SFT) through merger by acquisition and there is a reasonable expectation that SFT has adequate resources to continue in operational existence for the next 12 months.

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due; and will be accessed through the nationally agreed process published by NHS England and the Department of Health and Social Care.

There has been no application to the Secretary of State for the dissolution of the Trust and following the preparation of detailed financial plans for 2023/24, no such application is planned.

The Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the next 12 months.

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.

Note 1.3 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.

In 2022/23, the Trust has accrued the funding received from NHS England associated to the pay award

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22 income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

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 24.86% (2021/22: 23.76%).

Note 1.4 Other forms of income

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.

Note 1.5 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. 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 for Health and Social Care 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 the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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 report of the scheme actuary, 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 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 actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

Note 1.6 Expenditure on other goods and services
Expenditure on goods and services is recognised when, 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.

Note 1.7 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.

Note 1.8 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 item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful 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 property, plant and equipment 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.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildimngs - market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements

During 2022/23, SFT re-tendered its valuation contract to include the re-modelling of MEA hypothesis and Cushman & Wakefield was successful, sub-contracting the MEA modelling to NTW Solutions (NTW), a wholly owned subsidiary of Northumberland Tyne and Wear NHS Foundation Trust. NTW So took the existing MEA's in operation across the Community/Mental health and the Acute provision and together with discussions with Estates and finance colleagues formed two revised MEA's. The Acute MEA now incorporates a full assessment of the space required to operate a modern functioning healthcare facility.. The CH/MH model has condensed its 5-hub basis down to 3 reflecting the current levels of service provision.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual using Build Cost Information published by the RICS Building Cost Information Service. During 2022/23, a full valuation exercise to update the latest carrying values as at 31 March 2023 was undertaken by Cushman & Wakefield DTZ.

The valuation exercise was carried out in March 2023 with a valuation date of 31 March 2023. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

The aftermath of the Grenfell Fire on 14 June 2017 resulted in a wholesale review of the regime relating to building safety. A public inquiry commenced in 2018 with a report on the findings of the first phase of the inquiry published in October 2019. The second phase of the inquiry commenced in January 2020 and is still ongoing.

An Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. This included recommendations for a new Building Regulations regime for residential buildings of 10 storeys (30m) or higher. The Government subsequently announced that Building Regulations would be amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. Due to the changes to the building regulations the ban will affect existing buildings undergoing major works or a change of use. On 20 January 2020 MHCLG published "Building safety advice for building owners, including fire doors" which consolidated the previously published advice notes including Advice Note 22. The advice note specifically deals with aluminium composite material panels, high pressure laminate panels, spandrel panels, balconies and external wall insulation systems as well as smoke control systems and fire doors. The advice note does not cover all types of wall systems for buildings below 18 metres but consideration is to be given to the spread of fire externally through the fire risk assessment taken into consideration the buildings occupancy and other factors which may result in remedial actions being required.
The Fire Safety Act 2021 came into force in May and aims to improve fire safety in multi-occupancy domestic premises. The Act requires responsible persons to assess, manage and reduce the fire risks posed by the structure and external walls of the buildings for which they are responsible (including cladding, balconies and windows). It applies to all multi-occupied residential buildings and is not dependent on the height of the building. The Act allows the Fire & Rescue Service to enforce against non–compliance in relation to the external walls and the individual doors opening onto the common parts of the premises, but the Act does not address remediation costs in relation to cladding or its replacement.

A 1% change in the valuation would have a £1.8 million impact on the Statement of Financial Position with a £32,000 change on the PDC dividend due to be paid next year and accrued in these financial statements.

Of the £177 million net book value of land, buildings and dwellings subject to valuation, £173 million relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value. Cushman & Wakefield has supplied amended estimates of the diminution in value relating to operational buildings scheduled for imminent closure and subsequent demolition. These buildings have been written down in the accounts to these values. Open market values have also been provided for land and residences.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful 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.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position 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 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 the impairment.

An impairment that arises from a clear consumption of economic benefit or of 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 expenditure 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 the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.
Following 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. 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 useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and 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.

This includes assets donated to the trust by the Department of Health and Social Care or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as a finance cost as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Buildings, excluding dwellings	36	76
Dwellings	55	58
Plant & machinery	5	20
Transport equipment	3	10
Information technology	3	8
Furniture & fittings	3	10

Note 1.9 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

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

Software which is integral to the operation of hardware, eg 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, eg 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 active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations 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.

Amortisation

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

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Software licences	2	10

Note 1.10 Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

The Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department of Health and Social Care.

Note 1.11 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 Financial assets and financial liabilities
Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes 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 and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taker as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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

Financial assets are Financial Liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost
Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition. The Trust has irrevocably elected to measure the following equity instruments at fair value through other comprehensive income: -

Sensyne PLC shares

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

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

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

Note 1.13 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The Trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Initial application of IFRS 16

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces*IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.14 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 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

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 from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

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 Trust is disclosed at note 25.1 but is not recognised in the Trust’s accounts.

Non-clinical risk pooling

The 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 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.

Note 1.15 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 32 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 32, 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.

Note 1.16 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

Note 1.17 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases - application of liability measurement principles to PFI and other service concession arrangements

From 1 April 2023, the measurement principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the Statement of Financial Position. The effect of this has not yet been quantified.

Other standards, amendments and interpretations

The effective date for IFRS17 is now 1 April 2025. The standard has not yet been adopted but work will be undertaken to identify insurance contracts and determine the appropriate accounting treatment.

Note 1.18 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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.

It should be noted that while management must make judgements in relation to applying the recognition of balance sheet items (trade payables; provisions, deferred and accrued income) these are not considered significant judgements.

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.

Land, buildings and dwellings

Value of land, buildings and dwellings £177,178,000 (2021/22 £213,277,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer; Cushman & Wakefield 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, community and mental health 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 Somerset.

The MEA has been revised and updated during 2022/23 by Trust Finance and Estate staff working with NTW Solutions Management. The model is owned by the Trust and we are able to tweak where events occur during 2023/24 and beyond. There are currently two MEA models, one for community and mental health where the model has changed from a 5 hub to a 3 hub model, reducing space utilisation and duplicated plant facility and a model at Musgrove Park Hospital where there has been in plant areas for each building and a reduction in office/meeting room space taking into account different ways of working/agile workking and less face-face interaction.

The key judgements driving Land, buildings and dwellings valuations are:
- building cost index reduction
- increased obsolescence factors, ventilation health regulation in healthcare patient flow areas
- updated MEA

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

Note 1.19 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 organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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 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 trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the 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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.20 Value added tax
Most of the activities of the 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.

Note 1.21 Corporation tax
The Trust is a Health Service Body within the meaning of s986 Corporation Taxes Act 2010. Accordingly it is not liable to corporation tax. The Trust is also exempt from tax on chargeable gains under s271(3) Taxation of Chargeable Gains Act 1992.There is, however, a power for HM Treasury to submit an order to Parliament which will dis-apply the corporation tax exemption in relation to particular activities of an NHS Foundation Trust (s987 Corporation Taxes Act 2010). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities to be specified in the order which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum. Until such an order is approved by Parliament, the Trust has no corporation tax liability.

Note 1.22 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.

Note 1.23 Foreign exchange
The functional and presentational currency of the trust is 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.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

• monetary items are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.24 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM* .

Note 1.25 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.

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

Note 1.26 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions. The Somerset NHS Foundation Trust is managed by the Board of Directors, 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 Board is therefore considered to be the Chief Operating Decision Maker (CODM) of the Trust.

The monthly financial information presented to the Board includes a Trust level Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Cash flows and a number of other financial indicators including Covid-19 spend, capital expenditure, performance against cost improvement plans, agency spend and debt analysis. The segmental expenditure data is included by way of a separate note reporting achievement against planned expenditure inclusive of any directorate specific income and highlighting any variances. It is acknowledged that the analysis of figures included below is different to that used for the remainder of the financial statements. The detail includes current budget and year to date data, in each case comparing actual data to plan. The commentary also includes the Directorates' contribution to Trust wide initiatives, such as cost improvement programmes. Other information reported to the Board is specifically analysed for its purpose, for example trust pay spend against budget analysed by employee groups and income stream expectations by type (NHS Clinical, non NHS etc) compared to actual achieved. Information such as delivery of the savings plan is a trust wide position paper but detailed into the areas tasked with implementing savings.

