NHS Somerset NHS Foundation Trust

Somerset NHS Foundation Trust
Annual General Meeting and Annual Members Meeting

Programme for 30 September 2025
Somerset County Cricket Club, Taunton TA1 1JT

1:30pm **Welcome and Opening Remarks**
Rima Makarem, Chair

Approval of the minutes of the Annual General Meeting and Annual Members Meeting held on 20 September 2024

1:40pm **Overview of the Year 2024/25**
Peter Lewis, Chief Executive

2:20pm **To receive the Somerset Foundation Trust Annual Report, Annual Accounts for 2024/25 and the Auditor's opinion**

The annual reports and accounts are available on the internet under the publication scheme.

2:20pm **Lead Governor reports and Items for information**

Kate Butler, Lead Governor
To note:

- Update on Membership Strategy
- Changes in Governors during the year
- Report on the proceedings of the CoG (also included in the Lead Governors Report)

2:25pm **Question and Answer Session with Peter Lewis, SFT Chief Executive and the Executive Team**

3:00pm **Closing Remarks and Close**
Rima Makarem, Chair

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SOMERSET NHS FOUNDATION TRUST
ANNUAL GENERAL MEETING AND ANNUAL MEMBERS MEETING

Minutes of the meeting held on
24 September 2024
At The Canalside, Marsh Lane, Bridgwater, TA6 6LQ

Attendance: The meeting was attended by Governors, members, members of the public, colleagues, and members of the Board of Directors:

Colin Drummond	Chairman
Alex Priest	Non-Executive Director
Jan Hull	Non-Executive Director
Paul Mapson	Non-Executive Director
Kate Fallon	Non-Executive Director
Graham Hughes	Non-Executive Director
Peter Lewis	Chief Executive
Jade Renville	Director of Corporate Services
Andy Heron	Chief Operating Officer
Pippa Moger	Chief Finance Officer
Hayley Peters	Chief Nurse
Melanie Iles	Chief Medical Officer
Isobel Clements	Chief of People and Organisational Development
David Shannon	Director of Strategy and Digital Development

1. WELCOME AND OPENING REMARKS

1.1 Colin Drummond welcomed all to the Annual General Meeting and Annual Members' Meeting for Somerset NHS Foundation Trust (SFT) and thanked everyone for taking the time to attend the meeting. He explained the importance of member and governor attendance and set out the role of members in electing Governors and the role of Governors in electing the Chairman and the Non-Executive Directors and providing the trust with invaluable feedback.

2. APPROVAL OF THE MINUTES OF THE JOINT SFT AND YDH ANNUAL GENERAL MEETING HELD ON 20 SEPTEMBER 2023

2.1 The minutes of the YDH and SFT Joint Annual General Meeting held on 20 September 2023 were **approved** as a true and accurate representation of the meeting.

3. OVERVIEW OF THE YEAR

3.1 Peter Lewis presented an overview of the last financial year for SFT and highlighted the following key items:

- The focus on ensuring that the trust provides the best healthcare possible to the population served by the Trust and the recognition that access to services can

be challenging for the Somerset population due to its rural geography.

- The healthy life expectancy for the population of Somerset - compared to the national position, people are living longer in Somerset, however they are living longer in unhealthy years. On average in Somerset, people live with poor health for 17-18 years against a national average of 13 years of poor health. Within Somerset's more deprived areas, this increases by another 8-9 unhealthy years.

- The uniqueness of the Trust - providing care across two acute sites (YDH and MPH), 13 community hospitals and mental health sites. In addition, a large percentage of GPs within Somerset are run by Symphony Healthcare Services (SHS), which is one of two wholly owned subsidiary companies. The two mergers created an opportunity to integrate care around the needs of the population; to be proactive; and to keep people healthy for longer. An area of focus will need to be on health inequalities and on how to provide the right environment for colleagues to thrive.

- The work within the community to help to prevent hospital visits - there has been an increase in the number of patients with complex needs for whom a standardised approach does not work and the focus was therefore rightly on providing person centred care.

- The clinical strategy - a new service has been set up within the learning disability team which has helped patients with learning disabilities receive the same level of access to cancer care as all other patients. Patients experiencing bleeding after menopause can now self-refer and cancer could be caught earlier and will result in better outcomes for patients. Within the peri-operative services the team are focusing on person centred care enabling the team to maximise patients' health before surgery to aid with their recovery. The Somerset Homeless health service is supporting people who live on the streets, in hostels and tents to access support for their physical and mental health. The Stolen Years project is helping to improve the life expectancy of patients with severe mental illness.

- The significant pressure on services - attendances to emergency departments (EDs), Urgent Treatment Centres (UTCs) and general practices (GPs) continue to impact on services. There has been a reduction in activity levels but there remain significant service and financial pressures.

- The Care Quality Commission (CQC) maternity service inspection – an inspection took place in November 2023 and maternity services were rated as inadequate. The estate at Musgrove Park Hospital (MPH) is a significant concern and impacted on the inspection findings. The Trust has implemented a number of short-term mitigations but investment will need to be secured to move forward with a longer-term solution. The trust is in a better place. Several areas of concern have been addressed and corrected.

- Workforce -the trust employs around 15,000 colleagues that work across all

services and colleagues have recently been through a lot of change. One of the strategic aims is to support colleagues and focus on a learning culture with a compassionate environment. The trust takes part in the NHS staff survey and the 2024 results are the first results as a single provider organisation. The trust scored highest in some survey areas compared to other trusts. However, it is recognised that not all colleagues have a good experience and more work is needed to maintain a strong focus on supporting colleagues. The agency staffing spend is decreasing.

- The achievements in the last year, including:
    - The Transcranial Magnetic Stimulation treatment (RTMS) which is used to treat people with depression when no other treatment has helped.
    - The team of nurse specialists to help support those with alcohol dependency.
    - The service to support children under four suffering with obesity.
    - The HSJ Partnership Award for completing a total hip replacement in day surgery.
    - Ileostomy surgery carried out as a day case at MPH.
    - The Interventional radiology team received exemplar status.
    - Helen Robinson received the gold award for developing education and training by the Association of Chartered Pediatric Physiotherapists.
    - The ongoing development and investment in facilities across both acute sites – the build of a new operating theatre at Yeovil District Hospital (YDH), the completion of a new breast cancer unit, and the plans to open the new surgical centre and the Yeovil Diagnostic Centre (YDC) in November 2024. The trust is continuing to plan for new facilities as part of the national New Hospital Programme.
- The introduction of new constitutional standards for acute hospital performance by the end of this parliamentary term - the backlog from the pandemic has created a significant challenge and the trust needs to further reduce the number of people waiting extended periods for treatment. Although the trust has reduced the number of patients waiting longer than 78 weeks, there will need to remain a considerable focus on further reducing waiting times for all patients. This issue is not unique to the trust but is a national concern, highlighting the scale of the challenge. Regarding mental health and community services, the trust is making substantial progress against the standards and the trust is amongst the best performers against these indicators.
- Financial position – the trust ended the financial year with a breakeven position, with a delivery of savings of £31million. A significant amount of capital has been spent, including building work on the new surgical centre at MPH; a theatre and

modular ward at YDH; and expenditure relating to the move of Rowan Ward to the Summerland's site in Yeovil.

3.2 Peter Lewis advised that Lord Darzi had been commissioned to produce a report on the state of the NHS and the report highlighted significant challenges. However, the report does not fully reflect the challenges faced by the trust. The report outlined the need to make three 'strategic shifts' - moving care from 'hospital to community,' from 'analogue to digital' and from 'treatment to prevention.' The trust will need to balance these strategic shifts alongside dealing with the current ongoing pressures in the hospital.

3.3 Peter Lewis concluded by thanking the volunteers, fundraisers, charities, and League of Friends for their support to the trust. He also thanked patients, colleagues and visitors with lived experience for their reflections and feedback as to how the trust can make improvements.

4. TO FORMALLY RECEIVE THE ANNUAL REPORT AND ANNUAL ACCOUNTS FOR 2024/24

4.1 Colin Drummond advised that the Annual Report and Annual Accounts are available on the internet. These reports provide an overview of the services and performance of the trust for 2024/25.

4.2 The reports were formally received.

5. PRESENTATION 1 – ESTATES AND INFRASTRUCTURE PRESENTED BY DAVID SHANNON

5.1 David Shannon introduced himself as the Director of Strategy and Digital Development and provided an overview of estate developments across sites in Somerset. He highlighted the following:

- Following successful bids for national funding and fundraising through the trust's charities, the Yeovil site has seen multiple new builds (some completed and some being completed), including the new breast care unit, new modular theatre, diagnosis centre, in-patient theatre, and new infrastructure.

- The funding to support elective care services will create two to three more theatres to provide more capacity for elective day case procedures. The new modular theatre is now up and running and fully occupied and provides services such as breast surgery, ophthalmology, and dermatology.

- The Yeovil site has site capacity constraints and the new inpatients ward is being built on top of current buildings. There have been issues with funding and planning. The trust is working with different contractors and has been carefully organising deliveries to minimise disruption to the residents, patients and colleagues.

- The new breast cancer unit, named the Maple Unit, will open on 3 October

2024. The Maple Unit has been funded by donations from the public and the trust's charities and a total of £2.9 million has been raised. This unit will support 5,000 people a year and will provide quiet areas, education spaces and places for colleagues. The trust has been working with Kate Bond, who created all the artwork within the unit, and the arts programme is fundamental in providing holistic care, alongside open spaces as this helps aid the health care process and helps with recovery.

- As part of the decarbonisation scheme, the trust is moving from fossil fuels and gas to air source heat pumps to help improve thermal efficiency. This will increase the electrical capacity from 1.3 to 2.8 MVA.

- The Yeovil diagnostic centre is the second of the diagnostic centres in the county, the first being in Taunton, which is being delivered through a partnership. It will be a three-story state of the art centre, which will open in November 2024 and operate seven days a week. The centre will take pressure off diagnostic services on the acute sites.

- The new inpatient theatre will be Yeovil's fifth theatre and is currently under construction with completion scheduled for July 2025. The theatre has been funded as part of the £15 million national allocation and it was expected that the theatre will increase capacity by 25%. The new inpatient ward will be dedicated to orthopaedics and will provide capacity for 160 cases per month.

- The new ward will provide 24 single rooms to support beds required to manage the additional activity. All rooms have ensuites and the ward will have discharge ready areas. The new ward is being manufactured offsite and is planned to be installed and opened in spring of 2025.

6 PRESENTATION 2 – POSTMENOPAUSAL BLEEDING SERVICE BY DAVID MILLIKEN

6.1 David Milliken introduced himself and gave an overview of the work by the post-menopausal bleeding service. He advised that, if cancer is caught early, patients can receive treatment earlier which can lead to better outcomes. He thanked his team for their hard work, and highlighted the following:

- Traditional patients that are seen by the service are those experiencing bleeding after menopause and who are subsequently referred into the hospital onto the cancer pathway. Once the diagnostics have been carried out, these patients are either given a diagnosis of cancer or a different cause of the bleeding.

- There has been a significant increase in referrals to the service due to: changes in healthcare since the pandemic; the pressures within primary care; patients not being able to see their doctors; and the number of GPs reducing. The trust has seen an increase in referrals in line with the increase in the use of HRT. Bleeding does not always lead to cancer; however, these patients need assurance and diagnostics. The team would like support from

gynaecology services and the ICB to help with the next project to rule out cancer but also provide advice on HRT.

- There is now a shortened pathway for patients and they are able to self-refer and get a quicker diagnoses. The team have found that 90% of patients who are seen by the service do not receive a cancer diagnosis, but patients appreciate the reassurance.

- The service wants to reduce the waiting timeframe for diagnosis and be more accessible for the harder-to-reach demographics. Many community-based hospitals are less intimidating to attend and it is important to utilise these. The team wants to provide care closer to the people.

- The team wants to help educate and support the population in understanding the symptoms and recognising when patients would need to be seen by a doctor. GPs are under significant pressure and the team wants to help reduce pressure on primary care. The postmenopausal bleeding service website can be used as an educational tool and provides information to enable a patient to determine whether they need to be seen and, if so, patients can self-refer to the service. The self-referral process takes 20 minutes and, if the self-referral is accepted, patients will then be contacted by the hub and seen within 3-4 days. If you do not meet the criteria for the clinic, they will be redirected back to a GP if required.

- The team is working on promoting this service as the public will need to be made aware of the new self-referral service. Leaflets are being added into prescription bags and the service is being promoted through TV campaigns, posters on buses, social media posts and texts. Feedback from patients going through this service is being collected on an ongoing basis. All attempts to access the feedback form are recorded and the team also reviews how patients found out about the self-referral service, for example via leaflet or social media. The League of Friends bought the gynaecology department specific seats for the trust, enabling patients to be more comfortable.

- Before the self-referral service was in place, patients were first seen 60 days from referral and this timeframe has been reduced to five days. On average 33 patients are seen a month and the service has diagnosed 13 patients with cancer. Since this service has been running there has been a reduction in GP appointments. The team understands that Facebook is an effective way to communicate and promote this service.

- The trust aims to replicate the success of the breast care referral service model. There are future plans to link in with the NHS 111 service and plans to use this model for other cancer services.

- The new self-referral service is supported by the board and David Milliken stated that it is refreshing and reassuring to see the future of the health service moving away from traditional ways of service.

7 LEAD GOVERNOR REPORTS AND ITEMS FOR INFORMATION

7.1 Kate Butler (Lead Governor), on behalf of the Council of Governors, thanked the Executive Team for their dedication and hard work ensuring that the Trust values have been fulfilled in another challenging year.

7.2 Kate Butler thanked Colin Drummond for this continued support over the last 11 years as Chairman of the trust and previously Taunton and Somerset NHS Foundation Trust. Colin Drummond's term as Chairman is now coming to an end and the trust is in the process of finding a replacement for him. Kate Butler advised that Colin Drummond was always approachable and willing to listen. This will be his last AGM Kate Butler commented that he will be missed.

7.3 Colin Drummond thanked Kate Butler for her kind words and explained that it has been a privilege being the Chairman of the Council of Governors.

7.4 The following reports were noted:

- Membership Strategy Update
- Changes in Governors during the year
- Report on the proceedings of the CoG (also included in the Lead Governors Report)

8 QUESTION AND ANSWER SESSION

8.1 Peter Lewis thanked all presenters and introduced the panel of Executive Directors:

- Peter Lewis, Chief Executive
- Andy Heron, Chief Operating Officer
- Hayley Peters, Chief Nurse
- David Shannon, Director of Strategy and Digital Development
- Melanie Iles, Chief Medical Officer

8.2 Members of the audience asked the following questions:

- *Would the trust benefit from bidding on the cattle market opposite the Yeovil site. The trust has built some great new units however, there is no more space to expand. It is an option to look at and there is a need for more land to provide additional parking for the new units. Additionally, this could support new accommodation for key workers.*

  David Shannon advised that the trust has been looking at this site over the last few years for different purposes, however, there are challenges with the

landscape of the site and the trust has no immediate plans to secure this site for use.

- *The trust needs to ensure that it is focusing on both mental health as well as physical health. Within the strategic plans, are there plans about having a local resource for a range of health problems. For example, someone could be waiting to see a gynaecologist and waiting for a psychology appointment.*

  David Shannon added that when the trust plans new sites and facilities, teams think about what is best for the population. The Summerland's site in Yeovil in example is not just mental health but also provides children and adult dental services.