The Trust has used three key factors in its identification of its reportable operating segments. The key factors are that the reportable operating segment:

a) engages in activities from which it earns revenues and incurs expenses;
b) reports financial results which are regularly reviewed by the Trust's Board of Directors to make decisions about allocation of resources to the segment and to assess its performance; and
c) has discrete financial information.

The Trust's reportable segments and services provided are:

Integrated and Urgent Care

The services provided by this operating segment include A&E, MIU, Cardiology, Care of the Elderly, Endocrinology, Neurology, Rehabilitation, Respiratory and Stroke services.

Surgical Care

The services provided by this operating segment include Gastroenterology, Upper and Lower GI Surgery, Vascular, Breast Care Centre, Dermatology, Urology, Orthopaedics, Theatres, ITU/HDU, Anaesthetics, Sterile Services, Pre-op Assessment, Surgical Admissions, General Outpatients and Orthopaedic Services.

Clinical Support and Specialist

The services provided by this operating segment include the dedicated Cancer Centre, Haematology & Oncology, Pharmacy, Therapies, Pathology, Imaging, Speech and Language Therapy and other diagnostic testing.

Corporate Support Services

This segment provides corporate management for the Trust and includes the administrative aspects of governance and professional management of all clinical staff, the Trust Board, Finance, Information and IT, People Services, Organisational Development, Performance Management, Operational Management, Education and Training, central clinical functions of operational managers, clinical site managers, discharge coordination, patient transport and winter response actions.

Families Care Directorate

The services provided by this operating segment include Reproductive Medicine, EPAC, Gynaecology, Maternity and Paediatrics (including Somerset Neo-Natal Intensive Care Unit), Child and Adolescent Mental Health Services, Primary Care Dental Service and Community Services.

Mental Health and LD

The services provided by the mental health and LD segment include inpatient services for adult acute including Psychiatric Intensive Care Unit (PICU), Section 136 health based places of safety; rehabilitation and older peoples mental health inpatient, commissioned inpatient services of low secure and CAMHS Tier 4; Home Treatment/Crisis services; Perinatal; Psychiatric Liaison; Community mental health services including open mental health working in collaboration with voluntary VSC; forensic liaison services; Assertive Outreach; Talking Therapies and Learning Disability services.

Primary Care and Neighbourhoods

The services provided by this operating segment include District Nursing & Rehab services, provision of dementia and older peoples mental health services, Intermediate Care Model, Community Hospitals and the newly created Virtual Wards which include respiratory, frailty and digital.

The table below summarises details reported to the Board

	2022/23	2021/22
	£'000	£'000
Operating Income	661,001	596,860
Total Corporate Income	**661,001**	**596,860**
Expenditure less sundry income		
Primary Care and Neighbourhoods	(76,177)	(38,590)
Families Care Directorate	(55,866)	(49,358)
Mental Health and LD	(71,928)	(59,718)
Integrated and Urgent Care	(91,586)	(110,673)
Surgery	(120,098)	(107,285)
Clinical Support and Specialist Services	(96,137)	(84,646)
TOTAL OPERATING DIRECTORATES	**(511,792)**	**(450,270)**
Corporate and other services	(180,179)	(149,048)
TOTAL OTHER SERVICES	**(180,179)**	**(149,048)**
Total Operating Expenditure	**(691,971)**	**(599,318)**
Trust EBITDA	**(30,970)**	**(2,458)**
Net Finance Costs	(7,099)	(8,225)
(Deficit)/Surplus for the year from continuing operations	**(38,069)**	**(10,683)**
Remove Capital Donations/grants I&E impact	(575)	(45)
Remove Impairments	38,644	12,597
Performance on a control total basis	**-**	**1,869**
Other comprehensive income		
Will not be reclassified to income and expenditure:		
Impairments	(29,896)	(3,169)
Revaluations	12,794	11,545
Fair value (losses) on equity instruments designated at fair value through OCI	(147)	(2,325)
Other recognised gains and losses	-	(2)
Total comprehensive income / (expense) for the period	**(55,318)**	**(4,634)**

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	2022/23 £000	2021/22 £000
Acute services		
Income from commissioners under API contracts*	353,911	318,898
High cost drugs income from commissioners (excluding pass-through costs)	40,895	37,451
Other NHS clinical income	-	3,718
Mental health services		
Income from commissioners under API contracts*	93,207	104,801
Services delivered under a mental health collaborative	9,202	-
Community services		
Income from commissioners under API contracts*	114,552	88,705
Income from other sources (e.g. local authorities)	14,220	2,765
All services		
Private patient income	2,339	1,819
Elective recovery fund	8,811	8,215
Agenda for change pay award central funding ***	17,784	-
Additional pension contribution central funding**	19,235	17,725
Other clinical income	8,513	12,582
Total income from activities	**682,669**	**596,679**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

**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.

*** In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2022/23 £000	2021/22 £000
NHS England	126,734	97,604
Clinical Commissioning Groups	125,255	477,765
Integrated Care Boards	398,313	-
Department of Health and Social Care	2	142
Other NHS providers	10,279	5,662
NHS other	-	218
Local authorities	14,851	3,640
Non-NHS: private patients	2,339	1,819
Non-NHS: overseas patients (chargeable to patient)	148	108
Injury cost recovery scheme	1,273	742
Non NHS: other	3,475	8,979
Total income from activities	**682,669**	**596,679**
Of which:		
Related to continuing operations	682,669	596,679

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2022/23	2021/22
	£000	£000
Income recognised this year	148	108
Cash payments received in-year	57	63

Note 4 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,974	-	**2,974**	2,923	-	**2,923**
Education and training	29,399	-	**29,399**	26,068	-	**26,068**
Non-patient care services to other bodies	15,508	-	**15,508**	14,430	-	**14,430**
Reimbursement and top up funding	4,897	-	**4,897**	16,233	-	**16,233**
Income in respect of employee benefits accounted on a gross basis	2,201	-	**2,201**	2,317	-	**2,317**
Receipt of capital grants and donations and peppercorn leases	-	1,647	**1,647**	-	1,428	**1,428**
Charitable and other contributions to expenditure	-	1,105	**1,105**	-	1,541	**1,541**
Revenue from operating leases	-	325	**325**	-	293	**293**
Amortisation of PFI deferred income / credits	-	259	**259**	-	259	**259**
Other income (Note 1)	3,468	-	**3,468**	5,044	-	**5,044**
Total other operating income	**58,447**	**3,336**	**61,783**	**67,015**	**3,521**	**70,536**
Of which:						
Related to continuing operations			61,783			70,536

Note 1

2022/23: Other income includes £1.0m Merger management and service charge to YDH, £0.9m Somerset County Council Mental Health Rethink funding (2021/22 £0.5m), £0.3m Private patient and £0.2m Cancer services income.

Note 4.1 Income from activities arising from commissioner requested services

Under the terms of its provider licence, 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 licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2022/23	2021/22
	£000	£000
Income from services designated as commissioner requested services	660,042	581,988
Income from services not designated as commissioner requested services	84,410	85,046
Total	**744,452**	**667,034**

The Trust sold two buildings during the year that were held within "Assets held for sale".
The building was not fit for purpose and the service has been reinstated elsewere within Somerset; proceeds received: £199,000, costs of sale: £5,000, and net book value: £15,000 resulting in a gain on disposal £179,000.

The second building was not fit for purpose and a replacement building has been purchased in year; proceeds received: £383,000 (cost of sale included), net book value: £356,000 resulting in a gain on disposal: £27,000.

The Trust also sold some surplus telephony equipment back to the manufacturer at a gain on disposal of £38,000; proceeds: £114,000 with a NBV: £76,000.

Note 5 Operating leases - Somerset NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where Somerset NHS Foundation Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 5.1 Operating lease income

	2022/23	2021/22
	£000	£000
Lease receipts recognised as income in year:		
Variable lease receipts / contingent rents	325	-
Other		293
Total in-year operating lease income	**325**	**293**

Note 5.2 Future lease receipts

	31 March 2023
	£000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	325
Total	**325**

	31 March 2022
	£000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year;	260
- later than one year and not later than five years;	334
Total	**594**

Note 6.1 Operating expenses

	2022/23 £000	2021/22 £000
Purchase of healthcare from NHS and DHSC bodies	1,353	125
Purchase of healthcare from non-NHS and non-DHSC bodies	28,301	31,786
Staff and executive directors costs	508,976	447,681
Remuneration of non-executive directors	115	134
Supplies and services - clinical (excluding drugs costs)	39,484	33,893
Supplies and services - general	24,100	21,204
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	48,137	46,004
Consultancy costs	298	311
Establishment	9,477	7,342
Premises	16,139	13,381
Transport (including patient travel)	1,811	978
Depreciation on property, plant and equipment and right of use assets	21,638	17,498
Amortisation on intangible assets	5,139	4,873
Net impairments	38,644	12,597
Movement in credit loss allowance: contract receivables / contract assets	30	37
Movement in credit loss allowance: all other receivables and investments	190	521
Increase/(decrease) in other provisions	-	662
Change in provisions discount rate(s)	(405)	63
Fees payable to the external auditor		
audit services- statutory audit	139	119
Internal audit costs	101	110
Clinical negligence	13,933	14,209
Legal fees	713	1,116
Insurance	529	269
Education and training	2,474	3,112
Expenditure on short term leases (current year only)	396	-
Operating lease expenditure (comparative only)	-	3,468
Redundancy	654	86
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	3,558	3,367
Car parking & security	247	65
Hospitality	30	-
Losses, ex gratia & special payments	541	586
Subscriptions	393	329
Interpreting costs	562	514
Other (Note 1)	7,725	3,233
Total	**775,422**	**669,673**
Of which:		
Related to continuing operations	775,422	669,673

Note 1

Other expenditure includes £3.5m Out of Area Named Patients (2021/22: £0.4m), £1.7m Discharge to Assess intermediate care, £0.8m of Surgical services for the Independent Sector (2021/22: £1.3m), £0.5m health research (2021/22: £0.5m), £0.6m Drugs service recharge from Yeovil District Hospital and £0.3m Nuclear services recharge from University Hospital Bristol & Weston.

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1million (2021/22: £1 million).

Note 7 Impairment of assets

	2022/23 £000	2021/22 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price/Modern Equivalent Asset	38,644	12,597
Total net impairments charged to operating surplus / deficit	**38,644**	**12,597**
Impairments charged to the revaluation reserve	29,896	3,169
Total net impairments	**68,540**	**15,766**

The Trust's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2023. The Trust's specialised buildings and associated land have been valued using the depreciated replacement cost method, based upor provision of a modern equivalent asset (MEA). A fundamental principle of MEA valuations is that a hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for the existing operations. The valuation of the Trust's specialised land and buildings has therefore been based upon the Trust hypothetically being located on a suitable alternative site away from the town centre, where the cost of the land would be significantly lower, but where the Trust would still be able to provide the same level of service but the location of providing the service would be delivered from the model.

Applying these MEA revaluations has resulted in a net impairment overall decrease in the Trust's estate, recorded in property, plant and equipment. £38,644,000 has been recognised as a net impairment charged to the Statement of Comprehensive Income. (2021/22: net impairment of £12,597,000) and the remaining £29,896,000 has been recognised as an impairment to the revaluation reserve (2021/22: £3,169,000).

Note 8 Employee benefits

	2022/23 Total £000	2021/22 Total £000
Salaries and wages	358,466	316,632
Social security costs	38,026	30,697
Apprenticeship levy	1,795	1,640
Employer's contributions to NHS pensions	63,451	58,826
Temporary staff (including agency)	51,847	42,687
Total gross staff costs	**513,585**	**450,482**
Of which		
Costs capitalised as part of assets	3,955	2,715

Note 8.1 Retirements due to ill-health

During 2022/23 there were 13 early retirements from the Trust agreed on the grounds of ill-health (4 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £497,879 (£230,080 in 2021/22).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 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.

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 the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 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 report of the scheme actuary, 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 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 at 20.6%, and the Scheme Regulations were amended accordingly.

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 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.

Note 10 Finance income

Finance income represents interest received on assets and investments in the period.

	2022/23	2021/22
	£000	£000
Interest on bank accounts	983	27
Total finance income	**983**	**27**

Note 11.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2022/23	2021/22
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	145	163
Interest on other loans	103	-
Interest on lease obligations	277	167
Main finance costs on PFI and LIFT schemes obligations	1,281	1,337
Total interest expense	**1,806**	**1,667**
Unwinding of discount on provisions	(29)	(21)
Other finance costs	-	63
Total finance costs	**1,777**	**1,709**

Note 12 Other gains / (losses)

	2022/23	2021/22
	£000	£000
Gains on disposal of assets	249	-
Losses on disposal of assets	-	(244)
Total gains / (losses) on disposal of assets	**249**	**(244)**

During 2022/23: The gain on disposal related to buildings and equipment disposals. The Trust sold two buildings during the year that were held within "Assets held for sale". The first building was not fit for purpose and the service has been reinstated elsewere within Somerset; proceeds received: £199,000, costs of sale: £5,000, and net book value: £15,000 resulting in a gain on disposal £179,000.
The second building, again was not fit for purpose and a replacement building has been purchased in year; proceeds received: £383,000 (cost of sale included), net book value: £356,000 resulting in a gain on disposal: £27,000.

The Trust also sold some surplus telephony equipment back to the manufacturer at a gain on disposal of £38,000; proceeds: £114,000 with a NBV: £76,000.

During 2021/22: The loss on disposal relates to derecognised Covid Plant & Machinery assets that have been returned to the Department of Health and Social Care (DHSC), as agreed with the DHSC asset transfer team. £244,000 was returned leaving a remaining Net Book Value @ 31/3/2022 of £1,100,000. During 2020/21, £1,479,000 was recognised as donated asset additions.

Note 13.1 Intangible assets - 2022/23

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	**33,238**	**5,175**	**38,413**
Additions	4	5,923	**5,927**
Reclassifications	1,060	(1,060)	**-**
Valuation / gross cost at 31 March 2023	**34,302**	**10,038**	**44,340**
Amortisation at 1 April 2022 - brought forward	**18,074**	**-**	**18,074**
Provided during the year	5,139	-	**5,139**
Amortisation at 31 March 2023	**23,213**	**-**	**23,213**
Net book value at 31 March 2023	**11,089**	**10,038**	**21,127**
Net book value at 1 April 2022	**15,164**	**5,175**	**20,339**

Note 13.2 Intangible assets - 2021/22

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - as previously stated	**28,550**	**3,974**	**32,524**
Additions	1,554	4,335	**5,889**
Reclassifications	3,134	(3,134)	**(0)**
Valuation / gross cost at 31 March 2022	**33,238**	**5,175**	**38,413**
Amortisation at 1 April 2021 - as previously stated	**13,178**	**-**	**13,178**
Provided during the year	4,873	-	**4,873**
Reclassifications	23	-	**23**
Amortisation at 31 March 2022	**18,074**	**-**	**18,074**
Net book value at 31 March 2022	**15,164**	**5,175**	**20,339**
Net book value at 1 April 2021	**15,372**	**3,974**	**19,346**