- *Regarding the menopausal bleed service, does the self-referral form on the website clearly state that this is the best and quickest way for someone with symptoms to access support.*

  David Milliken advised that there have been several iterations of the form on the website and the team will need to ensure that the message that this is the quickest way to access support, remains at the top of the form.

- *Can the menopausal bleed service be accessed on the NHS app.*

  David Milliken advised that this service is only funded to treat patients in Somerset and the app and the NHS 111 service are national services. However, this service has one more year of funding to develop this further.

9 CLOSING REMARKS AND CLOSE

9.1 Peter Lewis thanked everyone present at the AGM/AMM for their continued support.

9.2 Colin Drummond commented that, as this was his last AGM as chair, he wanted to thank everyone for their support. It has been a privilege working in the NHS. The Trust is special as it fully integrates mental health, community health and acute services enabling the trust to put all the focus on the needs of the population. There is a lot more work to still be done and the trust is a complex organisation. During his term over the last 11 years, there have been many challenges, including the pandemic. When he started his role as chairman, he soon felt at ease with the support of the people he met and worked with.

9.3 Colin Drummond thanked everyone for their presentations and questions and closed the meeting by saying that, despite the challenges the Trust faces, by working together as a system he believes that the trust will provide better outcomes for the population of Somerset.

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Annual Report 2024/25

Somerset NHS Foundation Trust

Annual Report and Annual Accounts 2024/25

Presented to Parliament pursuant to
Schedule 7, paragraph 25(4) (a) of the National Health Service Act 2006

Contents

1. INTRODUCTION FROM THE CHAIR

It is a pleasure to welcome you to Somerset NHS Foundation Trust's annual report for 2024/25, in my first year as chair of this Trust.

With over 15 years' experience working at board level in the NHS, I came to this role from my previous role as chair of the Bedfordshire, Luton and Milton Keynes Integrated Care Board on 1 January 2025. I was particularly excited and pleased to take up this role because of the unique make-up of our Trust which provides community services and hospitals, mental health and learning disability services, and acute care from both Musgrove Park Hospital and Yeovil District Hospital, as well as primary care to a quarter of the Somerset population through our subsidiary Symphony Healthcare Services. This provides us with a great opportunity to develop innovative integrated care pathways that will ensure care and support for our patients' mental and physical health needs in the right place and at the right time.

Our Trust 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. These words set out our commitment to population health and to delivering excellent services, recognising the role colleagues and an inclusive culture play.

At the start of 2025/26, the NHS is going through significant structural change. It is very clear that NHS providers such as our Trust must make the very best use of the public money that we spend, improve the efficiency of our services, and play our part to deliver the three strategic "shifts" that will help to create a modern health service able to meet the changing needs of our population. These are shifting the care we deliver from 'hospital to community', from 'analogue to digital' and from 'treatment to prevention'.

We expect these three shifts to be clearly evident in the NHS 10-Year Plan when it is published later this year. We took part in the engagement that is informing the plan's development during 2024/25. We set out our support for the three shifts, which are already reflected in our strategic objectives, and our belief that we are in a unique position to deliver them thanks to the combination of services we provide. We also highlighted changes that we believe will support the NHS to deliver these changes. These include the transformation of primary care; performance and financial mechanisms to support changes in behaviour; shared performance management with social care and mechanisms to look at the whole patient pathway; a cultural shift within the NHS towards prevention; and more efficient ways of working with the third sector that contributes so much.

It is a very exciting time as we plan for the publication of the NHS 10-Year Plan but there is a significant tension between transforming the NHS into a service that can meet the needs of the population in the future and responding to the current needs of the population and the pressure on NHS service. This tension is clear in the performance section of this annual report which sets out where we have done well and where we have not met national performance standards.

During 2024/25, we have made or consolidated significant improvements for patients.

- Our postmenopausal bleeding service that enables women to refer themselves for vital womb cancer diagnostic tests saw almost 400 patients in its first year. The service has reduced the wait to be seen by a hospital specialist from 63 days before it was introduced to just five days. Before the service was introduced, it took an additional 48 days for a cancer diagnosis. Now, women who self-refer into the service are getting the all-clear within nine days of referral or a cancer diagnosis within 14 days, enabling them to begin treatment much more quickly than before. In addition, the service is also available in many of our community as well as our acute hospitals.

- Somerset delivered its 500,000th diagnostic test in a community diagnostic centre in January. Somerset's community diagnostic centre programme offers 21 different diagnostic tests across a number of sites throughout the county, and is run in a collaboration between our Trust, GP practices, and organisations from the independent sector. The Somerset programme has created flagship diagnostic centres, such as the Taunton Diagnostic Centre which was the first of its kind in the UK, and specialist ophthalmology diagnostic facilities, which are the blueprint for how these types of centres should be provided across England.

- We have developed a Somerset dermatology service that has improved patient experience and reduced waiting times. For many years, patients with skin conditions living in the west of the county had much of their care delivered in Bristol. When the Trust requested that we repatriate our patients, we took the opportunity to re-design the Somerset service. All patients not suspected to have cancer are triaged through teledermatology. Up to 80% of patients are seen by the intermediate service, staffed by GPs with specialist training, nurse specialists, and pharmacists, supported by our Trust's specialist teams. Our skin cancer team provides care for patients from the point of initial concern over a suspicious mole or lesion from their GP.

Digital technology supports the delivery of excellent, joined up care and an electronic health record is a prerequisite for the future. Currently our clinicians use many different systems that are not connected. We are therefore working with Trusts in Dorset to develop and submit a joint outline business case for a unified electronic health record for Somerset and Dorset. We are working with regional and national NHS teams to secure approval for the outline business case and aim to start procurement in summer 2025.

Our Trust has a lot to be proud of, but it is equally important to look closely and honestly at areas where we need to improve. In November 2023, the Care Quality Commission (CQC) inspected our maternity services and those reports, published in May 2024, showed that we had fallen short of the standards we expected to be delivering - and we apologised to families using our services and to our colleagues working in those services.

The maternity services at Musgrove Park and Yeovil District hospitals were rated inadequate and the service at Bridgwater Community Hospital was rated as requires improvement. Since receiving the CQC's feedback, our teams have made numerous improvements and continue to improve with the support of partners and the Somerset Maternity and Neonatal Voices Partnership.

Some of the concerns in the CQC report for the maternity service at Musgrove Park Hospital are as a result of the poor condition of the building. It was bitterly disappointing to hear that our scheme, which includes new facilities for women's and children's services at MPH, has been delayed as a result of the review of the national New Hospitals Programme (NHP). Development of our NHP programme is paused until 2030/1, with construction starting in 2033 – 2035 and unlikely to be complete before 2040. We are looking at how we manage the parts of our hospital that are not fit for purpose for this considerable time.

The CQC also inspected the Trust's acute services for children and young people at both our Musgrove Park Hospital and Yeovil District Hospital sites in January 2025. At the time of writing, we are expecting the publication of the inspection reports. The CQC issued a Section 29A warning notice because it assessed that the paediatric care we provide at YDH requires significant improvement. As we worked to address concerns about the quality of the service, it became apparent that the service was becoming increasingly fragile. We therefore made the very difficult decision to temporarily close the Special Care Baby Unit (SCBU) at YDH which subsequently meant we are also unable to safely provide care during labour and birth at the Yeovil Maternity Unit for an initial period of six months.

We understand how concerning this is for those using our services, for our colleagues, for the public and for our partners. We are supporting those using our services and our colleagues working in them as we work through the steps and criteria that need to be in place to reopen those services safely. In addition, we need to ensure that we are able to safely support deliveries at the Yeovil maternity unit through the safe provision of a special care baby unit.

Our aim is to reopen after six months, but we recognise that this will be challenging, and we must ensure that we can do so safely. To achieve this, we're putting in place some specific criteria, such as ensuring we have senior paediatricians (consultants) available at the busiest times of the day and evening, as well as ensuring that we are able to operate a paediatric assessment unit on site.

We will undertake a formal review after three and six months and continue to update colleagues, service users, the public and our partners on our progress. In the meantime, we've worked hard to make changes to our maternity and neonatal services at Musgrove Park Hospital to support us with extra space, including triage, an additional 10 maternity beds, and a dedicated Transitional Care area to support women and birthing people to stay with their babies if they require special care.

We're also working closely with all neighbouring trusts to ensure that we can collectively support decisions for place of care and are monitoring closely any impact on capacity this may bring.

We have also taken this the feedback and learning from the inspections and our own reviews to inform changes we are making in our approach to our governance of quality and safety, which we describe in more detail in this report.

Within the Trust, we are privileged to work with over 15,000 colleagues who work in our services across Somerset. We work to support them to deliver the best care through a compassionate, inclusive and learning culture. We pay very close attention to their feedback to ensure we understand their experience of work, can improve where we need to and share best practice. We are proud to have very good comparative NHS Staff Survey results, but we know how important it is to continue to understand and act on colleagues' experience of work and to support them as we navigate this time of considerable change in the NHS. I also want to thank them for their hard work and focus on improving the care we provide to patients.

We are also deeply grateful to the charities, support groups, hospital leagues of friends, volunteers and many others who support our Trust, our services, and our patients. In early October 2024, our Maple Unit – the brand new breast cancer unit, opened at Yeovil District Hospital thanks to the unbelievable fundraising efforts of our supporters and the Yeovil Hospital Charity. The stand-alone unit brings all aspects of care for those with breast cancer into one unit and would not have been possible without the incredible hard work and tenacity of our supporters. Thank you.

Our thanks also go to our patients, governors and members who work with us to improve our services. They must be grounded in a thorough knowledge and understanding of the health needs of our population and the impact of our services, and they help to develop this understanding.

Finally, I would like to thank my predecessor, Colin Drummond OBE, who served as Chair of Somerset NHS Foundation Trust and predecessor trusts for the previous ten years. Colin brought exceptional leadership, wisdom, and dedication to the role, guiding the organisation through a period of significant transformation and laying the foundations for the integrated care model we are now building upon. His commitment to improving patient care and supporting colleagues across the Trust has left a lasting legacy, and we are deeply grateful for his service.

With best wishes

Dr Rima Makarem
Chair

2. PERFORMANCE REPORT

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

History of Somerset NHS Foundation Trust and its statutory background

In April 2020, Somerset Partnership NHS Foundation Trust (SPFT) and Taunton and Somerset NHS Foundation Trust (TST) merged to create the legacy Somerset NHS Foundation Trust, which was the first Trust in mainland England to provide integrated community, mental health, and acute hospital services. Subsequently, on 1 April 2023, the current Somerset NHS Foundation Trust was formed when legacy Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust (YDHFT) merged.

The merger between the legacy Somerset NHS Foundation Trust and YDHFT 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 the skills, knowledge and resources in health together with those of colleagues in social care, education, housing and the voluntary sector to tackle health inequalities and to enable our communities to thrive.

The merger combined 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 in a unique position to provide genuinely integrated mental and physical health care, spanning whole patient pathways.

Purpose and activities of the Trust

Somerset NHS Foundation Trust provides a wide range of services for the whole of Somerset, as well as parts of North and West Dorset. 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's general services are commissioned by the local Integrated Care Boards while specialist services are nationally commissioned.

The Trust provides acute services from Musgrove Park Hospital (MPH) in Taunton, which has around 700 inpatient beds, and Yeovil District Hospital (YDH) in Yeovil, which has around 330 beds. We also operate 13 community hospitals (with over 220 beds), providing inpatient, outpatient and diagnostic services, six Urgent Treatment Centres and one Minor Injuries Unit. In addition, Symphony Healthcare Services, a wholly owned subsidiary of the Trust, provides primary care services across 21 locations within Somerset.

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.

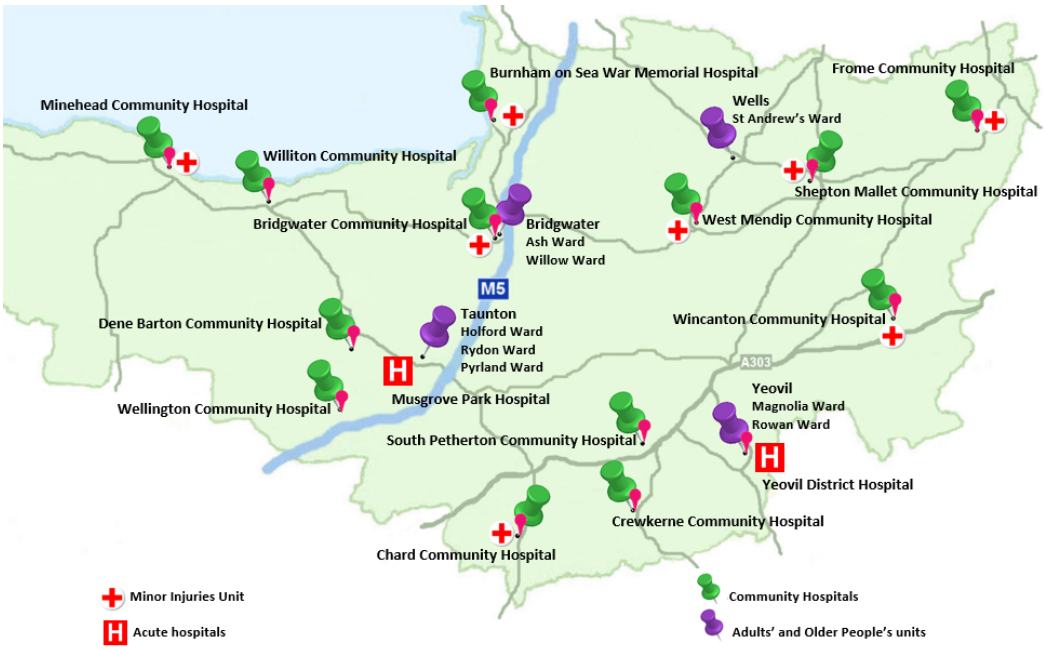
Somerset NHS Foundation Trust provides mental health inpatient services and specialist healthcare for adults with learning disabilities from ten mental health wards across four sites. Its community mental health services include Talking Therapies, Early Intervention in Psychosis, a community eating disorder 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.

Somerset NHS Foundation Trust cares for people from neighbouring counties including north Somerset, north and west Dorset, Devon, Bristol, Bath & North East Somerset (BANES), Wiltshire, Swindon, and South Gloucestershire.