Note 14.1 Property, plant and equipment - 2022/23

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2022 - brought forward	**13,301**	**194,531**	**5,457**	**63,582**	**81,564**	**116**	**27,300**	**7,301**	**393,152**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(218)	-	-	-	**(218)**
Additions	-	599	-	38,310	3,646	-	-	-	**42,555**
Impairments	(6,221)	(73,113)	(268)	-	-	-	-	-	**(79,602)**
Reversals of impairments	266	8,505	-	-	-	-	-	-	**8,771**
Revaluations	184	7,168	459	-	-	-	-	-	**7,811**
Reclassifications	-	26,927	103	(28,337)	550	-	757	-	**-**
Transfers to / from assets held for sale	(103)	-	(255)	-	-	-	-	-	**(358)**
Disposals / derecognition	-	-	-	-	(143)	-	-	-	**(143)**
Valuation/gross cost at 31 March 2023	**7,428**	**164,617**	**5,496**	**73,555**	**85,399**	**116**	**28,057**	**7,301**	**371,971**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**9**	**3**	**-**	**44,337**	**63**	**19,593**	**5,254**	**69,259**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(145)	-	-	-	**(145)**
Provided during the year	-	7,393	234	-	6,627	11	2,891	858	**18,014**
Impairments	-	(1,887)	(56)	-	-	-	-	-	**(1,943)**
Reversals of impairments	-	(355)	-	-	-	-	-	-	**(355)**
Revaluations	-	(4,800)	(176)	-	-	-	-	-	**(4,976)**
Transfers to / from assets held for sale	-	-	(2)	-	-	-	-	-	**(2)**
Disposals / derecognition	-	-	-	-	(67)	-	-	-	**(67)**
Accumulated depreciation at 31 March 2023	**-**	**360**	**3**	**-**	**50,752**	**74**	**22,484**	**6,112**	**79,785**
Net book value at 31 March 2023	**7,428**	**164,257**	**5,493**	**73,555**	**34,647**	**42**	**5,573**	**1,189**	**292,186**
Net book value at 1 April 2022	**13,301**	**194,522**	**5,454**	**63,582**	**37,227**	**53**	**7,707**	**2,045**	**323,891**

Note 14.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	**12,571**	**184,980**	**3,849**	**41,908**	**71,532**	**114**	**24,505**	**7,843**	**347,302**
Additions	-	7,565	-	45,681	3,525	-	1,115	-	**57,886**
Impairments	(321)	(32,206)	(124)	-	-	-	-	-	**(32,651)**
Reversals of impairments	400	11,422	-	-	-	-	-	-	**11,822**
Revaluations	81	8,712	271	-	-	-	-	-	**9,064**
Reclassifications	584	14,058	1,461	(24,007)	6,764	2	1,680	(542)	**0**
Transfers to / from assets held for sale	(14)	-	-	-	-	-	-	-	**(14)**
Disposals / derecognition	-	-	-	-	(257)	-	-	-	**(257)**
Valuation/gross cost at 31 March 2022	**13,301**	**194,531**	**5,457**	**63,582**	**81,564**	**116**	**27,300**	**7,301**	**393,152**
Accumulated depreciation at 1 April 2021 - as previously stated	**-**	**9**	**(0)**	**-**	**38,289**	**50**	**16,529**	**4,463**	**59,340**
Provided during the year	-	6,769	159	-	6,458	11	3,004	1,097	**17,498**
Impairments	-	(4,248)	-	-	-	-	-	-	**(4,248)**
Reversals of impairments	-	(814)	-	-	-	-	-	-	**(814)**
Revaluations	-	(2,325)	(156)	-	-	-	-	-	**(2,481)**
Reclassifications	-	618	-	-	(397)	2	60	(306)	**(23)**
Disposals / derecognition	-	-	-	-	(13)	-	-	-	**(13)**
Accumulated depreciation at 31 March 2022	**-**	**9**	**3**	**-**	**44,337**	**63**	**19,593**	**5,254**	**69,259**
Net book value at 31 March 2022	**13,301**	**194,522**	**5,454**	**63,582**	**37,227**	**53**	**7,707**	**2,047**	**323,893**
Net book value at 1 April 2021	**12,571**	**184,971**	**3,849**	**41,908**	**33,243**	**64**	**7,976**	**3,380**	**287,962**

Note 14.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	7,427	138,654	5,493	73,560	25,647	41	5,572	981	**257,375**
On-SoFP PFI contracts and other service concession arrangements	-	18,720	-	-	5,934	-	-	-	**24,654**
Owned - donated/granted	-	6,881	-	-	3,066	-	-	210	**10,157**
Total net book value at 31 March 2023	**7,427**	**164,255**	**5,493**	**73,560**	**34,647**	**41**	**5,572**	**1,191**	**292,186**

Note 14.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	13,301	172,955	5,454	63,582	25,377	38	7,290	1,583	**289,580**
Finance leased	-	-	-	-	3,513	-	-	55	**3,568**
On-SoFP PFI contracts and other service concession arrangements	-	18,788	-	-	4,798	-	413	-	**23,999**
Owned - donated/granted	-	2,777	-	-	3,539	15	4	409	**6,744**
Total net book value at 31 March 2022	**13,301**	**194,520**	**5,454**	**63,582**	**37,227**	**53**	**7,707**	**2,047**	**323,891**

Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	1,666	-	-	-	-	-	-	**1,666**
Not subject to an operating lease	7,427	162,589	5,493	73,560	34,647	41	5,572	1,191	**290,521**
Total net book value at 31 March 2023	**7,427**	**164,255**	**5,493**	**73,560**	**34,647**	**41**	**5,572**	**1,191**	**292,187**

Note 15 Donations of property, plant and equipment

During 2022/23, donations of £1,647,000 were donated to the Trust, £1,195,000 donated by Salix for the energy performance grant (2021/22: £1,437,000, £1,000,000 was donated by Plymouth University for redevelopment of the Academy, the balance relating to various equipment purchases).

There were no restrictions on the use of donated assets.

Note 16 Revaluations of property, plant and equipment

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. During 2022/23, a full valuation exercise to update the latest carrying values of Land, Buildings and Dwellings as at 31 March 2023 was undertaken by Cushman & Wakefield DTZ.

The valuation exercise was carried out in March 2023 with a valuation date of 31 March 2023. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value.

Note 17 Leases - Somerset NHS Foundation Trust as a lessee

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 17.1 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	218	-	**218**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	28,944	68	91	**29,103**	14,447
Additions	487	-	14	**501**	-
Remeasurements of the lease liability	(110)	-	-	**(110)**	-
Impairments	(8)	-	-	**(8)**	-
Revaluations	7	-	-	**7**	-
Valuation/gross cost at 31 March 2023	**29,320**	**286**	**105**	**29,711**	**14,447**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	145	-	**145**	-
Provided during the year	3,521	63	40	**3,624**	-
Impairments	(1)	-	-	**(1)**	-
Accumulated depreciation at 31 March 2023	**3,520**	**208**	**40**	**3,768**	**-**
Net book value at 31 March 2023	**25,800**	**78**	**65**	**25,943**	**14,447**

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Note 17.2 Revaluations of right of use assets

The Trust's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2023. The Trust's specialised buildings including Right Of Use Assets (two buildings and other buildings it was deemed the cost measurement was a suitable proxy as revaluation) and associated land have been valued using the depreciated replacement cost method, based upon provision of a modern equivalent asset (MEA). All remaining Right Of Use Assets are subject to annual rent reviews and as a result, no reavaluation has been performed. A fundamental principle of MEA valuations is that a hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for the existing operations. The valuation of the Trust's specialised land and buildings has therefore been based upon the Trust hypothetically being located on a suitable alternative site away from the town centre, where the cost of the land would be significantly lower, but where the Trust would still be able to provide the same level of service but the location of providing the service would be delivered from the model.

The associated impairment and revaluation notes are disclosed in Note 8 and 17 respectively.

Note 17.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 24.1.