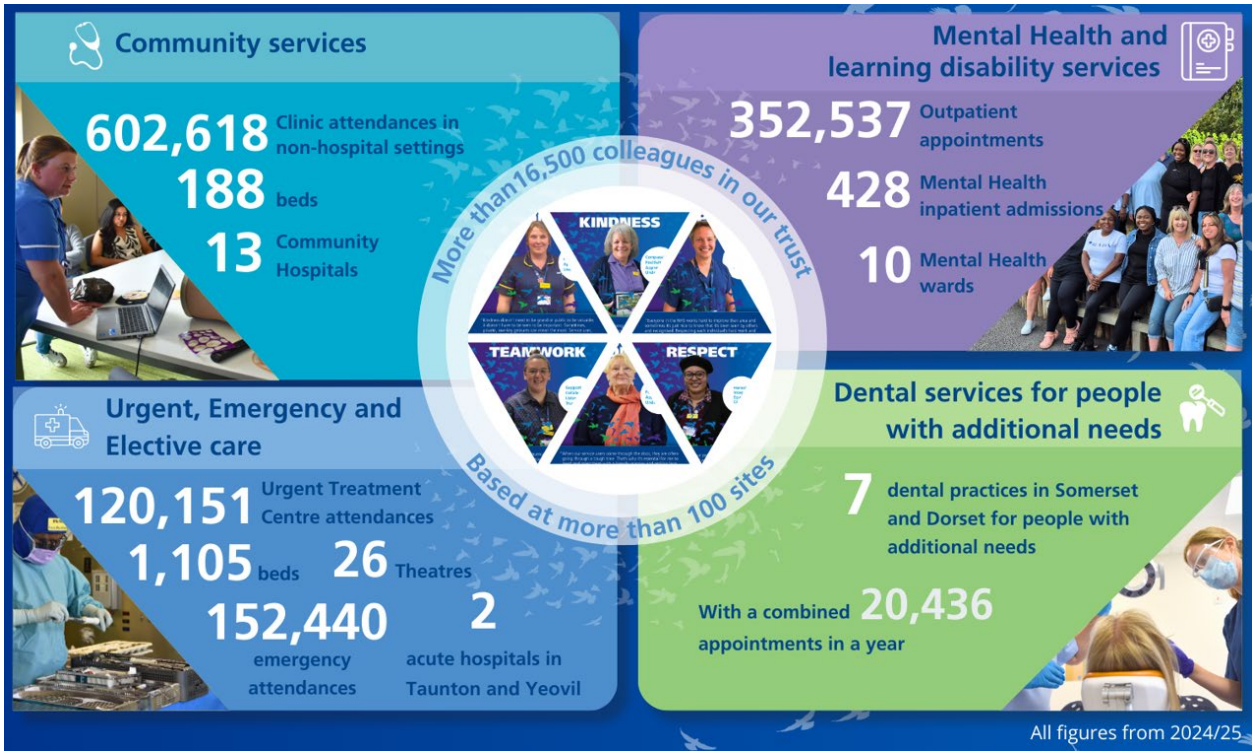
We are privileged to work with over 15,000 substantive and bank colleagues who deliver or support our patient services. From therapists to nurses, doctors, researchers, scientists, porters, cleaners, kitchen staff, accountants, and the receptionists who welcome our patients, the contribution of all of our colleagues is invaluable.

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.

Map of key Somerset healthcare sites



Some key facts about the Trust and our services



Statement from the Chief Executive on performance over the period

Like many NHS providers across England, we have experienced continued growth in activity across all our hospitals and services. This brought inevitable operational challenges as we worked to balance the needs of those requiring urgent care, those waiting for planned treatment, and individuals supported through our community and mental health services.

In response, we have focused on integrating services following our merger, streamlining patient pathways and reducing delays for patients and service users. Alongside managing operational pressures, we have also prioritised strengthening our organisational infrastructure—ensuring our facilities, systems, and workforce are equipped to meet both current and future needs.

While this has been a challenging year for the NHS, we are proud of what we have achieved. We also recognise that there is more to do to become the organisation our patients, service users, and colleagues deserve.

Towards the latter end of the financial year, the Trust was inspected by the Care Quality Commission. As part of this inspection, the CQC issued the Trust with a section 29A notice in respect of its services for children and young people at Yeovil District Hospital. The notice identified three principal areas of concern. Further information can be found on page 45 of this report.

From a financial perspective, the Trust delivered a planned breakeven position. Strategic capital investment in infrastructure, equipment, and digital systems has

supported the delivery of safe, high-quality care. However, the delivery of our financial plan is becoming increasingly challenging as demand continues to grow across the health and care system and the national reconfiguration of the NHS takes place into 2025/26.

The Somerset healthcare system

Somerset continues to benefit from strong, collaborative relationships across health, social care, and the voluntary and community sector. These partnerships are grounded in a culture of openness, mutual support, and constructive challenge, which has enabled the system to respond collectively to both immediate pressures and long-term transformation goals.

Integrated Care Systems (ICSs), which evolved from Sustainability and Transformation Partnerships (STPs), became statutory entities on 1 July 2022 under the Health and Care Act 2022. Each ICS includes a statutory Integrated Care Partnership (ICP) and an NHS Integrated Care Board (ICB), which is responsible for planning and funding NHS services in the area.

In Somerset, the ICS model builds on a long-standing tradition of integrated working. Even before the formal establishment of ICSs, partners across the county had been collaborating to improve care pathways, reduce duplication, and deliver better outcomes for local people. The system recognises the growing complexity of health and care needs and the importance of aligning services across organisational boundaries. Effective integration requires close cooperation between all providers, including primary care, social care, neighbouring trusts, local authorities, and the voluntary sector.

Somerset NHS Foundation Trust plays a pivotal leadership role within the system. As a provider with both acute and community services, the Trust is uniquely positioned to support place-based partnerships, provider collaboratives, and system-wide transformation. The Trust's leadership was instrumental in the merger of the county's two previous NHS providers, a move that has strengthened integration and improved the coordination of care.

The Trust continues to demonstrate a strong commitment to shared planning and decision-making. Its organisational objectives are closely aligned with the system's five strategic aims, reflecting a unified vision for health and care in Somerset. The Trust also takes collective responsibility for system-wide performance and risk management, recognising that sustainable improvement depends on collaboration rather than isolated action.

Planning processes are fully integrated with the wider Somerset system, including alignment with the ICB's annual operating and capital plans. The Trust works with partners to prioritise service delivery, estates development, and digital transformation, ensuring that resources are used effectively and within the financial limits set by NHS England. A key enabler of this work is the development of shared digital and data infrastructure to support real-time planning, performance monitoring, and population health management.

Strategic context

Somerset remains a predominately rural county with a population of circa 586[1],000. The county continues to experience steady population growth, with a marked shift towards an ageing demographic. Nationally, the proportion of people aged over 75 living with long-term conditions continues to rise, and their care needs are becoming increasingly complex. This trend is mirrored in Somerset, placing growing pressure on local health and care services. Over the next 40 years, the number of people aged 65–79 is projected to increase by nearly a third, while those aged 80 and over—the fastest-growing age group—are expected to more than double.[2]

While smoking rates in Somerset continue to decline, the prevalence of diabetes, obesity, dementia, and mental health conditions is rising. These public health challenges reinforce the urgent need to deliver joined-up, person-centred care that transcends traditional organisational boundaries.

The geography of Somerset, with its mix of rural and coastal communities, presents unique challenges for the delivery of equitable and accessible health services. National evidence continues to highlight the difficulties faced by rural and coastal populations in accessing timely care, and these issues are particularly pronounced in our region.

Like many areas across the NHS, we are grappling with the effects of workforce shortages. In Somerset, this is intensified by a lower proportion of working-age residents compared to other parts of the country. Despite these pressures, our dedicated staff consistently go above and beyond to provide high-quality care. However, the current situation in some services is unsustainable, both for individual colleagues and for the wider system.

The NHS continues to operate in a period of significant transformation, shaped by the

[1] Somerset Trends – Population Overview - https://www.somersettrends.org.uk/topics/population/population-2/

[2] Centre for Ageing Better. Our Ageing Population | The State of Ageing 2023-24 (https://ageing-better.org.uk/our-ageing-population-state-ageing-2023-4)

ongoing recovery from the Covid-19 pandemic, rising demand, and sustained financial pressures. In 2024/25, NHS England has set out a clear mandate to improve access, reduce waiting times, and shift the focus of care from hospitals to communities, from analogue to digital, and from treatment to prevention. This is underpinned by a renewed emphasis on efficiency, productivity, and accountability across the system.

NHS England itself is undergoing structural changes to streamline its operating model, clarify roles across the system, and support performance improvement through a more strategic and outcomes-focused approach. In addition, Integrated Care Boards (ICBs) are required to reduce their costs, with the Model ICB Blueprint released in early May 2025. This is resulting in several ICBs in the South West region working up plans to 'cluster' to achieve economies of scale. In the longer term, ICBs are likely to merge across these clusters.

Within NHS providers, there is the requirement to reduce any corporate cost growth from 2018/19 baseline figures by 50% during 2025/26. Some of these savings may be realised at geographical or system level.

Summary of the principal risks faced and how these have affected the delivery of objectives

During 2024/25, the Trust faced a range of significant risks that have impacted the delivery of our strategic and operational objectives. The most prominent risks included:

- **Finance** - The system-wide risks in relation to the financial position have been significant during the year. We have worked with partners across the system to improve our financial position and deliver more efficient and effective services within budget.
- **Staffing Pressures** – In line with our recruitment and retention strategies, the Trust has made some headway in recruiting too hard to fill roles, however we continue 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 and ongoing pressures within our acute hospital wards.
- **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 continues to be a key focus, and the Trust has 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.
- **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 2025/26 as the latest in our multi-phase “Musgrove 2030” plan to create a transformed, modern hospital site. On the Yeovil District Hospital site, significant progress has been made on developing the site, with the completion of the Ambulatory Breast Unit, and the continued development of a new theatre suite and modular ward. In addition, work commenced on the Yeovil Diagnostic Centre, which will deliver over 70,000 diagnostic tests and outpatient appointments every year and is due to open in 2025/26.

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

The continued growth in demand, coupled with staff shortages, has meant the recovery of elective services has been further challenged. The Trust has also observed an increase in the acuity of patients attending the hospital as a potential consequence of de-conditioning during the pandemic and challenges in accessing patient care.

In addition to these overarching risks and issues, the Trust recognises a number of principal risks to the organisation, as monitored by the Board Assurance Framework. The Board Assurance Framework identifies which of the strategic objectives may be at risk because of inadequacies in the operation of controls, or where the Trust has insufficient assurance that the actions and mitigations will deliver the objectives. At the same time, it encompasses the control of risk, provides structured assurances about where risks are being managed and ensures that objectives are being delivered.

The highest risks identified across the objectives are:

- Access to primary care / increasing ED demand
- Workforce shortages
- Age of acute and community estates
- Vacancy rates within senior doctor workforce
- Risk of EHR business case is not approved or delays to process

The sustained high levels of demand across all Trust services continue to present significant challenges to the delivery of our strategic objectives and the effective management of associated risks. Ongoing discussions at both Board and system levels have focused on the pressures within primary care, social care, and other partner organisations, and how these are affecting the Trust’s ability to meet its clinical and corporate goals.

Recent inspections by the Care Quality Commission have also identified areas requiring improvement. The Trust is actively addressing these findings, and further details on our response and improvement plans are provided later in this report.

Going concern

International Accounting Standards (IAS1) require the directors to assess, as part of the account’s preparation process, the Foundation Trust’s ability to continue as a going concern. In accordance with the NHS Foundation Trust Annual Reporting Manual

paragraph 2.14:

> "The anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern."

Whilst it is unlikely that an NHS body will be determined not to be a going concern, this interpretation does not exempt the management of NHS bodies from undertaking a going concern review.

After making enquiries of internal information sources and receiving assurance from reviews of the requirements set out in the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM), the board of directors has a reasonable expectation that the Trust will have access to adequate resources to continue to deliver the full range of mandatory services for the 12 months from the date of approval of the financial statements and fulfil any liabilities as they fall due.

The directors consider that this provides sufficient evidence that the Trust will continue as a going concern for the 12 months from the date of approval of the financial statements.

On this basis, the Trust has adopted the going concern basis for preparing the accounts that has been supported by the Trust's external auditor.

Our vision, strategy, values and behaviours

The Trust has a developed vision, values and strategies that built upon the previous organisations' visions and reflects the integrated services from the legacy organisations, and our commitment to focus on the health of the population we serve. This vision is supported by shared values that were developed following a widespread consultation exercise with colleagues.

Our mission and vision focusses on supporting our colleagues to delivery outstanding and integrated care.

Mission

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

Vision

Thriving Colleagues, Integrated Care, Healthier People

We will deliver this mission and vision via our single organisation strategy, which in 2024/25 had 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. Deliver the vision of the trust by transforming our services through innovation, research and digital transformation.

The objectives for 2024/25 included five clinical aims, sitting alongside our strategic financial and people objectives with our clinical strategy, people strategy and finance strategy 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 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.

Our values

The Trust has a set of values and behaviours 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 guide colleagues and help inform the continuously developing culture of the Trust.

Respect		
Honesty	**I will…** make it safe and easy for people to speak up about issues, give kind and fair feedback, and be open to receiving it too	**I won't…** criticise people for mistakes, stay silent when needing to speak up, be closed to feedback about myself
Integrity	**I will…** set and deliver high	**I won't…** accept low standards,

	standards, adhere to follow agreed, evidence-based practice, professional, ambitious, try to do the right thing, put patients first	'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	**I will…** embrace others' strengths, value different backgrounds, cultures and stories, include others, advocate for equity and diversity in the organisation	**I won't…** dismiss others' views, experiences or backgrounds, ignore if you see someone being treated differently because of their background
Civility	**I will…** be polite approachable and welcoming to everyone, challenge each other respectfully, be considerate of others	**I won't…** 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	**I will…** treat people as valued individuals, protect their dignity and privacy with compassion, be patient, understanding, self aware, patient	**I won't…** be indifferent to others struggles, or dismissive of their feelings, stories or journeys, make mean comments or be unkind
Positivity	**I will…** be optimistic, bring a positive, 'can-do' attitude, bring a smile, welcome change, be hopeful about what is possible, act with courage	**I won't…** 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	**I will…** put myself in other people's shoes, act with empathy; take the time to understand others' concerns, be self aware; be authentic, calm	**I won't…** refuse to see things from other people's perspectives, or consider what might be going on for other people
Appreciation	**I will…** notice the little things other people do to make a difference and give ABC appreciation so that they feel valued, celebrate success	**I won't…** 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	**I will…** 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	**I won't…** avoid helping when I see someone in need, make people feel 'a burden', have a 'not my patient / job' attitude
Collaboration	**I will…** work together, seek opportunities to share, ask for	**I won't…** work in 'silos', not seek out opportunities to work with or

	ideas and input, seek cross team and service input, involve and encourage others, communicate clearly	share learning with other teams, services or divisions, isolate or exclude others
Listening	**I will…** listen with curiosity and empathy, giving people time to speak, welcome different views, seek out information	**I won't…** 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	**I will…**be open and transparent when communicating, building trusting relationships with colleagues, reassuring	**I won't…** be 'economical with the truth', make no effort to share information, withhold information others need, or leave them 'in the dark'

Achievements, celebrations and anniversaries within 2024/25

Deanery top trainer award goes to Yeovil Hospital radiologist

We were proud to celebrate Dr Cenydd Thomas, consultant radiologist at Yeovil Hospital, who was awarded the Severn Deanery Best Teacher Award in 2024/25. This prestigious recognition, voted for by trainee doctors, highlights Dr Thomas's outstanding contribution to medical education and mentorship.

As college tutor for radiology since 2018, Dr Thomas has played a pivotal role in supporting and developing registrars across the Severn Deanery. He credits the award to the collective efforts of the radiology team at Yeovil, whose commitment to high-quality training continues to make a lasting impact on future clinicians.

This achievement reflects the Trust's dedication to fostering a supportive and inspiring learning environment for all healthcare professionals.

New hip and lease of life for centenarian thanks to our surgeon

We were delighted to support Joy Palfreman, aged 102, who is believed to be the oldest

patient to receive a hip replacement at Musgrove Park Hospital. The surgery was carried out at Parkside, our private care facility, by orthopaedic consultant Mr Ben Bolland.

Joy's remarkable recovery has seen her return to walking pain-free, just weeks after the operation. Her story is a powerful reminder that age alone should never be a barrier to life-enhancing treatment. The procedure not only restored her mobility but also her independence and quality of life. This milestone also highlights the exceptional care provided by our teams at Parkside, where all profits are reinvested into NHS services, benefiting patients across the Trust.

National charity praises trust's efforts to improve the care of people with diabetes

Our diabetes teams at Yeovil Hospital and Musgrove Park Hospital have been recognised for their outstanding contribution to the National Diabetes Audit Quality Improvement Collaborative (NDA QIC) – a national initiative aimed at improving access to insulin pump therapy for people with type 1 diabetes.

Consultant endocrinologists Dr Alex Bickerton and Dr Isy Douek, alongside diabetes nurses Ruth Hammond and Emily Harrod, led efforts to enhance data collection, streamline treatment pathways, and implement hybrid closed loop systems. Their work has already resulted in increased uptake of advanced diabetes technology and improved patient outcomes.

The team also received a commendation from the national quality improvement team, recognising their commitment to equitable, patient-centred care. This achievement reflects the Trust's dedication to innovation and collaboration in improving long-term health outcomes.

Opening of the Maple Unit: A milestone for breast cancer care

In October 2024, Yeovil Hospital proudly opened the Maple Unit – its first-ever purpose-built breast cancer unit – marking the culmination of a five-year fundraising campaign led by our official charity and supported by patients, staff, and the local community.

The state-of-the-art facility offers a calm, private, and supportive environment for patients, with co-located clinical, nursing, and radiology teams, and features such as a wellbeing space, dedicated consultation areas, and advanced diagnostic equipment. The unit is already transforming the experience of breast cancer care for patients across Somerset.

This achievement reflects the power of community spirit and the Trust's commitment to delivering compassionate, patient-centred care in a space designed to support healing and dignity.

Group entities

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

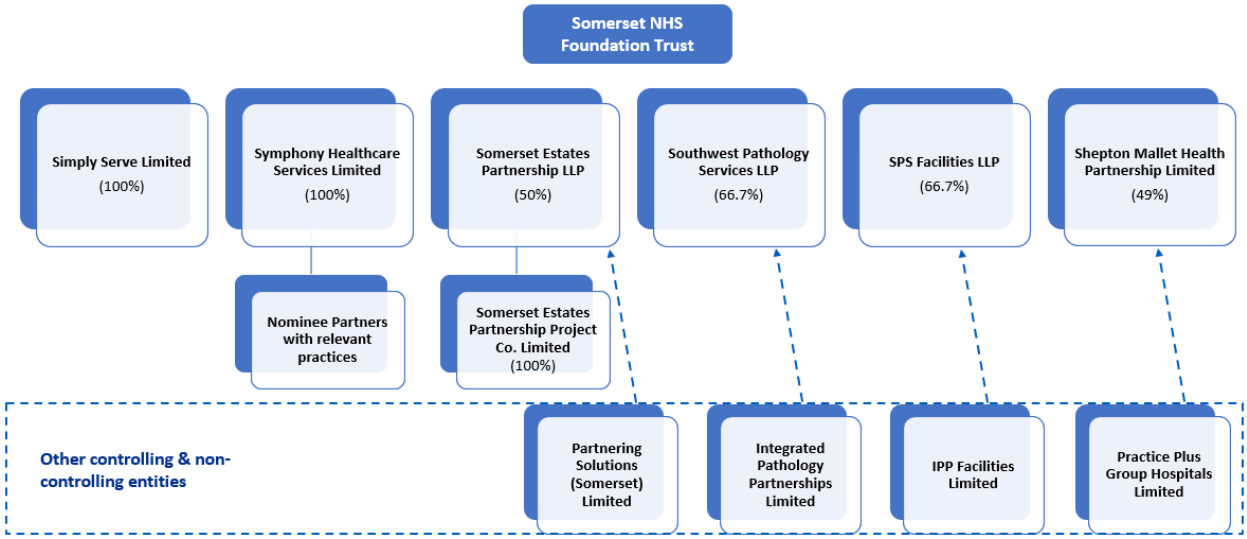
During 2024/25, Somerset NHS Foundation Trust owned or had shares in the following subsidiary companies:

- Simply Serve Limited (100%)
- Symphony Healthcare Services Limited (100%)

Somerset NHS Foundation Trust owns a proportion of the following joint ventures and associates:

- Southwest Pathology Services LLP (66.7%)
- SPS Facilities LLP (66.7%)
- Somerset Estates Partnership LLP (50%)
- Shepton Mallet Health Partnership Limited (49%)

The group structure (as of 31 March 2025) can be seen below:



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

Simply Serve Limited has continued to strengthen its operational and financial performance, with the majority of key service metrics demonstrating sustained improvement. The company has played a vital role in supporting Yeovil Hospital in meeting ongoing NHS demands, while also expanding its external customer base by delivering medical supplies, maintenance, compliance, and cleaning services to a broader range of healthcare providers.

During the year, Simply Serve Limited successfully retained its Royal College of Physicians JAG accreditation for endoscopy decontamination services and maintained its ISO 13485 certification for the processing of sterile instrument sets on behalf of the Trust.

In addition to these achievements, the company continues to hold BS EN ISO 9001:2015 and BS EN ISO 14001:2015 certifications, confirming its compliance with EU Directive 93/42/EEC for decontamination services. These accreditations enable Simply Serve Limited to deliver high-quality sterilisation and decontamination services across both public and private healthcare sectors, including support for Electro Medical Engineering (EME), which also holds the ISO 9001 Quality Standard.

All required accreditations have been successfully maintained, reflecting the company's commitment to delivering safe, effective, and high-quality services.

Symphony Healthcare Services Limited: Symphony Healthcare Services was established following the national Vanguard programme which was designed to stabilise primary care as well as being the vehicle through which new models of care can be delivered.

Following establishment in April 2016, the organisation has continued to develop over the last eight years and now provides primary care services via General Medical Service (GMS) and Personal Medical Service (PMS) contracts to approximately 132,000 patients. During 2024/25, Symphony Healthcare Services relinquished its hold of the Lyn Health Centre GMS contract to another provider in Devon. This was not only the right thing for the surgery but has since enabled Symphony to focus on and become a dedicated Somerset provider of general practice services. The Symphony practices have demonstrated impressive quality despite the challenges, with all practices rated CQC 'Good' or above, and the organisation achieving 95% for the national Quality Outcomes Framework (QOF) programme. Furthermore, patient satisfaction has remained high with over 41,000 patients responding to the Friends and Family feedback questionnaire with 92% positive about the services provided, demonstrating consistent quality for patients compared to the year before.

Practice	Integration	Merged	List Size: March 2025
Buttercross Health Centre	07/04/16	1 July 18	7,926
The Ilchester Surgery	07/04/16		
Yeovil Health Centre	07/04/16	1 Sept 17	11,138
Oaklands Surgery	01/08/17		
Highbridge Medical Centre	01/04/17		13,664
Crewkerne Medical Centre	01/07/17	1 July 18	12,483
West One Surgery	01/07/18		
Wincanton Health Centre	01/10/17		8,783
Hamdon Medical Centre	01/05/18		6,072

The Meadows Surgery	01/11/18		4,290
Martock Surgery	01/12/18	Pre-integration	10,398
South Petherton Medical Centre	01/12/18		
Bruton Surgery	01/02/19		5,213
Exmoor Medical Centre	01/04/20		3,905
Ryalls Park Medical Centre	01/04/21		6,089
Creech Medical Centre	01/10/21		5,253
Lister House Surgery	01/10/21		6,824
North Petherton Surgery	01/10/21		7,287
Warwick House Medical Centre	01/10/21		7,888
Burnham Medical Centre	01/04/23	Pre-integration	14,819
Berrow Medical Centre	01/04/23		
TOTAL			132,032

Symphony Healthcare Services has continued to manage and support its practices by embedding the organisation's vision, mission and values. It has spent a considerable time nurturing a team culture across the organisation, further encouraged by the continuous development of the organisations Employee Forum which enables an employee representative from each practice and service area to come together to discuss and support solutions to key staff challenges, as well as ideas. In addition, the organisation participated within the new NHS General Practice Staff Survey which was introduced during 2024/25. It is hoped that this will provide a supportive benchmark for the organisation and comparator to its previous years internal staff survey results, which have been used by the organisation to support changes and improvements.

During 2024/25, the Symphony Healthcare Services practices continued to participate within nine Primary Care Networks (PCN) across Somerset, making the most of the additional roles that accompany the PCN work to support the multidisciplinary teams already developed within the organisation. With one PCN consisting solely of Symphony practices, the organisation has been working with its shareholder, Somerset NHS Foundation Trust, to pilot new ways of working across neighbourhood and community services for the intended benefit of patients across all PCNs and neighbourhood areas. This has started with the development of additional at scale operational models including a new telephony and triage hub to take all patient calls, with clinical professionals from both General Practice and community services to determine the most appropriate person, place and time to action requests. The foundation for additional initiatives which are expected to enhance the patient journey through the healthcare system.

Although Symphony Healthcare Services remains dependent on significant funding from the Somerset Integrated Care Board, the level of funding is reducing significantly year-on-year. This is being achieved through cost saving and efficiency gains coupled with a reduction in clinical vacancies and less reliance on agency support. However, the compound effect of sub-inflationary contract uplifts and continued high and complex

demand is putting strain on finances across the sector. A new GP contract is anticipated for 2026/27 at the earliest.

Somerset Estates Partnership LLP: Somerset Estates Partnership LLP (SEP) is a strategic estates partnership with Interserve Prime to provide an estate, infrastructure and service transformation solution to generate value and savings, in line with clinical strategy. The 15-year partnership (originally established with Yeovil District Hospital NHS Foundation Trust on 29 October 2014) enables the Trust to fully explore all its options and ensures that these are realistic and fundable, as well as identifying opportunities for the Trust to earn income, which can be reinvested into frontline services.

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

Details of overseas operations

The Trust has no overseas operations other than recruitment campaigns.

Peter Lewis, Chief Executive, 19 June 2025

3. PERFORMANCE ANALYSIS

Oversight Framework targets

The NHS 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 four hours from arrival to admission/transfer/discharge (1)	76%	77.2%	76.4%	71.1%	72.9%	74.5%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway (2)	92%	65.6%	63.3%	62.1%	61.9%	-
Number of patients waiting over 78 weeks from referral to treatment (RTT)	Zero (year-end)	15	11	6	4	-
Cancer - 28 days Faster Diagnosis: all Cancers (3)	75%	78.1%	71.9%	77.2%	75.2%	75.6%
Cancer 62 Day Waits for first treatment (3)	85%	68.0%	68.3%	68.0%	65.8%	67.1%
Percentage of ambulance handovers waiting less than 30 minutes	95%	75.1%	72.3%	58.6%	61.6%	67.0%
Percentage of Urgent Community Response referrals reached within two hours	70%	88.5%	87.6%	89.3%	92.1%	89.3%
Children and Young Persons Eating Disorders: urgent referral to be seen with 24 hours of referral	95%	100%	100%	100%		
Children and Young Persons Eating Disorders: routine referrals to be seen with four weeks of referral	95%	97.1%	95.0%	97.0%		
Early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE-approved care package within two weeks of referral	60%	77.8%	87.5%	91.7%	88.9%	-
Talking therapies: people with common mental health conditions referred to the service will be treated within six weeks of referral.	75%	84.6%	85.8%	84.2%	74.8%	-

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
Talking therapies: people with common mental health conditions referred to the service will be treated within 18 weeks of referral	95%	98.8%	98.9%	98.2%	98.9%	-
Diagnostic tests: percentage of people waiting under six weeks from referral (4)	95%	79.4%	76.1%	80.7%	77.6%	-
Clostridium difficile (all cases including community associated)	54	24	28	24	14	90
MRSA (Trust apportioned cases)	0	1	1	0	2	4
E-coli bloodstream infections	105	30	29	33	32	124
Talking therapies: Percentage of people completing a course of treatment moving to recovery	50%	59.5%	58.6%	55.3%	56.8%	57.6%
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%	93.1%	98.0%	97.9%	97.1%	96.4%
Inappropriate Out of Area Placements for non-specialist mental health inpatient care. Number of 'active' out of area placements at the month-end	1	6	9	7	10	-
Admissions to adult facilities of patients under 16 years old	0	0	0	0	0	0

1) 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. The national standard is 95%, but in December 2022, England implemented an intermediate minimum standard, where at least 76% of A&E attendances should be seen within four hours, rising to 78% in March 2025.
2) 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.
3) Cancer figures are for April 2024 to March 2025; but please note that due to national reporting of March 2025 performance taking place in May 2025, the March 2025 figures have been estimated and may be subject to change.
4) The national standard is 99%, but the 2024/25 NHS priorities and operational planning guidance confirmed the requirement to increase the percentage of patients who receive a diagnostic test within six weeks in line with the March 2025 ambition of 95%.

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. This segmentation information is the Trust's position as at March 2025. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website.

More detailed analysis and explanation of performance during the year

In line with the national NHS priorities for 2024/25, there was continued focus within the Trust on treating the longest-waiting patients, measured from referral to treatment (RTT). The national maximum wait in 2024/25 reduced from 104 weeks to 78 weeks RTT. Because many trusts continued to report over 78-week waiters at the end of March 24 the target was extended, with the requirement for all these remaining very longest-waiting patients to be treated by the end of June 2024. Although the Trust did not achieve the zero target in June 2024, the number of patients waiting over 78 weeks reduced from 37 at the start of the year to 4 at the end of March 25. From the end of October, all the patients waiting over 78 weeks at each month-end had exceptional causes for the breach of the 78-week standard. This included patients with unexpected other medical problems which prevented surgery being undertaken sooner, patients unfortunately cancelled due to last-minute trauma cases needing to be accommodated, or patients needing specific types of surgical implants which were not available within the UK.

In 2024/25 significant progress was made in reducing the number of patients waiting over 65 weeks RTT. Although the national target of getting to zero over 65-week waiters by March 25 was not achieved, we reduced the number of patients waiting over 65 weeks from 463 in April 2024 to 81 in March 2025. This represents an overall reduction across the year of 382 patients, although the number of additional patients treated across the year to reduce the number of actual over 65 weeks was significantly greater because more patients need to be treated to prevent patients

tipping over the 65-week target as well as reducing the over 65-week backlog itself.

Weekly monitoring of the cohort of patients who would breach 65 weeks by the end of March 2025 was put in place at the start of the year, with the rate of clearance of this cohort reported by specialty, hospital site and pathway type (i.e. non-admitted and admitted pathways). Additional capacity was planned-in across the year, in the specialties with the longer-waiting patients. In addition, in-year, action was taken to put in place additional capacity where the rate of cohort clearance dipped below plan and solutions could be found. The additional capacity was delivered through a combination of weekend theatre sessions, waiting list initiative clinics, insourcing and outsourcing. These actions also supported reductions in 78-week waiters. Although the national priorities have changed to increasing the proportion of patients waiting under 18 weeks for treatment and reducing the wait to first outpatient appointment, similar actions will be taken in 2025/26 to reduce the remaining 65-week waiters down to zero as soon as possible.

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. Unfortunately, this target was not achieved by the Trust, with performance against the six-week wait standard being maintained between 74% and 85% across the year. At the end of March 2025 performance was 77.6% against the six-week wait standard. Demand for diagnostic tests has remained very high over the last year, reflecting the high level of complexity of patients on our waiting lists and the growth in referrals by GPs for urgent conditions including cancer and musculoskeletal problems. In addition to high demand there have been staffing challenges, with unexpected departures and long-term sickness in some diagnostic departments. The diagnostic modalities with the highest number of six-week waiters at year-end were CT, MRI, echo.