	2022/23 £000
Carrying value at 31 March 2022	**51**
IFRS 16 implementation - adjustments for existing operating leases	28,590
Lease additions	501
Lease liability remeasurements	(110)
Interest charge arising in year	277
Lease payments (cash outflows)	(3,241)
Carrying value at 31 March 2023	**26,068**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.
These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 17.4 Maturity analysis of future lease payments at 31 March 2023

	Total 31 March 2023 £000	Of which leased from DHSC group bodies: 31 March 2023 £000
Undiscounted future lease payments payable in:		
- not later than one year;	3,342	1,375
- later than one year and not later than five years;	24,251	12,527
Total gross future lease payments	**27,593**	**13,902**
Finance charges allocated to future periods	(1,525)	(661)
Net lease liabilities at 31 March 2023	**26,068**	**13,241**
Of which:		
- Leased from other NHS providers	3,342	1,375

Note 17.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The following table details the maturity of obligations under leases the trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	31 March 2022 £000
Undiscounted future lease payments payable in:	
- not later than one year;	48
- later than one year and not later than five years;	4
Total gross future lease payments	**52**
Finance charges allocated to future periods	(1)
Net finance lease liabilities at 31 March 2022	**51**
of which payable:	
- not later than one year;	47
- later than one year and not later than five years;	4

Note 17.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

	2021/22 £000
Operating lease expense	
Minimum lease payments	3,468
Total	**3,468**

	31 March 2022 £000
Future minimum lease payments due:	
- not later than one year;	3,468
- later than one year and not later than five years;	12,858
- later than five years.	13,209
Total	**29,535**

Note 17.7 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022 £000
Operating lease commitments under IAS 17 at 31 March 2022	**29,535**
Impact of discounting at the incremental borrowing rate	**0.95%**
IAS 17 operating lease commitment discounted at incremental borrowing rate	**29,256**
Less:	
Commitments for short term leases	(81)
Commitments for leases that had not commenced as at 31 March 2022	(584)
Irrecoverable VAT previously included in IAS 17 commitment	(4,273)
Other adjustments:	
Rent increases/(decreases) reflected in the lease liability, not previously reflected in the IAS 17 commitment	4,166
Finance lease liabilities under IAS 17 as at 31 March 2022	51
Other adjustments	106
Total lease liabilities under IFRS 16 as at 1 April 2022	**28,641**

Note 18 Investments in associates and joint ventures

	2022/23	2021/22
	£000	£000
Carrying value at 1 April - brought forward	**797**	**-**
Share of profit / (loss)	379	797
Disbursements / dividends received	(894)	-
Carrying value at 31 March	**282**	**797**

The Trust holds a 51.4% share in each of Southwest Pathology Services LLP (SPS LLP), Southwest Path Services LLP (services LLP) and SPS Facilities LLP (LLP) .The joint venture, Southwest Pathology Services LLP (SPS LLP), was established to deliver and develop laboratory based pathology services throughout the region. Laboratory processing of tests is carried out by SPS LLP, whilst responsibility for the interpretation of the test results remains with the Trust. The Trust has retained customer contracts for the provision of a complete pathology service with GPs, independent sector providers and other third parties and SPS LLP charges the Trust for the cost of processing those tests. During 2013/14 the trust entered into another Joint Venture partnership with Integrated Pathology Partnerships Ltd and Yeovil District Hospital NHS Foundation Trust. This 'sister' joint venture, Southwest Path Services LLP, was established to deliver a range of additional testing services to Trusts, including point of care testing of patients' glucose levels. These entities are jointly controlled by the Trust, Yeovil District Hospital NHS FT and Integrated Pathology Partnership Ltd. The arrangements are treated as a joint venture and are accounted for using equity accounting, such that 51.4% of the surplus / (deficit) made is included in the Trust's SOCI and 51.4% of the net assets of the Joint Venture are included in the SOFP of the Trust. In 2014/15 SPS LLP was restructured to form SPS LLP and SPS Facilities LLP.

	SPS LLP (Services)		SPS Facilities LLP		Combined	
	2022/23	2021/22	**2022/23**	2021/22	**2022/23**	2021/22
	£000	£000	**£000**	£000	**£000**	£000
Profit and loss account						
Turnover	**13,483**	14,704	**12,708**	**13,592**	**26,191**	**28,296**
Cost of sales	**(12,683)**	(13,507)	**(12,034)**	**(12,534)**	**(24,717)**	**(26,041)**
Gross Profit	800	1,197	674	1,058	1,474	2,255
Operating Expenditure	**(383)**	(362)	**(355)**	(327)	**(738)**	(690)
Profit before tax	**417**	835	**319**	733	**736**	1,565
Trust's share of profit in Statement of Comprehensive Income	**214**	429	**165**	377	**379**	806
Statement of Financial Position						
Non current assets						
Current assets	**569**	1,359	**427**	**1,179**	**996**	2,538
	569	1,359	**427**	**1,179**	**996**	2,538
Payables: amounts due within one year	**(201)**	(498)	**(247)**	**(489)**	**(448)**	(986)
Payables: amounts due in greater than one year	**0**	0			**0**	0
	(201)	(498)	**(247)**	(489)	**(448)**	(986)
Net Assets/(Liabilities)	**368**	861	**180**	690	**548**	1,552
Share of net assets recognised in the Statement Of Financial Position	**189**	442	**100**	**355**	**282**	797

Note 19 Other investments / financial assets (non-current)

	2022/23	2021/22
	£000	£000
Carrying value at 1 April - brought forward	**161**	**-**
Acquisitions in year	-	2,486
Movement in fair value through OCI	(147)	(2,325)
Carrying value at 31 March	**14**	**161**

Sensyne shares

On 4 May 2021 the Trust received 1,428,571 of ordinary shares in Sensyne Plc. The agreement allows for the Trust to provide anonymised datasets, compliant to Information Commissioner Officer's standards, and to undertake jointly funded research across all parties. The share price at the Initial Price Offering (IPO) was 174p per share giving the Trust an investment value of £2,485,714 however the Trust is locked into holding the shares for up to 2 years. The Trust has made the decision to recognise the investment as Fair Value through other comprehensive income (FVOCI) given the equities are not held for trading and as part of a long term strategic relationship. The Trust has recognised the initial investment, under IFRS 15, fully as revenue in 2021/22 as the Trust has received the shares and satisfied all explicit performance obligations contained within the Strategic Relationship Agreement and continue to work in partnership with Sensyne Plc. The Trust will treat any subsequent gains or losses through the Financial Assets reserve.

During 2022/23, Sensyne re-financed the business, divesting parts of the business that were not wholly focused on the use of data for research puroposes. This resulted in a dilution of member shareholding which in turn reduced the Trusts' share value to £14,000.

Note 20 Inventories

	31 March 2023 £000	31 March 2022 £000
Drugs	1,940	1,890
Consumables	22	15
Energy	198	288
Other	5,231	3,530
Total inventories	**7,391**	**5,723**

Inventories recognised in expenses for the year were £61,261,000 (2021/22: £57,185,000). Write-down of inventories recognised as expenses for the year were £0 (2021/22: £0).
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 2022/23 the Trust received £1,089,000 of items purchased by DHSC (2021/22: £1,454,000).

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 21 Receivables

	2023 £000	2022 £000
Current		
Contract receivables	35,071	15,859
Capital receivables	454	-
Allowance for impaired contract receivables / assets	(116)	(104)
Allowance for other impaired receivables	(478)	(638)
Prepayments (non-PFI)	5,733	4,582
PDC dividend receivable	710	-
VAT receivable	966	1,134
Other receivables	2,106	379
Total current receivables	**44,446**	**21,212**
Non-current		
Contract receivables	1,872	1,880
Allowance for impaired contract receivables / assets	(465)	(447)
Other receivables	962	1,236
Total non-current receivables	**2,369**	**2,669**
Of which receivable from NHS and DHSC group bodies:		
Current	30,658	9,793
Non-current	962	1,236

Note 21.1 Allowances for credit losses

	2022/23		2021/22	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**551**	**638**	**514**	**117**
New allowances arising	116	478	104	638
Changes in existing allowances	25	-	31	(117)
Reversals of allowances	(111)	(288)	(98)	-
Utilisation of allowances (write offs)	-	(350)	-	-
Allowances as at 31 Mar 2023	**581**	**478**	**551**	**638**

Note 21.2 Non-current assets held for sale and assets in disposal groups

	2022/23	2021/22
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**15**	**-**
Assets classified as available for sale in the year	356	14
Assets sold in year	(371)	-
Reversal of impairment of assets held for sale	-	1
disposal groups at 31 March	**0**	**15**

During 2022/23: The Trust sold two buildings during the year that were held within "Assets held for sale". The first building was not fit for purpose and the service has been reinstated elsewere within Somerset; proceeds received: £199,000, costs of sale: £5,000, and net book value: £15,000 resulting in a gain on disposal £179,000.