There was a significant increase in the number of patients waiting over 6 weeks for a CT scan across 2024/25. This resulted in part from the need to open an additional CT scanner to support the diagnosis and management of patients attending the Emergency Department on the Musgrove site. This need to staff an additional scanner reduced scanning capacity for routine CT requests. Demand for CT scans also remained high in the year, exacerbating the effects of the capacity gap. Additional radiographers have been recruited, but a number won't come into post until the summer of 2025, when they qualify. A mobile CT scanning van was rented and sited at Bridgwater Community Hospital, with an additional CT van also being used in the east of the county, to bridge the gap until the opening of the Yeovil Community Diagnostic Centre (CDC).

Demand for MRI scans has also remained high, driven by high levels of growth from suspected cancer and musculoskeletal referrals and from other sources. Meeting this demand has continued to be a challenge in 2024/25, despite additional capacity put in place through a modular scanning unit sited at Bridgwater Community Hospital. Capacity and demand modelling was undertaken to understand the type of capacity needed to meet current and future demand. This work has highlighted the need for more complex scanning capacity. This has informed the Trust's approach to managing demand in the future, and as a result a bid for additional MRI and CT scanners capable of undertaking complex scans has been submitted to NHSE

against the available national diagnostic capital funding. If successful with our bid, these additional scanners will be based at one of our community hospitals, to free-up capacity on the acute hospital sites and deliver more diagnostic services closer to people's homes.

The echo service has also experienced some staffing challenges in 24/25 which resulted in a capacity gap. Insourcing was put in place, alongside waiting list initiatives, to supplement service capacity whilst vacant posts were recruited to. In addition, a vacant clinical managerial role was appointed to, which is helping to develop service efficiencies to increase service capacity. The combined impact of these measures was a reduction in the number of patients waiting over 6 weeks for an echo in the last six months of the year. With this additional capacity in place, we are expecting further reductions in the number of over 6-week waiters to be delivered in the first half of 2025/26.

The Yeovil CDC is now due to open in 2025/26 following a short delay to the opening due to unforeseen circumstances outside of the control of the Trust. This will provide additional diagnostic capacity for MRI, CT, echo, endoscopy and audiology, along with additional space for a number of other services. The national emphasis in 2025/26 is to ensure the right level of diagnostic capacity is available to support the achievement of RTT and Cancer waiting times standards set for the year. The additional capacity provided by the Yeovil CDC will put the Trust in a better position to meet the rising demand for diagnostic tests and meet the national elective care waiting times standard.

Mirroring national trends, we continued to see significant growth in the volume of suspected cancer referrals we received for particular types of cancers, notably patients being referred with a possible prostate cancer. There have again been high profile people in the country, diagnosed with prostate cancer. Importantly, this has raised awareness of the symptoms of cancer and what to look out for and had led to more people going to their GPs and being referred to the Trust. Performance against all of the cancer waiting times standards has been significantly lower for prostate due to the very high demand and difficulties meeting this, especially for patients going through the diagnostic phase of their pathway. The Trust continues to look at options for flexing capacity to meet changing levels of prostate referrals, but also what we can do differently by looking at alternative ways of providing the capacity that's needed and taking-out steps in the diagnostic pathway that don't add value.

Performance against the cancer waiting times standards at an aggregate level varied across the year and was largely driven by high levels of demand and performance in specific tumour sites such as prostate and skin. Performance against the 62-day combined referral to treatment cancer standard varied between 64% and 75%, with the. 70% national improvement target being met in four months of the year, including March 25. . In most months performance was similar to national average performance. The 28-day existing Faster Diagnosis Standard FDS target of 75% was met in nine months of the year, with performance meeting the March 25 improvement target of 77% in four months (but not March 25 itself). Performance dipped over the summer due to the rise in skin cancer referrals, and dipped in January 2025, with January's performance being affected by a loss of capacity due to the Christmas and New Year bank holidays, and patient choice to defer

appointments and diagnostic tests over the festive period. Lastly, performance against the 31-day combined decision to treat to treatment standard also varied across the year, with the 96% national standard being met in three months of the year. Performance has been lower than the national standard largely due to bulges in demand for patients needing surgery to treat their cancer. This has included treatments for skin cancer where we have seen significant peaks in demand during the summer months. We continue to seek ways to flex our capacity and smooth demand where possible, such as providing additional capacity within our skin cancer services during the busiest times of the year.

During 2025/26 the Trust will be expanding the range of cancer services for which self-referral is accepted, to improve service accessibility, improve health inequalities and achieve earlier diagnoses of cancer. This builds upon the success of self-referral into community based one-stop clinics for people with post-menopausal bleeding, which can be a symptom of the endometrial cancer. In 2024/25 a self-referral pilot was launched in the Bridgwater area, for patients aged 40-49 years old with possible symptoms of bowel cancer. This has already identified patients needing an endoscopy to be performed to evaluate their symptoms, following their initial diagnostic tests. A number of patients are now on long-term surveillance because they are at higher risk of having a cancer diagnosed in the future. We will be rolling this pilot out to other areas in Somerset during the year. We will also shortly be piloting self-referral for suspected lung cancer and have commenced direct referral into the Trust for patients with breast symptoms who telephone NHS 111 for advice. An additional project has recently started and will be implemented during 2025/26, to offer teledermatology, integrated with AI, for suspected cancer referrals, including the option for self-referral.

Although the performance of our Emergency Departments in relation to the four-hour target was below the intermediate minimum standard for the year, it has largely been above the national average, and continued good performance by our Minor Injury units has seen overall Trust-wide performance remain strong in relation to the overall regional and national position. Somerset NHS Foundation Trust also remains one of the highest-performing Trusts in the southwest region, in relation ambulance handover times.

2024/25 continued to be challenging, particularly as a result of pressures associated with patient flow and bed availability, on both of our acute sites with patients not meeting the criteria to reside typically accounting for between 18% and 26% of available beds. 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. Actions being taken to improve patient flow, to care for people at home where appropriate, and to facilitate timely and appropriate discharge from hospital include the expansion of Criteria-Led Discharge, to enable the timely discharge a patient when they meet pre-agreed clinical criteria for discharge, as identified by the lead clinician. This reduces delays in the discharge process and ensures that patients can be discharged in an appropriate and timely way. Significant work has also been undertaken to expand the capacity and occupancy levels of our virtual wards for Frailty, Respiratory and Step Up / Step Down care, enabling patients to receive care in their own homes, where appropriate.

As part of our arrangements to ensure that our services were accessible, our community-based physical and mental health services have continued to offer patients, where appropriate, appointments via telephone and a virtual video clinic 'Attend Anywhere'. The expansion of services also continued, 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 2024/25. Referrals to our community mental health services between 1 April 2024 and 31 March 2025 were 5.7% higher than in the same months of 2023/24, and 33.1% higher than the same months of 2022/23. Attendances for our community mental health services in 2024/25 were 1.8% higher than the corresponding months of 2023/24, and 15.2% higher than the same months of 2022/23. Activity increases occurred across a range of mental health services, including Primary Care Mental Health Services (Open Mental Health), Home Treatment, and Older People's Community Mental Health services. Community mental health service caseloads as at 31 March 2025 increased by 12.4% when compared to 31 March 2024 and were 45.4% higher than as at 31 March 2023. It should be noted that investment has facilitated the expansion of some community mental health services.

Direct referrals to our community physical health services in 2024/25 were 10.7% higher than in 2023/24, and 19.7% higher than in 2022/23. Attendances during 2024/25 increased by 5.6% compared to 2023/24, and were 9.6% higher than in 2022/23. Community service caseload levels as at 31 March 2025 were 5.9% lower than as at 31 March 2024, and 2.8% lower than 31 March 2023 levels.

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 community mental health service, and also by our older person's community mental health service had waited less than six weeks at the month-end in every month throughout the year. As at 31 March 2024, over 90% of people waiting to be seen for the first time by our mental health services for adults, and older adults, and also our service for adults with learning disabilities had waited less than six weeks to be seen for the first time, and this was also the case in the majority of months throughout the year. The latest available data from the NHS Benchmarking Network shows that our waiting times for first and subsequent appointments for adults with learning disabilities and mental health services for adults, older adults and children & young people all compare favourably with peer providers nationally.

We made good progress in reducing the length of time patients waited to be seen by our community physical health services. The number of people who had waited over 18 weeks from referral to be seen by our community physical health services (excluding community dentistry) reduced from 1,399 as at 31 March 2024 to 589 as at 31 March 2025, a reduction of 810 patients (58%). Similarly, the numbers waiting over 52 weeks reduced from 264 as at 31 March 2024 to four as at 31 March 2025, a reduction of 260 patients (98%); the numbers waiting over 104 weeks reduced from

45 as at 31 March 2024 to zero as at 31 March 2025. The majority of the long-waiting patients are waiting to be seen by our Podiatry and Physiotherapy services, both of which have experienced considerable challenges due to vacancies, sickness absence and insufficient cover for colleagues on maternity leave. Both services have implemented actions, including holding community appointment days, and proactively contacting patients by letter and telephone to provide advice and guidance and to confirm that they still wish to be treated, which have made significant progress in bringing down waiting times and the numbers waiting to be seen during 2024/25.

The number of people who had waited over 18 weeks from referral to be seen by our Somerset and Dorset community dentistry service increased from 2,388 as at 31 March 2024, to 2,544 as at 31 March 2025, although the numbers waiting 52 weeks or more fell from 574 as at 31 March 2024, to 538 as at 31 March 2025. During the same period, the number of young people who had waited over 18 weeks from referral for an appointment for a dental procedure involving a general anaesthetic (GA) rose from 530 to 567. The service continues to face considerable challenges due to vacancies, sickness absence and insufficient cover for colleagues on maternity leave. From April 2025 Somerset is expected to see a significant change in activity levels due to successful recruitment. The approval of a business case by Dorset Integrated Care Board means that additional theatre slots will be available throughout 2025/26. This will have a positive impact on reducing the GA waiting list; however two whole time equivalent dentists in the GA pool have announced they will be retiring from May 2025. A Consultant advertisement, which is currently out, will look to counter this risk of reduced GA provision.

Our urgent community response service, which provides urgent care to people in their own homes, and which helps to avoid hospital admissions and enable people to live independently for longer, continued to perform well throughout 2024/25. Against a national standard to see at least 70% of people within two hours, our service achieved performance of over 85% in every month throughout the year.

The percentage of women accessing our specialist community perinatal mental health exceeded the 10% national standard throughout the year. At the year-end, performance was 13%, 3.4% better than the national average performance as at 31 March 2025.

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 96.6% being achieved against a required standard of at least 80%.

Performance was also maintained throughout the majority of the year in respect of the six-week week national waiting time standards for Talking Therapies. Performance fell below the national standard of 75% or more In February and March 2025. Because compliance is reported at point of discharge, performance in February and March 2025 reflects the challenges faced by the service around a year previously, when there was a significant shortage of assessment workers, leading to an increase in the number of people waiting 18 weeks or more to enter treatment. The service has since reported that this issue has been addressed, but it may take

several months for compliance to return back above the 75% level.

Across the year, 98.7% of people were seen within 18 weeks of referral against a national standard of 95% or more. Performance against the recovery rate was maintained above the 50% national standard in every month during 2024/25, with an average across the year of 57.5% and the national compliance standards were also met and exceeded in every month for both reliable improvement (an average of 74% against the national standard of 67%) and reliable recovery (an average of 54.3% against the national standard of 48%).

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 maintained throughout the year, with performance exceeding 70% in every month, and averaging 87.5% across the year.

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. The service has reviewed processes to ensure that barriers to repatriation and/or discharge of patients are minimised and escalated with system partners where appropriate.

We again had no admissions to adult facilities of patients under 16 years old in 2024/25.

The Trust had four cases of MRSA bloodstream infection in 2024/25. Ninety Clostridium difficile cases were recorded during the year, which is higher than the threshold for the year of 54. 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.

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.

To meet these duties, the Trust actively works to:

- Remove or minimise disadvantages experienced by people due to their protected characteristics.
- Address the specific needs of individuals from protected groups.
- Encourage participation in public life and other activities where representation is disproportionately low.

Aligned with our strategic objective to Reduce Inequalities, we are committed to ensuring equity of access and outcomes in the services we provide. We aim to deliver high-quality care to all members of our community, free from discrimination, and tailored to meet diverse needs. This includes the development and integration of deprivation and exclusion markers into our data systems to better understand and address health inequalities.

In partnership with the Somerset ICB, we are also responding to the recently published NHS England Statement of Information on Health Inequalities, ensuring that provider-level actions are implemented effectively.

As the county's single provider of a comprehensive range of health services, we recognise the importance of designing and delivering care that is inclusive, accessible, and equitable. We are committed to ensuring that no individual receives a lower standard of care due to unfair or unlawful discrimination based on age, disability, gender, race, nationality, sexual orientation, or any other factor.

Throughout 2024/25, we have worked closely with the Somerset Integrated Care System, public health teams, and local communities to address health inequalities. Our focus has remained on improving outcomes for people with serious mental illness (SMI), learning disabilities, and autistic people, who often experience:

- Lower life expectancy
- Higher rates of smoking, alcohol use, and obesity
- Increased risk of physical health conditions

Our flagship **'Stolen Years' programme** has continued to drive improvements for people with SMI, who are at greater risk of poor health outcomes and often face barriers to accessing care.

Key areas of progress in 2024/25 included:

- Prioritised access to elective care for individuals with SMI, learning disabilities, and those in the most deprived communities.
- Expanded access to physical health checks for people engaged with our mental health services.
- Improved availability of talking therapies.

- Increased uptake of tobacco reduction support.

Tackling healthcare inequalities

NHS England defines health inequalities as “unfair and avoidable differences in health across the population, and between different groups within society. These include how long people are likely to live, the health conditions they may experience and the care that is available to them.”

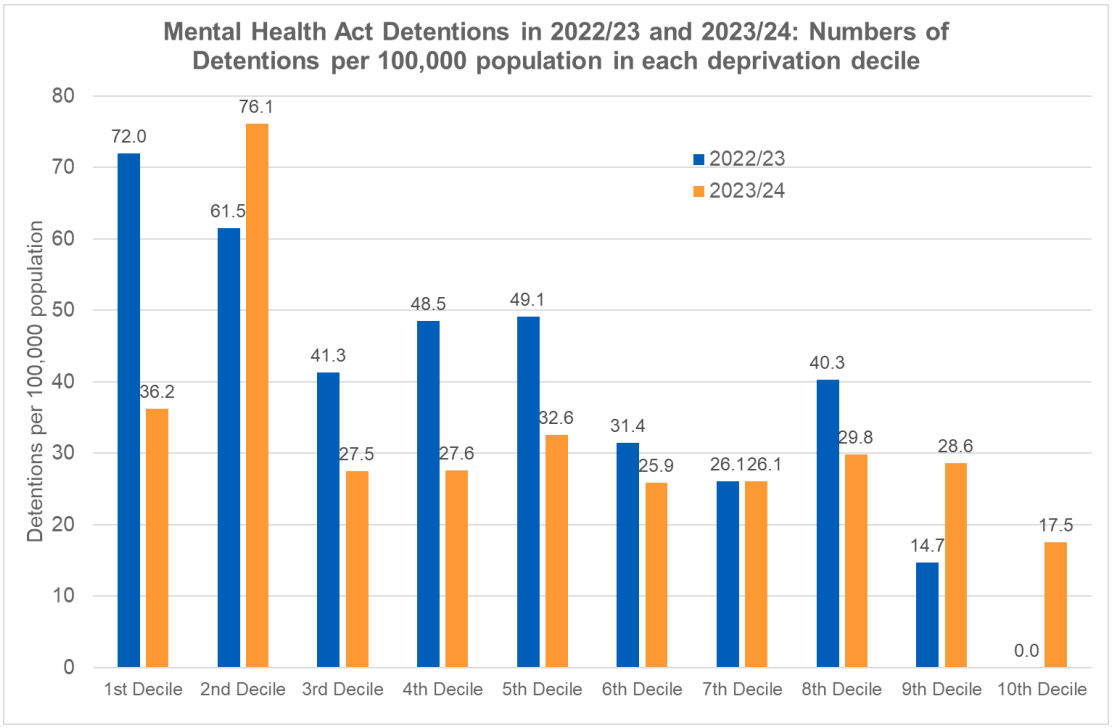
The NHS Act 2006 (as amended, by the Health and Care Act 2022) places a range of health inequalities duties on the NHS and provides extended legal duties on reducing and tackling health inequalities. NHS England’s statement, published on 27 November 2023, set out their views on how integrated care boards (ICBs), Trusts and Foundation Trusts should collect, analyse publish and use information on health inequalities. Relevant NHS bodies have a legal duty to include in their annual reports a review of the extent to which they have exercised their functions consistently with this statement. The duty to report information on health inequalities will encourage better quality data, completeness and increased transparency and enable the use of the data to shape and monitor improvement activities. The statement will help drive improvement in the provision of good quality services and in reducing healthcare inequalities, helping to ensure equitable access, experience and outcomes for all.

To ensure a consistent approach across Somerset Integrated Care System, we have worked collaboratively with partner organisations, using the same data sources; we have utilised a combination of nationally published and locally compiled reports to enable more up to date reporting (and also to allow drill through to understand if variation exists). This has ensured that we have a commonality of approach and understanding of the issues on both a Trust and Somerset ICB basis.

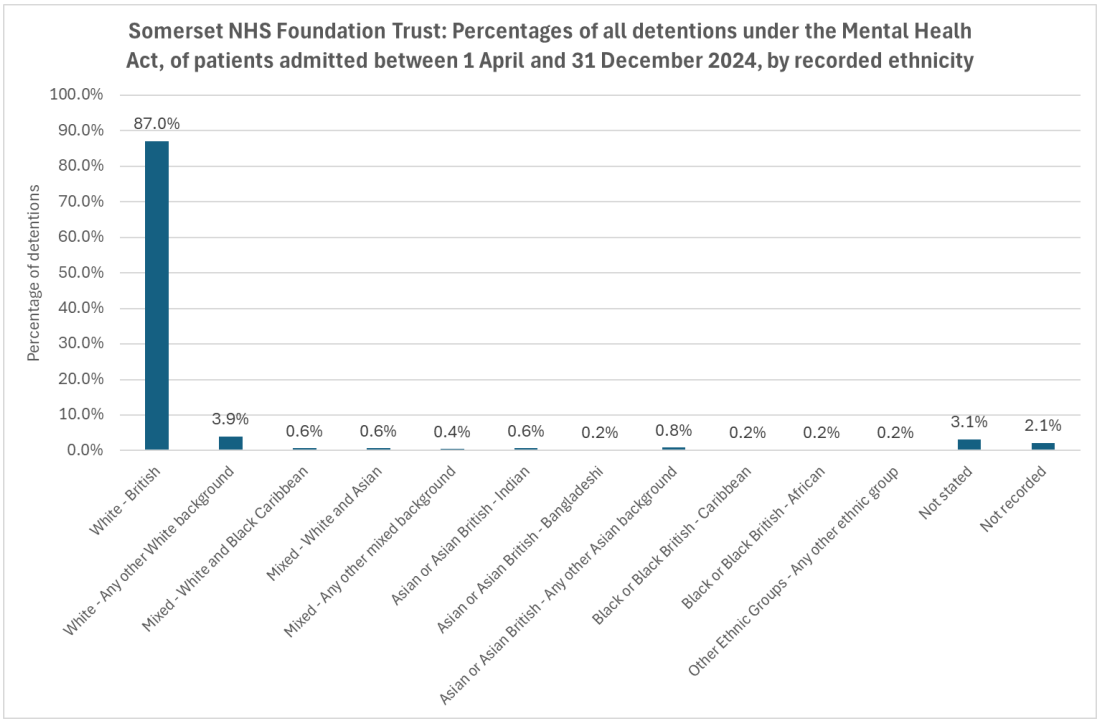
Rates of total Mental Health Act detentions

Mental Health Act detentions in 2023/24 – the latest full-year nationally-published data currently available – were slightly higher amongst males (33.7 per 100,000 population) than females (30.5 per 100,000 population). Overall, the detention rate per 100,000 population in Somerset (31.2) was considerably lower than the national average rate (90.9).

As was the case in 2022/23, detentions in Somerset in 2023/24 were higher amongst those from the most deprived deciles and lower amongst the least deprived, which is consistent with the position nationally.



The percentages of detentions under the Mental Health Act during the period from 1 April to 31 December 2024, by recorded ethnicity, are set out below.



The data shows that, of the total of 485 detentions during the period, 441 (90.9%) were of patients from a White ethnic group, and 25 (5.2% of detentions) were of patients whose ethnicity was either not stated (3.1%) or not recorded (2.1%). Patients whose ethnicity was Asian or Asian British comprised 1.6% of detentions, which is similar to the Somerset ethnicity profile percentage of people who are Asian or Asian British (1.5%).

Rates of restrictive interventions

The percentages of restrictive interventions (i.e. restraints, seclusions, and segregations) during the period from 1 April 2024 to 31 March 2025, by recorded ethnicity, are set out below.

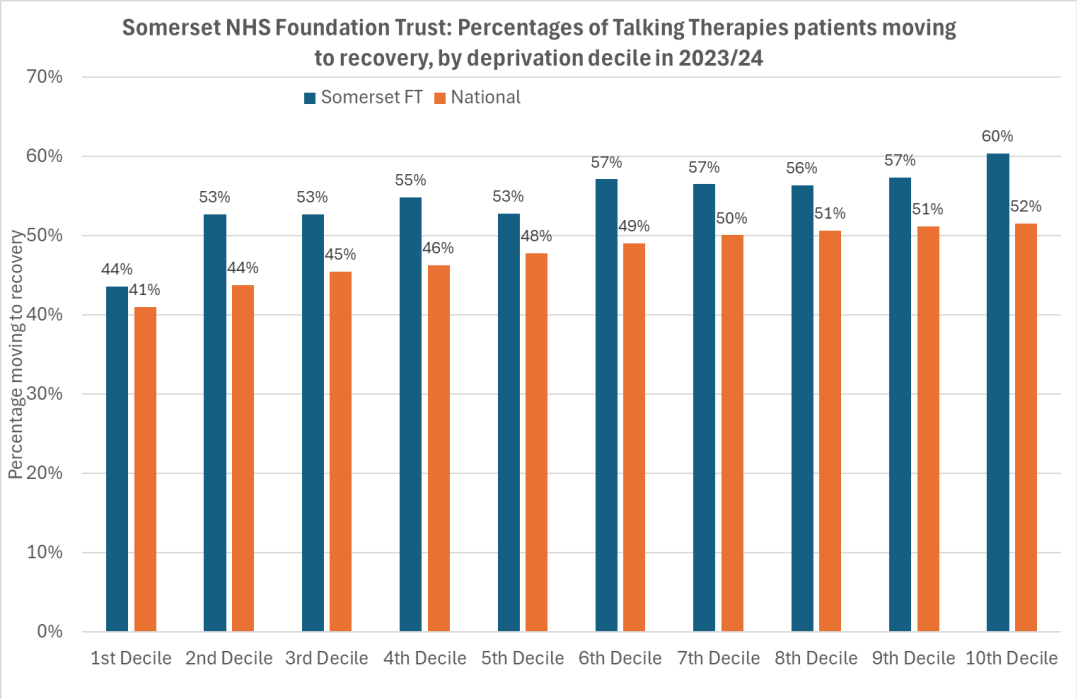
White – British	97.8%
Mixed/multiple ethnic background	1.2%
Asian/Asian British	0.5%
Other ethnic group	0.4%

The data shows that, of the total of 728 restrictive interventions during the period, 712 (97.8%) were of patients from a White ethnic group.

NHS Talking Therapies (formerly IAPT) recovery

Data for 2023/24 - the latest nationally published data currently available - shows that 3.2% of appointments with the Trust's Talking Therapies service were with patients of an ethnicity other than 'White', compared to 3.8% for the population of Somerset as a whole. The percentage of appointments with patients of an ethnicity other than 'White' was 2.8% in 2022/23 and 1.3% in 2019/20. Drawing meaningful conclusions from the data is a challenge, as the nationally published numbers are rounded to the nearest five patients.

The chart below shows the percentages of Somerset NHS Foundation Trust Talking Therapies patients moving to recovery, by deprivation decile, compared to the national position. It can be seen that the rate of recovery in Somerset tends to be higher amongst the least deprived deciles, as is the case nationally. It can also be seen that the rate of recovery for Somerset NHS Foundation patients is higher than the national average for every deprivation decile.



Children and young people's mental health access

The percentages of patients accessing mental health services during the period from 1 April 2024 to 31 March 2025, for patients aged under 18 years, by recorded ethnicity, are set out below.

The data shows that, of the total of 5,160 patients accessing mental health services during the period, 4,354 (84.4%) were patients from a White ethnic group, and 640 (12.4%) were patients whose ethnicity was either not stated (9.9%) or was not asked (2.5%).

Patients of mixed ethnicity comprised 2.1% of the total, compared to 1.2% for the wider population of Somerset (all ages), and patients recorded as Black / Black British made up 0.3% of patients, compared to 0.4% for the wider population of Somerset (all ages).

It is notable that patients whose ethnicity was Asian or Asian British comprised only 0.4% of the total, compared to 1.5% for the wider population of Somerset (all ages). Further work is needed to understand the reason for this apparent under-representation, and to improve the recording of ethnicity.

Smoking cessation services

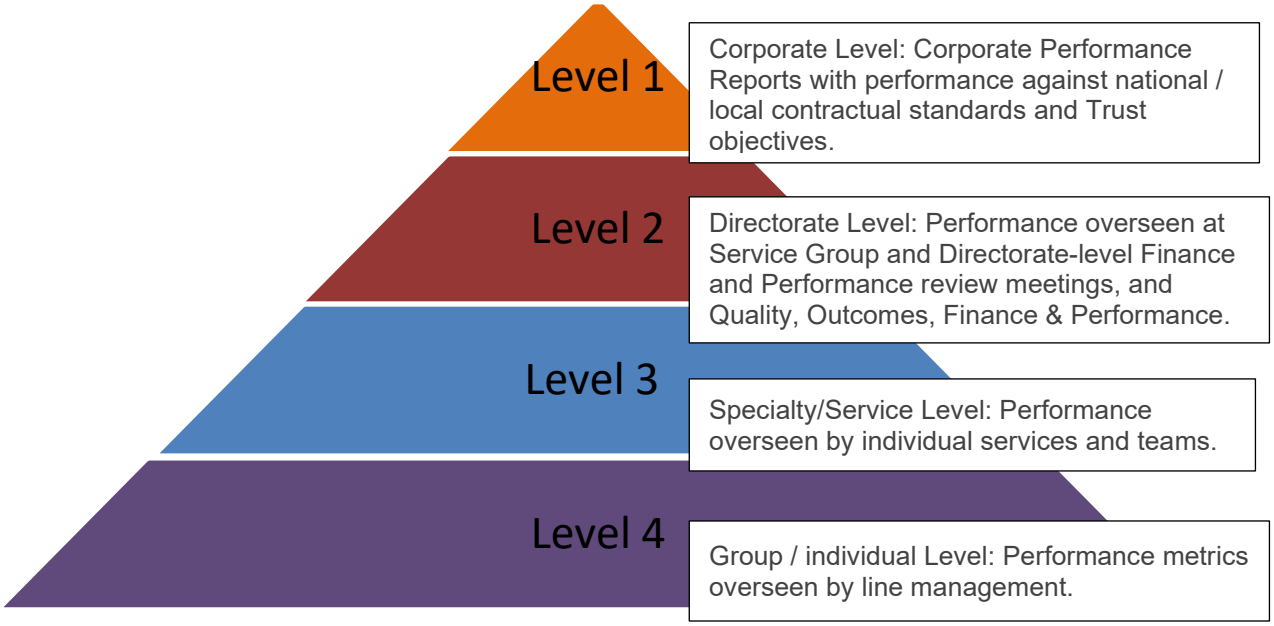
Somerset NHS Foundation Trust has a smokefree policy in place, aiming to protect and improve the health and wellbeing of all patients, visitors, our colleagues, and contractors on our sites. Stopping smoking is one of the best things people can do to improve their physical and mental health and wellbeing. Through our tobacco reduction service, we offer stop smoking support, across all our adult acute inpatient settings and maternity inpatient settings.

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 below:

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 England Oversight Framework, the NHS Constitution, the NHS Long Term Plan, 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?

Underpinning each of these key questions are Quality Statements, which outline the commitments that providers, commissioners and system leaders should live up to. Expressed as 'we statements', these show what is needed to deliver high-quality, person-centred care. As a provider, we aim to ensure that we meet the

requirements of these ‘we statements’, as well as the accompanying ‘I statements’, which reflect what people have said matters to them.

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 incidents 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 service group-level performance dashboards for each of our six operational service groups, and our Estates and Facilities service. Each service group dashboard sets out the performance of the service group, in relation to key targets relating to the services managed within that service group. 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 Operational Leadership Team meeting, chaired by the Chief Executive, combining review and challenge of service group 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 groups, 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 service group and considers the exceptions arising from the service group 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 detailed reviews 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 service groups 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 service groups might be at risk of failing to meet required standards.

Monthly review meetings are also held by each service group, chaired by the service group director, and with representation from individual services managed within the service group, as well as from corporate teams including Performance, enabling a discussion of operational issues relating to each service.

In addition to these oversight groups, the Trust has an overarching Quality Assurance Group which is constituted as a high-level oversight, specialist advisory and monitoring group to oversee the operation of the integrated framework of quality assurance based upon compliance requirements applicable to the breadth of the merged organisation.

Care Quality Commission (CQC)

Maternity Services Inspection

In November 2023, Somerset NHS Foundation Trust's maternity services were inspected by the CQC as part of its national maternity inspection programme. The inspection covered services at Yeovil District Hospital, Musgrove Park Hospital, and the Mary Stanley Midwife-Led Unit at Bridgwater Community Hospital. The findings, published in May 2024, identified several areas requiring significant improvement, and the Trust was issued with a Section 29A Warning Notice in January 2024.

As a consequence of these inspections, the overall rating for Musgrove Park Hospital maternity services decreased from Good to Inadequate. The rating for how well-led it is decreased from Good to Inadequate. How safe it is decreased from Requires Improvement to Inadequate. As this was a focused inspection, and the areas of effective, caring and responsive retained their previous ratings of Good. Following the maternity services inspection, the overall rating for the Musgrove Park Hospital as a service location also decreased from Good to Requires Improvement.

Yeovil District Hospital maternity services had been rated as Inadequate overall, as well as for being safe and well-led and the overall rating as a service location also decreased from Good to Requires Improvement.