The second building, again was not fit for purpose and a replacement building has been purchased in year; proceeds received: £383,000 (cost of sale included), net book value: £356,000 resulting in a gain on disposal: £27,000.

Note 22 Cash and cash equivalents movements

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.

	2022/23	2021/22
	£000	£000
At 1 April	**58,729**	**75,392**
Net change in year	(16,219)	(16,663)
At 31 March	**42,510**	**58,729**
Broken down into:		
Cash at commercial banks and in hand	54	111
Cash with the Government Banking Service	42,456	58,618
Total cash and cash equivalents as in SoFP	**42,510**	**58,729**

Note 22.1 Third party assets held by the trust

Somerset NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2023	31 March 2022
	£000	£000
Bank balances	47	25
Total third party assets	**47**	**25**

Note 23 Trade and other payables

	2023	2022
	£000	£000
Current		
Trade payables	5,508	6,292
Capital payables	6,736	21,842
Accruals	52,586	35,693
Social security costs	9,166	8,642
PDC dividend payable	-	114
Other payables	14,635	5,272
Total current trade and other payables	**94,749**	**83,485**
Of which payables from NHS and DHSC group bodies:		
Current	2,601	3,671

Note 23.1 Other liabilities

	31 March 2023	31 March 2022
	£000	£000
Current		
Deferred income: contract liabilities	8,524	6,893
Deferred PFI credits / income	259	259
Total other current liabilities	**8,783**	**7,152**
Non-current		
Deferred PFI credits / income	1,941	2,200
Total other non-current liabilities	**1,941**	**2,200**

Deferred PFI credits relate to a public private partnership project (PPP) for the building of a car park (completed in October 2006) and the provision of services for 25 years. The ownership of the building will pass to the Trust after the 25 year concession period. The residual value (assessed by professional valuation) is £4,468,000. Throughout this period, the operator pays an agreed proportion of the car parking fees to the Trust; no other financial transactions take place. Since 2009/10, this has been accounted for under International Financial Reporting Standards and the asset together with the outstanding liability is required to be accounted for in the Statement of Financial Position.

Note 24.1 Borrowings

	31 March 2023	31 March 2022
	£000	£000
Current		
Loans from DHSC	885	890
Other loans	928	892
Lease liabilities*	3,342	47
Obligations under PFI, LIFT or other service concession contracts **	1,931	2,017
Total current borrowings	**7,086**	**3,846**
Non-current		
Loans from DHSC	4,972	5,820
Other loans	-	893
Lease liabilities*	22,726	4
Obligations under PFI, LIFT or other service concession contracts **	17,423	16,019
Total non-current borrowings	**45,121**	**22,736**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 17.

** Obligations under PFI, LIFT and other services are made up of 2 balances: Radiology Managed Equipment Service of £6,965,000 at an interest rate of 3.9% with final payment in June 2027 and The Beacon centre PFI of £12,460,000 at an interest rate of 8.5% with final payment in April 2040.

Note 24.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Loans from DHSC	Other loans	Lease Liability	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2022	**6,710**	**1,785**	**51**	**18,036**	**26,582**
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(893)	(2,964)	(2,060)	**(6,765)**
Financing cash flows - payments of interest	(150)	(67)	(277)	(1,281)	**(1,775)**
Non-cash movements:					
Impact of implementing IFRS 16 on 1 April 2022	-	-	28,590	-	**28,590**
Additions	-	-	501	3,470	**3,971**
Lease liability remeasurements	-	-	(110)	-	**(110)**
Application of effective interest rate	145	103	277	1,281	**1,806**
Other changes	-	-	-	(92)	**(92)**
Carrying value at 31 March 2023	**5,857**	**928**	**26,068**	**19,354**	**52,207**

Note 24.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Other loans	Lease Liability	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2021	7,563	-	2,742	19,426	**29,731**
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	-	(810)	(1,924)	**(3,582)**
Financing cash flows - payments of interest	(168)	-	(198)	(1,337)	**(1,703)**
Non-cash movements:					
Additions	-	-	-	534	**534**
Application of effective interest rate	163	-	167	1,337	**1,667**
Other changes	-	1,785	(1,850)	-	**(65)**
Carrying value at 31 March 2022	**6,710**	**1,785**	**51**	**18,036**	**26,582**

Note 25 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2022	**687**	**1,518**	**84**	**1,844**	**4,133**
Change in the discount rate	(89)	(316)	-	-	**(405)**
Arising during the year	105	78	93	1,836	**2,112**
Utilised during the year	(72)	(84)	(49)	(1,155)	**(1,360)**
Reversed unused	(64)	-	(7)	-	**(71)**
Unwinding of discount	(9)	(20)	-	-	**(29)**
At 31 March 2023	**558**	**1,176**	**121**	**2,525**	**4,380**
Expected timing of cash flows:					
-not later than one year;	68	84	121	1,563	**1,836**
-later than one year and not later than five years;	264	323	-	81	**668**
-later than five years.	226	769	0	881	**1,876**
Total	**558**	**1,176**	**121**	**2,525**	**4,380**

Pensions: early departure costs

Pensions - early departure costs relate to Pre1995 early retirements. These are calculated on figures supplied by the NHS Pensions Agency and a significant amount of the payments are expected to be greater than one year.

Pensions: injury benefits

Injury Benefit provisions are based on figures supplied by the NHS Pensions Agency. A significant amount of the payments are expected to be for a period greater than 1 year.

Legal Claims

The provisions are based on the expected values and probabilities quantified by NHS Resolution. The outcome of these cases are inherently uncertain and the timing of payments is dependant on the progression of each case. The figures included in the summary are based purely on the Trust's excess reflecting the fact that the NHS Resolution makes the majority of payments direct. See also note 28.

Other

Provisions arising in year include clinical pension tax reimbursement (NHS England and the Government fully fund these payments) and potential workforce pension liabilities.

Note 25.1 Clinical negligence liabilities

At 31 March 2023, £296,663k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Somerset NHS Foundation Trust (31 March 2022: £437,271k).

Note 26 Contingent assets and liabilities

	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities		
NHS Resolution legal claims	(36)	(31)
Net value of contingent liabilities	**(36)**	**(31)**

Note 27 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment (Note 1)	40,919	49,641
Intangible assets	401	16
Total	**41,320**	**49,657**

Note 1
31 March 2023: £33,020,000 relates to the building works to the Surgical centre, currently under construction on the Musgrove Park Hospital site (31 March 2022: £49,641,000), £900,000 relates to Rowan Ward building refursbishment in Yeovil and £1,439,000 relating to dental refurbishment in Dorset.

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

Note 28.1 The Beacon Centre

The project agreement is with the Taunton Linac Company Limited (the operator) for the provision of an Oncology and Haematology Centre on the Musgrove Park Hospital site (The Beacon Centre) including the supply and maintenance of the building and major medical equipment within the facility. The facility opened in May 2009 and provides state of the art non-surgical cancer services to the residential population of Somerset, in a suitable location and setting at Somerset NHS Foundation Trust. The new Oncology and Haematology Centre provides:

- Two Linear Accelerators (a third has been purchased by the Trust)
- One simulation suite with processing and treatment planning facilities
- 18 bed Oncology Ward
- Chemotherapy suite for 22 day patients
- Outpatients suite with 4 consulting and 8 examination rooms

Key Features of the Scheme:

In return for an agreed monthly payment, the following facilities are provided to the Trust by the Operator plus associated hard Facilities Management and asset renewal services:

- Inpatient and Outpatient facilities
- Radiotherapy treatment area
- Administrative offices
- Public spaces

Under the Project Agreement, the above facilities are provided at a pre-determined level of quality for the 30 year term (excluding the construction period).