It was the first time Bridgwater Community Hospital's Mary Stanley Birth Centre, a midwife-led unit, has been rated. The maternity service was rated as Requires Improvement overall, and for being safe and well-led.

Since the inspections, the Trust has taken robust and sustained action to address the concerns raised. A comprehensive improvement plan has been implemented and overseen by the Maternity and Neonatal Action Group, jointly chaired by the Chief Nurse and Chief Operating Officer. This monitored progress across key areas including governance, clinical pathways, estates, equipment, and workforce development.

Key improvements made during 2024/25 include:

- Implementation of a standardised triage process to ensure timely and safe clinical assessment.
- Reconfiguration of ward layouts to enhance visibility and oversight of patients.
- Procurement of additional emergency equipment at both Musgrove Park and Yeovil District Hospitals.
- Strengthened governance and audit processes, including a Trust-wide review and update of all maternity-related policies and procedures.
- Improved training compliance and oversight, with mapped mandatory training

requirements and enhanced access to guidance for staff.

The CQC acknowledged the Trust's open culture, strong community engagement, and the commitment of staff to delivering safe, compassionate care. Throughout 2024/25, the Trust met with the CQC to present evidence of the improvements made. The CQC confirmed it was satisfied that the actions taken had mitigated the immediate risks identified in the Warning Notice.

In the latter part of the year, the Trust has been developing a robust maternity and neonatal improvement plan for 2025-2027, which will provide a framework for transformational improvement across maternity and neonatal services. The plan will run over a two-year period and will include a designated set of priority actions. In addition, the Trust is onboarding to the national Maternity Safety Support Programme, provided by NHS England.

We anticipate follow-up inspections of maternity services at all three sites during 2025/26 and remain committed to embedding and sustaining improvements to ensure the highest standards of care for women, birthing people, and families.

Paediatric Services Inspection

In January 2025, the CQC also carried out an inspection of the Trust's acute services for children and young people at both our Musgrove Park Hospital and Yeovil District Hospital sites.

In February 2025, the CQC issued the Trust with a further section 29A notice in respect of its services for children and young people at Yeovil District Hospital. The notice identified three principal areas of concern:

- There were not suitably qualified, competent, skilled and experienced persons deployed during the busiest period of the service, out of hours and weekends to meet the requirements of the Paediatric Service at Yeovil District Hospital.
- There was not a strong learning culture.
- Governance systems of the Paediatric Service at Yeovil District Hospital were not operating effectively to ensure risk and performance issues were addressed with timely action.

The targeted inspection of these services followed extensive work that the Trust had already commenced to address increasing concerns emerging from various sources internal to the Trust and from across the region around the quality and safety of the paediatric service on the Yeovil District Hospital site. There has been a significant focus, engagement and support provided to the service and teams involved as well as scrutiny by the Trust Board and its committees. The concerns have been shared with the NHS Somerset ICB, NHS England and the CQC, all of whom have been involved in the improvement work over the last year. However, we recognise that more work needs to be done, and we have not made as much progress as quickly as we would have wished in this work.

We await the publication of the inspection reports and will work with our colleagues, partners and the CQC to address the significant shortcomings identified.

Environmental Sustainability including task force on climate-related disclosures (TFCD)

NHS England's NHS foundation trust annual reporting manual has adopted a phased approach to incorporating the TFCD recommended disclosures as part of sustainability annual reporting requirements for NHS bodies, stemming from HM Treasury's TFCD aligned disclosure guidance for public sector annual reports. TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TFCD aligned disclosure application guidance, will be implemented in sustainability reporting requirements on a phased basis up to the 2025/26 financial year. Local NHS bodies are not required to disclose scope 1, 2 and 3 greenhouse gas emissions under TFCD requirements as these are computed nationally by NHS England.

The phased approach incorporates the disclosure requirements of the governance, risk management and metrics and targets pillars for 2024-25. These disclosures are provided below with appropriate cross referencing to relevant information elsewhere in this annual report and in other external publications.

TFCD Governance Pillar (Board oversight of climate-related issues) The Director of strategy and digital development is Executive Lead for sustainability on the Trust Board of Directors and chairs the Strategic Sustainability Group.

Progress towards delivery of the strategic aims set out in our Green Plan is reported to Board twice a year. The Trust Board Assurance Framework (BAF) includes a climate-related risk entry, which is regularly reviewed by the Board. The Associate Director of Resilience has a severe weather plan and is involved in the development of a climate adaptation plan, led by the ICB.

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

- 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 healthcare

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.

The Green Plan will be refreshed in line with the updated NHS Green Plan guidance in 2025. The update will include stakeholder engagement to set objectives to work towards in the coming years.

Achievements

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

- The Greener Care Action Group has delivered several projects over the year including a trial of reusable theatre hats in orthopaedic theatres at Musgrove Park Hospital, surgical set rationalisation to reduce unnecessary processing of surgical instruments through SSD, implementing a green theatres checklist, starting a green theatres group and launching a sustainability working group to develop our sustainability connections throughout the Trust. The Greener Care Action Group is formed of representatives from different clinical teams, including General and Ortho theatres, anaesthetics, maternity, quality improvement, IP&C, sustainability and IT.
- At Yeovil Hospital the catering team has achieved the 'Food for Life Served Here' standard from the soil association. Food for Life Served Here, verifies that the food on the plate demonstrates a commitment to climate, nature, and health.
- LED lighting continues to be installed at our sites as replacement for older fluorescent lighting. Following the installation of LED in two office areas at Musgrove, further grant funding has been secured for installation of LED lighting at South Petherton Hospital, Minehead Hospital, Southwood House and a limited selection at Frome Community Hospital. LED lighting upgrades have also been taking place at Musgrove Park Hospital.
- A grant application for funding to install solar panels at Musgrove Park Hospital was also successful. This project will proceed in 2025.
- The Trust partnered with Somerset Council to secure funding for design of a district heating system in Taunton, with Musgrove acting as a baseload for the heat network. This is a long term project that will develop over a number of years and will require investment in the hospital site alongside the Council and commercial partners to deliver the heat network.

Governance, Monitoring and Performance

Our interim targets are to achieve a 47% reduction in the NHS carbon footprint, by 2032 at the latest and a reduction of 73% in the NHS carbon footprint plus by 2038 at the latest.

The latest figures show that after an increase in our carbon footprint between 19/20 and 20/21, our carbon footprint reduced in 21/22. The reductions have continued in 22/23 and 23/24 (the latest available data) showing a 13.5% reduction since 19/20. Energy makes up by far the largest proportion of our carbon footprint accounting for 83.7% of the Trust carbon footprint. Up to date data for our carbon footprint plus is not currently available.

Our carbon footprint and carbon footprint plus data is provided by NHS England through the pilot Green Plan Support Tool. We must achieve net zero by 2040 for the NHS carbon footprint and 2045 for the NHS carbon footprint plus.

In 2025 the Green Plan will be updated with new SMART objectives, allowing us to introduce KPIs to monitor performance and set targets for the Trust to achieve over the 3-year duration of the plan.

The report to the Board identifies progress against the Green Plan and the associated climate related issues. This highlights actions that have been taken across the Trust to reduce carbon emissions from the Trust. The report also includes ongoing actions and plans for the year ahead. The Strategic Sustainability Group (SSG) provides governance over the sustainability topic and members, including executive directors, of the group have been given responsibility for leading on the topics of the Green Plan.

The SSG uses a Green Plan Progress Tracker to monitor progress against objectives and to highlight any respective

More detail on the Trust's Green Plan can be found on the public website here.

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.

Peter Lewis, Chief Executive, 19 June 2025

4. ACCOUNTABILITY REPORT

Financial overview and review

Overview

2024/25 was another challenging year for our organisation. Our colleagues and services were under sustained pressure as demand for our services remained exceptionally high and periods of industrial action disrupted service delivery throughout the year.

The Trust financial performance is assessed by NHS England on an adjusted financial performance basis. The Trust achieved a small surplus position of £3k under this measure. However, when revaluation of land and buildings is applied this results in a deficit of £28.6 million, see page 26; note 2 of the Annual Accounts attached to this report.

Operational and financial performance continued to be strong. We delivered a small financial surplus against our planned breakeven position, based upon the regime under which NHS England assesses the financial performance of organisations.

Capital investment in infrastructure and equipment totalled £92.8million in year and will help to ensure the Group has the buildings, equipment, and IT to continue to deliver high quality safe services for its patients.

The delivery of the financial plan becomes increasingly more challenging as demand continues to increase on us and our public sector partners. There is a clear expectation that organisations will live within their means and set plans that are affordable while continuing to make progress against a key set of NHS priorities:

- Maintain our focus on quality and safety, particularly in maternity and neonatal services.
- Improve waiting times in our A&E departments
- Continuing to reduce our elective long waits and improve performance against the core cancer and diagnostic standards.
- Make it easier for people to access community and primary care services, particularly general practice and dentistry.
- Improve patient flow through mental health crisis and acute services and improve access to children and young people's mental health services

We will work closely with our system partners to continue to improve our efficiency and productivity and tackle waste. We want to ensure our services are delivered as efficiently as possible and will continue to transform how our services are provided to ensure resources are used to best meet the health needs of the population of Somerset. This will require us to deliver a challenging efficiency programme and take difficult decisions as we balance operational priorities with the funding available.

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 and the nature and value of the risk that the Trust faces.

Income disclosure statement

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. The Trust confirms that income from health services is greater than income from any other source.

Statement on compliance with cost allocation and charging guidance issued by HM Treasury

Somerset NHS Foundation Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

Political donations

Somerset NHS Foundation Trust has not made any political or charitable donations in 2024/25.

Better payment 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 2024/25 are shown below.

	Number	£
Total non-NHS trade invoices paid in period	170,398	549,188,749
Total non-NHS trade invoices paid within target	160,767	520,443,264
Percentage of non-NHS trade invoice paid within target	94.3%	94.8%
Total NHS trade invoices paid in period	2,934	64,283,290
Total NHS trade invoices paid within target	2,716	60,344,551
Percentage of NHS trade invoices paid within target	92.6%	93.9%

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.

Cost improvement programme (CIP)

In year, savings of £64,337k (2023/24: £30,931k) were delivered which were on plan. 53% (2023/24: 51%) of cost improvement plans achieved were recurrent £34,245k (£15,731k). This saving reflects 5.5% (2023/24: 1.7%) of turnover.

Peter Lewis, Chief Executive, 19 June 2025

Directors' report

Code of Governance for NHS Provider Trusts Disclosures

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

The Code of Governance for NHS Provider Trusts was published in October 2022 and has been appliable since 1 April 2023. It replaces the previous NHS Foundation Trust Code of Governance issued by Monitor.

The Code of Governance for NHS Provider Trusts sets out a common overarching framework for the corporate governance of NHS providers (being NHS trusts and NHS foundation trusts), reflecting developments in UK corporate governance and the development of integrated care systems. Providers must comply with each of the provisions of the code or, where appropriate, explain in each case why the provider has departed from the code.

Somerset NHS Foundation Trust has applied the principles of the Code of Governance for NHS Provider Trusts on a comply or explain basis. The Board considers the Trust to be fully compliant with the principles of the Code of Governance for NHS Provider Trusts as well as the provisions of the code.

The Board

The membership, skills and expertise of the Board of Somerset NHS Foundation Trust during 2024/25, together with attendance at meetings, the commitments of the Board members are outlined below.

Non-Executive Directors

Colin Drummond OBE, DL	**Chairman** **Joint Chair of Nomination and Remuneration Committee**

Colin was chairman of Somerset NHS Foundation Trust from 1 April 2020 until 31 December 2024. He was previously chairman of Taunton and Somerset NHS Foundation Trust from 2014 and pro-chancellor and chair of governors of the University of Plymouth from 2016 - 2022.

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 2022/23 (as previously in 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.

Appointed: 1 April 2020
Re-appointed: 1 April 2023
Resigned: with effect from 31 December 2024

Public Board Attendance: 4/4
Board Remuneration Committee Attendance: 2/2
Audit Committee: 1/1

Dr Rima Makarem	**Chair** **Joint Chair of Nomination and Remuneration Committee**

Dr Rima Makarem joined the Trust on 1 January 2025. Rima has extensive experience of working at Board level in the NHS and has worked at both regional and national level. She had previously been the chair of the Bedfordshire, Luton and Milton Keynes Integrated Care Board since 2020. She is also chair of the Sue Ryder charity, chair of Queen Square Enterprises Ltd (an independent healthcare provider based in London), and a lay council member for the General Pharmaceutical Council. Rima trained as a scientist and has held senior roles within the global pharmaceutical industry. Other senior roles she has held include senior independent director and audit chair of the National Institute for Health and Care Excellence (NICE) and audit chair and external commissioner at the House of Commons Commission, working closely with the Speaker and the Leader of the House.

Appointed: 1 January 2025

Public Board Attendance: 2/2
Board Remuneration Committee Attendance: 0/0
Audit Committee: 0/0

Martyn Scrivens — Non-Executive Director
Deputy Chairman

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 Committee. Martyn was previously a non-executive director and chairman at Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023.

Appointed: 1 October 2021 as Associate Non-Executive Director and 1 November 2021 as Non-Executive Director
Re-appointed: 1 April 2024
Term Expires: 31 March 2027

Public Board Attendance: 6/6
Board Remuneration Committee Attendance: 2/2
Audit Committee: 5/5
Finance Committee: 12/12
People Committee: 9/11

Kate Fallon — Non-Executive Director
Senior Independent Director

Kate was appointed as a non-executive director on 1 July 2015 and has 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, a member of the Board of the National Skills Academy for Health, and a non-executive director at Symphony Health Services. 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.

Appointed: 29 May 2018
Re-appointed: 29 May 2021 and 29 May 2024
Resigned: with effect from 30 November 2024

Public Board Attendance: 4/4
Board Remuneration Committee Attendance: 2/2
Quality and Governance Assurance Committee: 7/8
Finance Committee: 7/7
People Committee: 4/7

Graham Hughes — Non-Executive Director

Graham has over 40 years of experience in the financial and legal sectors and was previously an executive director of Bank and Clients PLC. Prior to this, in his capacity as managing partner and latterly chairman, he developed a legal practice to a multi office large employer. He has a deep understanding of commercial and risk management within the financial sector together with a thorough knowledge of the core strategic principles of heavily regulated and competitive sectors. He has also been involved in change management, developing policies for large and complex organisations including whistle blowing, IT security and data protection and people policies. Graham joined the Trust Board of Yeovil District Hospital NHS Foundation Trust in April 2018 and subsequently joined the Trust Board of the merged trust in April 2023.

Appointed: 1 April 2023
Term Expires: 31 March 2026

Public Board Attendance: 6/6
Board Remuneration Committee Attendance: 2/2
Quality and Governance Assurance Committee: 12/13
Charitable Funds Committee: 4/4
People Committee: 11/11

Jan Hull — Non-Executive Director

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 was previously also a non-executive director at Yeovil District Hospital NHS Foundation Trust prior to the merger of the trusts in April 2023.

Appointed: 1 August 2017
Re-appointed: 1 August 2020, 1 August 2023, 1 August 2024 and 1 February 2025
Term Expires: 31 May 2025

Public Board Attendance: 5/6
Board Remuneration Committee Attendance: 2/2
Quality and Governance Assurance Committee: 12/12
Audit Committee: 2/3
People Committee: 9/11

Paul Mapson — Non-Executive Director

After a career spanning 41 years in the NHS, including 17 years as Director of Finance and Information at University Hospitals Bristol NHS Foundation Trust, Paul retired in June 2019. He became a non-executive director of Yeovil Hospital NHS Foundation Trust in March 2020 and joined the Trust Board of the merged trust in April 2023.