The operator has also procured, installed, and will maintain and replace major medical equipment for the full 30 years of the operating period. The major equipment requirements include two Linear Accelerators. However, soft Facilities Management services such as portering, catering and cleaning are provided by the Trust and are outside the scope of this PFI project.

Nature of Payment

The Operator provides the services in return for an annual service charge. In covering payment for facilities, other services and financing, the annual service charge is unitary in nature. The Trust has agreed a payment mechanism that incorporates the principles of the NHS Standard Form contract. This relates payment to the successful (or otherwise) achievement of the service and quality standards set out in the output specification. The unitary payment can be abated for instances of non-performance against the standards in the output specification up to a maximum of 100% of the unitary fee, which fall into three areas:

i) Failure events – where there is a failure to meet a specific service standard relating to a particular area of the hospital.

ii) Failure events – relating to the Radiotherapy Equipment.

iii) Quality failures – where there is a failure to supply a service across a wider range of parameters, which cannot be attributed to a specific area of the hospital.

The unitary payment relating to the Beacon Centre is set by the contract between the Trust and the operator and is subject to an inflationary uplift based on the Retail Price Index (RPI). The total unitary payment for 2022/23 amounted to £3,984,387 (2021/22: £3,894,387) and for 2023/24 will be £3,984,317. The value of the liability at 31 March 2023 was £10,762,459 (31 March 2022: £11,652,486) and the net book value of the assets was £7,875,000 (31 March 2022: £11,713,000).

Property ownership

The site on which the new Oncology facilities have been built is in the freehold ownership of the Trust.

Expiry of contract

On expiry of the contract (May 2039), the facility will revert to the ownership of the Trust for no payment.

Note 28.2 Provision of Multi-Storey Car Park

This is a public private partnership project (PPP). It relates to the building of a car park (completed in October 2006) and the provision of services for 25 years. The ownership of the building will pass to the Trust after the 25 year concession period. The residual value (assessed by professional valuation) is £4,468,000. Throughout this period, the operator pays an agreed proportion of the car parking fees to the Trust; no other financial transactions take place. Since 2009/10, this has been accounted for under International Financial Reporting Standards and the asset together with the outstanding liability is required to be accounted for in the Statement of Financial Position. The asset and liability are summarised below:

	31 March 2023 £000	31 March 2022 £000
Net Book Value of asset (included in property, plant and equipment, note 15)	9,100	7,075
Liability (see deferred PFI income, note 21)	2,200	2,459

Note 28.3 Managed Equipment Solution for Diagnostic Imaging

On 20 July 2017 the Trust entered into a contract for the provision of a managed service contract 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;

-A full inventory management service;

-Technical training for all modalities;

-Professional training availability for radiographer reporting courses;

-Data collection and analysis to allow for patient level costing within the department;

-Market, professional, technical and analytical intelligence to work in partnership with the Trust, for the purposes of delivering continual improvement in quality and practice across the diagnostic imaging department;

The service provider receives payment in two elements:-

-A managed facility service paid for through a unitary payment fixed for the duration of the contract apart from annual RPI indexation, paid quarterly in advance.

-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 ownership of the Trust’s existing asset portfolio within the scope of the managed service has been transferred to the managed service provider at fair market value. The assets have been recapitalised to the balance sheet under IFRIC 12. 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 2022/23 financial year for the managed facility service was £2,909,436 (2021/22: £2,569,967) and consumables management service of £1,200,000 (2021/22: £950,000). The total unitary payment for 2023/24 will be £3,583,336. The value of the liability at 31 March 2023 was £8,592,292 (31 March 2022: £6,384,024) and the net book value of the assets was £2,469,584 (31 March 2022: £2,965,292).

Note 29 On-SoFP PFI, LIFT or other service concession arrangements

Note 29.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2023 £000	31 March 2022 £000
Gross PFI, LIFT or other service concession liabilities	**31,104**	**30,762**
Of which liabilities are due		
- not later than one year;	3,219	3,285
- later than one year and not later than five years;	14,601	11,315
- later than five years.	13,284	16,162
Finance charges allocated to future periods	(11,750)	(12,726)
Net PFI, LIFT or other service concession arrangement obligation	**19,354**	**18,036**
- not later than one year;	1,931	2,017
- later than one year and not later than five years;	10,313	6,800
- later than five years.	7,110	9,219

Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2023 £000	31 March 2022 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**79,215**	**83,238**
Of which payments are due:		
- not later than one year;	7,562	6,887
- later than one year and not later than five years;	27,558	27,308
- later than five years.	44,095	49,043

Note 29.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2022/23 £000	2021/22 £000
Unitary payment payable to service concession operator	**6,899**	**6,628**
Consisting of:		
- Interest charge	1,281	1,337
- Repayment of balance sheet obligation	2,060	1,924
- Service element and other charges to operating expenditure	3,558	3,367
Total amount paid to service concession operator	**6,899**	**6,628**

Note 30 Financial instruments

Note 30.1 Financial risk management

IFRS 9, dealing with financial instruments, require disclosure of the role that financial instruments have had during the year in creating or changing the risks the Trust faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local Integrated Care Boards and the way those Integrated Care Boards are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which these standards mainly apply.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest-rate risk

The Trust has the power to borrow for capital expenditure subject to affordability as confirmed by NHS England, the independent regulator. Some of the financial instruments have a fixed interest rate which means the Trust is exposed to interest rate risk. If the interest rate moves interest paid could be higher than the market rates, and/or interest received could be lower than the market rates.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2023 are in receivables from customers, as disclosed in the Receivables note (Note 20).

Cash deposited with financial institutions outside the Government Banking Service at 31 March 2023 was £5,000 (2021/22: £40,000). These balances relate to the Private Patient wing.

Liquidity risk

The Trust's net operating costs are incurred under contracts with local Integrated Care Boards, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from retained surpluses and funds obtained from the Independent Trust Financing Facility or central funding from the Department of Health and Social Care in the form of Public Dividend Capital. The Trust has undertaken a going concern review involving a year's future cash flow assessment. Following this review, the Trust has concluded that it is not exposed to significant liquidity risks.

The Trust's operating costs are incurred under contracts with Integrated Care Boards and Specialist Commissioners, which are financed from resources voted annually by Parliament .

The Trust currently finances its capital expenditure from funds made available from cash surpluses generated by the Trust's activities. The PFI project relating to the Beacon Centre has created liabilities on the Statement of Financial Position that the Trust is committed to meeting for the duration of the service concession. This liability is subject to an annual inflationary uplift. Similarly, the Trust is committed to the Energy Project which added a leasing liability to the Trust's SOFP in 2011/12 and which increased in 2012/13. The Trust is committed to the payment of this leasing obligation for the duration of the 11 year lease term. The Trust has also entered into a radiology managed facility service for a period of 10 years and is committed to meeting the liabilities created on the statement of financial position for the duration of the agreement. In addition, the Trust completed the new surgical ward development (the Jubilee Building) during 2013/14 and supported existing cash reserves to fund this development by drawing against a £12 million loan facility from the Foundation Trust Financing Facility. The approval of major capital projects such as the Jubilee Building are subject to comprehensive project development processes involving the creation of separate project boards, continuous scrutiny by the Trust Board and also through the involvement of NHS partners including the Trust's principal ICB and NHS England.

Investment risk

The Trust has the ability to invest surplus cash; the risks resulting from transactions of this nature are mitigated by the Trust's treasury and investment policies and protocols and by the reporting of performance against financial targets to NHS England.

Note 30.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	Held at amortised cost £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	38,409	-	**38,409**
Other investments / financial assets	-	14	**14**
Cash and cash equivalents	42,510	-	**42,510**
Total at 31 March 2023	**80,919**	**14**	**80,933**

Carrying values of financial assets as at 31 March 2022	Held at amortised cost £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	15,315	-	**15,315**
Other investments / financial assets	-	161	**161**
Cash and cash equivalents	58,729	-	**58,729**
Total at 31 March 2022	**74,044**	**161**	**74,205**

Note 30.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost £000	Total book value £000
Loans from the Department of Health and Social Care	5,857	**5,857**
Obligations under leases	26,068	**26,068**
Obligations under PFI, LIFT and other service concession contracts	19,354	**19,354**
Other borrowings	928	**928**
Trade and other payables excluding non financial liabilities	85,583	**85,583**
Total at 31 March 2023	**137,790**	**137,790**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost £000	Total book value £000
Loans from the Department of Health and Social Care	6,710	**6,710**
Obligations under leases	51	**51**
Obligations under PFI, LIFT and other service concession contracts	18,036	**18,036**
Other borrowings	1,785	**1,785**
Trade and other payables excluding non financial liabilities	74,729	**74,729**
Total at 31 March 2022	**101,311**	**101,311**

Note 30.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2023	31 March 2022
	£000	£000
In one year or less	94,060	79,988
In more than one year but not more than five years	41,877	15,336
In more than five years	15,656	19,228
Total	**151,593**	**114,552**

Note 31 Losses and special payments

	2022/23		2021/22	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	4	4
Fruitless payments and constructive losses	1	1	-	-
Bad debts and claims abandoned	201	463	76	45
Stores losses and damage to property	2	-	1	-
Total losses	**204**	**464**	**81**	**49**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	1	1
Ex-gratia payments	61	77	69	536
Extra-statutory and extra-regulatory payments	-	-	1	2
Total special payments	**61**	**77**	**71**	**539**
Total losses and special payments	**265**	**541**	**152**	**588**

Compensation payments received

Note 32 Related parties

Transactions between the Trust and its related parties are reviewed each year and declared below.
During the year, there were no related party transactions relating to board members or members of the key management staff or parties related to them.

The individuals and entities that the Department of Health and Social Care identifies as meeting the definition of Related Parties set out in IAS 24 (Related Party Transactions) are also deemed to be related parties of entities within the Departmental Group.

This note therefore sets out the individuals and entities which we have assessed as meeting the IAS 24 definition of Related Parties for the year ending 31 March 2023 to assist group bodies in preparing disclosures compliant with IAS 24.

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2022/23 £000	2022/23 £000	31/03/2023 £000	31/03/2023 £000
Department of Health and Social Care	-	930	-	367
NHS England	53	113,929	1,077	19,558
Health Education England	-	29,895	-	279
NHS Bath and North East Somerset, Swindon and Wiltshire CCG	-	196	n/a	n/a
NHS Bristol, North Somerset and South Gloucestershire CCG	-	485	n/a	n/a
NHS Dorset CCG	-	337	n/a	n/a
NHS Kernow CCG	-	64	n/a	n/a
NHS Devon CCG	-	2,509	n/a	n/a
NHS Somerset CCG	-	121,063	n/a	n/a
NHS Somerset ICB	-	385,217	-	4,037
NHS Bath and North East Somerset, Swindon and Wiltshire ICB	-	633	-	4
NHS Bristol, North Somerset and South Gloucestershire ICB	1	1,842	7	11
NHS Dorset ICB	-	1,047	-	5
NHS Cornwall and the Isles of Scilly ICB	-	186	-	6
NHS Devon ICB	-	7,730	-	14
Devon Partnership NHS Trust	3	8,119	1,735	4,625
North Bristol NHS Trust	886	225	477	57
Royal United Hospitals Bath NHS Foundation Trust	304	401	110	3
Dorset County Hospitals NHS Foundation Trust	451	24	204	3
Dorset Healthcare University NHS Foundation Trust	181	17	-	18
Gloucester Hospitals NHS Foundation Trust	167	4	143	-
Great Western Hospitals NHS Foundation Trust	-	24	-	-
Royal Devon University Healthcare NHS Foundation Trust	307	1,988	128	94
Avon & Wiltshire Mental Health NHS Trust	10	752	8	-
University Hospitals Bristol and Weston NHS Foundation Trust	827	309	463	93
Yeovil District Hospital NHS Foundation Trust	5,749	6,040	332	498
NHS Resolution	14,260	-	-	-
NHS Property Services	1,790	-	12	-
Other NHS bodies	1,838	6,106	1,069	241
Charitable Funds	10	166	-	49
In addition, the Trust has had a number of material transactions with other government departments and other central and local				
NHS Pension Scheme	63,451	-	6,143	-
HM Revenue & Customs	39,821	-	9,166	966
Somerset County Council	841	16,485	148	552
Ministry Of Defence	72	-	-	-
Other central and local government bodies	1,843	466	2,996	260
Other related parties				
SPS Facilities Limited	10,771	219	-	17
Integrated Pathology Partnerships Limited	-	-	-	-
South West Pathology Services LLP	9,393	202	-	34

On 1 July 2022, integrated care boards (ICBs) became legally established through the Health and Care Act 2022 and CCGs were close down. ICBs are partnerships or organisations that come together to plan and pay for health and care services to improve the lives of people who live and work in their area.

The equivalent disclosures made for 2021/22 were as follows:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2021/22 £000	2021/22 £000	31/03/2022 £000	31/03/2022 £000
Department of Health and Social Care	-	911	-	422
NHS England	138	100,673	2,024	6,484
Health Education England	8	25,033	3	179
CCG	-	807	-	4
NHS Bristol, North Somerset and South Gloucestershire CCG	-	1,923	-	10
NHS Dorset CCG	-	1,324	-	-
NHS Kernow CCG	1	-	-	-
NHS Devon CCG	-	9,860	-	-
NHS Somerset CCG	-	463,941	143	1,877
Devon Partnership NHS Trust	-	3,865	298	343
North Bristol NHS Trust	434	210	367	36
Royal United Hospitals Bath NHS Foundation Trust	399	371	167	-
Dorset County Hospitals NHS Foundation Trust	492	17	116	-
Dorset Healthcare University NHS Foundation Trust	174	48	3	23
Gloucester Hospitals NHS Foundation Trust	-	0	183	17
Great Western Hospitals NHS Foundation Trust	5	24	4	-
Royal Devon & Exeter NHS Foundation Trust	465	1,175	36	23
Leeds Teaching Hospitals NHS Foundation Trust	4	71	1	32
Avon & Wiltshire NHS Trust	358	766	353	-
University Hospitals Bristol and Weston NHS Foundation Trust	1,001	303	527	139
Yeovil District Hospital NHS Foundation Trust	4,423	3,135	1,419	154
NHS Resolution	14,533	-	-	-
NHS Property Services	1,761	-	16	-
Other NHS bodies	1,674	3,952	54	50
Charitable Funds	-	720	2	8
In addition, the Trust has had a number of material transactions with other government departments and other central and local				
NHS Pension Scheme	58,826	-	-	5
Somerset County Council	2,815	4,782	-	458
Ministry Of Defence	35	-	-	31
Other central and local government bodies	34,574	241	8,720	1,246
Other related parties				
Wiveliscombe GP Surgery (Note 1)	-	1,114	-	-
North Petherton GP Surgery (Note 1)	-	283	-	64
Warwick House GP Surgery (Note 1)	-	851	-	-
Creech House GP Surgery (Note 1)	-	317	-	326
SPS Facilities Limited	11,430	190	-	63
Integrated Pathology Partnerships Limited	57	-	13	374
South West Pathology Services LLP	9,857	190	-	47

Note 1

During 2021/22, the management of the Primary Care Practices shown above transferred over to Yeovil District Hospital.

Note 33 Events after the reporting date

On 1 April 2023, Somerset NHS Foundation Trust acquired the assets and business of Yeovil District Hospital NHS Foundation Trust; forming Somerset NHS Foundation Trust through merger by acqusition; approved by NHS England. The merger formed to improve the services and care we deliver to our patients of Somerset.