Appointed: 1 April 2023
Term Expires: 31 March 2026

Public Board Attendance: 5/6
Board Remuneration Committee Attendance: 2/2
Audit Committee: 5/5
Finance Committee: 12/12

Alexander Priest — Non-Executive Director

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. Alex was previously also a non-executive director at Yeovil District Hospital NHS Foundation Trust prior to the merger of the trusts in April 2023.

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

Public Board Attendance: 5/6
Board Remuneration Committee Attendance: 2/2
Charitable Funds Committee: 3/4
Finance Committee: 9/12

Inga Kennedy CBE — Non-Executive Director

Inga has spent a large part of her career working in the NHS in a range of nursing, midwifery and education roles, but also has extensive experience working in senior roles in the Royal Navy. Inga was appointed Inspector General of the Defence Medical Services where she designed and implemented a new healthcare governance framework. Subsequently she took on the role of Head of the Medical Service and Medical Director General for the Royal Navy. Inga is a trustee of the White Ensign Association, which provides independent advice to all serving and former members of the Royal Navy, Royal Marines, Royal Fleet

Auxiliary, and their families. Inga was previously a non-executive director for the Isle of Wight NHS Trust and the Portsmouth Hospital University NHS Trust and is a director of a private healthcare consultancy providing healthcare advice and reasonable challenge to executive teams with the aim of delivering enhanced governance and assurance.

Appointed: 1 October 2023 as Associate Non-Executive Director and 1 February 2024 as Non-Executive Director **Term Expires:** 30 September 2027	Public Board Attendance: 6/6 Board Remuneration Committee Attendance: 0/2 Quality and Governance Assurance Committee: 11/13 Audit Committee: 4/5

Barbara Gregory	**Non-Executive Director**

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.

Appointed: 1 August 2017 **Re-appointed:** 1 August 2020 and 1 August 2023 **Term Expired:** 31 July 2024	Public Board attendance: 0/2 Board Remuneration Committee Attendance: 0/1 Charitable Funds Committee: 0/2 Audit Committee: 0/3

Tina Oakley	**Non-Executive Director (from 1 June 2024)** **Associate Non-Executive Director (until 31 May 2024)**

Tina has over 40 years of experience working in a number of senior human resources, recruitment and organisational development roles in large organisations, covering British Airways, RHM Premier Foods, P&O Ferries and Gatwick Airport Ltd. Tina ran large operations as a Duty Check-in Manager for Terminal 4 and General Manager for British Airways' worldwide call centres generating revenue and delivering customer service to passengers including specialist Executive Club service centres and the global customer relations operation dealing with customer complaints and service recovery.

Tina has also had involvement in crisis and emergency planning. Until recently Tina held the post of Amazon's HR Director of Operations for the UK and Ireland where she managed the speed of growth from 8,000 employees to 60,000 employees. In addition, Tina was previously a non-executive director for Frimley Health NHS Foundation Trust

Appointed: 1 October 2023
Resigned: with effect from 31 December 2024

Public Board Attendance: 3/4
Board Remuneration Committee Attendance: 2/2
Quality and Governance Assurance Committee: 4/9
People Committee: 5/8

Executive Directors

Peter Lewis — Chief Executive

Peter was the chief executive of both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. Peter joined one of our predecessor trusts, Taunton and Somerset NHS Foundation Trust which ran Musgrove Park Hospital, in 2005 as director of finance and performance. He then became deputy chief executive in 2008 and took on the responsibility of chief operating officer in 2010. Before Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust merged in April 2020, Peter became chief executive of both organisations in November 2017. Prior to joining Taunton and Somerset NHS Foundation Trust, Peter was director of performance at Dorset and Somerset Strategic Health Authority, and also worked in both commissioning and provider organisations in Somerset prior to that. Peter is also a fellow of the Chartered Institute of Management Accountants.

Public Board Attendance: 5/6
Audit Committee: 1/1

Andy Heron — Chief Operating Officer and Deputy Chief Executive

Andy was one of two chief operating officers for Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023 and is now the single chief operating officer and deputy chief executive. Andy joined the NHS in Somerset in 2014 when he joined Somerset Partnership NHS Foundation Trust as chief operating officer. Having originally qualified as an occupational therapist, he worked in a number of clinical roles within mental health across the south west before moving into leadership roles during the 1990s. Andy played a role in the establishment of a new specialist NHS mental health trust serving the Avon and Wiltshire areas and became the general

manager of mental health services. Following this, Andy gained a broad range of experience in London and the south west in senior commissioning and provider roles in the NHS, and also in social care, with most of his work being focused on service modernisation. Andy maintains a strong interest in care pathway redesign and service transformation and in recent years has taken on a number of system leadership roles within Somerset, centred on improving patient flow and working with partners in the development of successful community alternatives to hospital admission.

Public Board Attendance: 6/6
Quality and Governance Assurance Committee: 11/13
Finance Committee: 10/12
People Committee: 8/11

Hayley Peters — Chief Nurse

Hayley was previously the chief nurse for both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. Prior to becoming an executive director, Hayley worked in senior clinical leadership roles in the southwest, London and the southeast. 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 Trust Board safety champion for our armed forces, children, maternity, and neonates.

Public Board Attendance: 5/6
Quality and Governance Assurance Committee:11/13
Charitable Funds Committee: 0/4
People Committee: 7/11

Pippa Moger — Chief Finance Officer

Pippa was previously the chief finance officer for both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. Pippa has over 20 years of experience in NHS finance and over thirteen years at deputy and director level. She has worked across regulator, commissioning and provider sectors 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 in

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).

Public Board Attendance: 6/6
Charitable Funds Committee: 4/6
Audit Committee: 6/6
Finance Committee: 11/12

Dr Melanie Iles — Chief Medical Officer

Dr Melanie Iles was previously national chief clinical information officer (CCIO) at NHS England on an interim basis, on secondment from her substantive role as NHS England's medical director and CCIO for the East of England region. Dr Melanie joined Somerset NHS Foundation Trust on Monday 1 April 2024. Dr Melanie Iles is an experienced leader, having worked as a medical director in different settings for over 8 years, in an acute trust, for NHS Improvement and for NHS England at regional level. Prior to this, she held a variety of regional and national roles as a senior clinical leader focussed on children and young people. She is a paediatrician with over 31 years' service in the NHS.

Public Board Attendance: 6/6
Quality and Governance Assurance Committee: 11/13
People Committee: 9/11

Isobel Clements — Chief of People and Organisational Development

Isobel was previously the chief of people and organisational development at both Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust before the trusts merged in April 2023. 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. Isobel has played a key role in developing the trust's system of distributed leadership, ensuring that the organisation's values are brought to life in everyday behaviour. Isobel is a fellow member of the Chartered Institute of Personnel and Development (CIPD).

Public Board Attendance: 4/6
Quality and Governance Assurance Committee: 3/13
People Committee: 11/11

David Shannon	Director of Strategy and Digital Development

David was previously the director of strategy and digital development for both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. 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 before the two trusts merged in 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.

Public Board Attendance: 5/6
Charitable Funds Committee: 4/4
Finance Committee: 10/12

Non-voting Directors

Phil Brice	Director of Corporate Services (until 5 July 2024)

Phil was previously the director of corporate services for both Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust before the trusts merged in April 2023. 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 before the two trusts merged in April 2020. He worked for the Somerset Heath Authority before becoming director of corporate services for Taunton Deane Primary Care Trust and then director of corporate services and communications for NHS Somerset from 2006 – 2011. He previously worked for the Treasury Solicitor's department, the Parliamentary and Health Service Ombudsman and AXA PPP healthcare.

Public Board Attendance: 2/2
Quality and Governance Assurance Committee: 3/3
Audit Committee: 2/2
People Committee: 3/3

Jade Renville	Director of Corporate Services (from 8 July 2024)

Jade is our Director of Corporate Services, a role she does jointly with the Somerset Integrated Care Board with the aim of fostering collaborative working across the health system in Somerset. She has extensive experience within the NHS and the field of corporate governance, beginning her career in commissioning, then moving into senior company secretarial and governance roles within the NHS provider trust sector, working at both Yeovil District Hospital and Musgrove Park Hospital prior to merger of these organisations. For Somerset NHS Foundation Trust she has responsibility for corporate governance and the Board secretariat, legal services, emergency preparedness, resilience, and response (EPRR), business continuity, and security. She is also the Accountable Emergency Officer (AEO). In her free time, she is Chair of the Board of Trustees of a Multi-Academy Trust within the education sector.

Public Board Attendance: 4/4
Audit Committee: 2/3

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

Statement of disclosure to the auditors

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

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. The Trust's statement is available on the public website.

Audit function and Audit Committee role

The Audit Committee has responsibility for providing assurance to the Board concerning the system of internal control, risk management, financial statements and compliance and governance. The Audit Committee oversees the effective operation of the internal and external audit programme and counter fraud activities.

BDO is the Trust's appointed internal auditor, and they undertake reviews for the level of assurance on the adequacy of internal control arrangements, including risk management and governance. The Trust's external auditor is KPMG which provides

the Trust's statutory audit services.

During 2024/25, KPMG reviewed whether their general procedures support their independence and objectivity, including any matters related to the provision of non-audit services, and positive affirmation has been presented to the Audit Committee. This is in line with guidance from the National Audit Office, which states that the total fees for advisory services should not exceed 70% of the total fee for all audit work carried out a public body.

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

- reviewed in detail the presentations, reports and communications from KPMG
- expected attendance from KPMG at every scheduled Audit Committee and
- received the external audit plan and kept it under review to ensure the quality of the external audit and to assess any risks of delivery against plan.

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

- Fraud risk from expenditure recognition – completeness
- Management Override of Controls
- Valuation of Land and Buildings

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. KPMG issued an unqualified opinion on the Trust's financial statements audit for 2024/25.

A significant weakness surrounding governance, in relation to the response to the Care and Quality Commission (CQC) Inspection of Maternity Services and subsequent action plan, was identified in the previous year. The Trust has significantly progressed the action plan relating to the inspection in the period, with ongoing reporting and monitoring of progress and hence no weakness has been identified in the current year.

A separate CQC inspection of the Children and Young People's Services at the Trust's Yeovil District Hospital site also identified a number of areas of concern. KPMG considered the arrangements and raised a new significant weakness surrounding governance.

The Trust are in the process of implementing a number of actions in order to address the concerns identified both internally and through the CQC inspection surrounding Children and Young Person's services in January 2025. Whilst the Trust have begun

addressing the concerns, there is a significant amount of work still ongoing.

KPMG acknowledged the arrangements that the Trust have implemented in the period to address the identified issues, KPMG noted that these arrangements have not been sufficient to mitigate the identified issues on a sufficiently timely basis. The CQC reiterated this observation within the s29A letter. The timing of the CQC inspection has also meant that the finalised inspection reports had not yet been published at the date of this report and therefore many of the remedial actions had not yet been fully implemented as at year end.

Therefore, KPMG made the following recommendation:

The Trust should review the arrangements in place to address the issues identified with the Children and Young People's Services, both internally and through the CQC inspection. This should include:

- Ensuring actions are in place to ensure timely mitigation of identified risk.
- Appropriate escalation is in place where risks are not able to be mitigated in a timely manner.
- Maintaining the current level of focus and ensuring sufficient resources to improve the levels of service provided by the Children and Young Person's service at the Trust based on the Section 29A warning notice and concerns identified.

As concerns have been identified in two consecutive years during CQC inspections, KPMG also recommended the Trust review the overall effectiveness of the Quality and Governance Assurance Committee, including the reporting of risks to the committee, timeliness of actions to mitigate risks and how the Trust identified and reports risks that are unable to be mitigated in the short term to ensure the appropriate alternative mitigations are considered.

The Trust recognises that there are improvements in this area, with this work to be overseen through the Trust's Governance processes with updates received at the Quality and Governance Assurance Committee and Board of Directors.

This will include a review of the effectiveness of the Quality and Governance Assurance Committee in terms of oversight of risk. The Board will consider the findings of this review alongside a wider committee effectiveness review.

How the Board of Directors and the Council of Governors operate (including the handling of any disputes)

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

The general duty of the Board and of each director individually is to act with a view to promoting the success of the Trust to maximise the benefits for its members and for the public. The Board of Directors' objectives are to govern the organisation effectively and to ensure that the Trust is providing safe, high quality, patient-centred care. The Board has the same role as that of any other unitary Board – to set strategic direction and to oversee the work of the executive to ensure that corporate objectives and performance targets are achieved. No individual on the Board has unfettered powers of decision. All powers which have not been retained by the Board or delegated to a committee of the Board are exercised on its behalf by the Chief Executive. If the Chief Executive is absent, powers delegated to him may be exercised by the Deputy Chief Executive. The Board remains accountable for all its functions, including those that have been delegated.

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

The National Health Service Act 2006 gave the Council of Governors various statutory roles and responsibilities, and these were expanded, clarified and added to through both the 2012 and 2022 Health and Social Care Acts.

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

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

The Council of Governors comprises elected and appointed governors and is chaired by the Trust Chair. The Council of Governors may not delegate any of its powers to a committee or sub-committee, but it may appoint committees or working groups consisting of governors, directors, and other persons to assist it in carrying out its functions. The committees and working groups of the Council of Governors in operation during 2024/25 were: Nomination and Remuneration Committee, Strategy and Planning Group, Membership, Involvement and Communications Group, Quality and Patient Experience Group and the People Group. Members of the Board, including the non-executive directors, regularly attend the Council of Governors and

working groups meetings and also attend part of the Governor Development Days. The Chairman and Chief Executive regularly meet with the governors who are also encouraged to attend and observe meetings of the Board and its assurance committees as part of their role.

During 2024/25, the Council of Governors discharged its statutory duties. The governors reviewed key aspects of finance, performance and quality through its various activities, and received the Annual Accounts and the Annual Report at the Annual General Meeting. To comply with its role to hold the Non-Executive Directors to account, the Council of Governors regularly met with the Non-Executive Directors, requested updates and attended meetings of the Board and, where relevant, its assurance committees.

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. A copy of the policy can be requested from the Company Secretary by contacting CompanySecretary@somersetft.nhs.uk. There were no disputes between the Council of Governors and the Board during 2024/25.

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

Governors and membership information

The Council of Governors meet on a quarterly basis and comprises of up to 42 Governors including 21 elected public governors, 12 elected staff governors, two local authority governors and one Somerset ICB governor. The partnership organisations eligible to nominate governors are:

- The Voluntary, Community, Faith and Social Enterprise (VCFSE) sector – two governors
- The Somerset Primary Care Board – one governor
- Universities – one governor
- Subsidiary companies – two governors in total

As of 31 March 2025, there were four vacancies across the public and appointed sectors.

Members of the public who reside within the Trust's various constituencies can be elected as a public governor. Elected governors (public and staff) are usually appointed for three-year terms. Kate Butler was the Lead Governor for 2024/25.

Anyone aged 14 and over who lives in England may become a member of Somerset NHS Foundation Trust, subject to a small number of exclusions. The public constituency is divided into six areas, five of which cover core wards and districts

served by the trust across Dorset and Somerset. The five areas are Mendip, Sedgemoor, South Somerset, Somerset West and Taunton, and Dorset. The sixth constituency (Outside Somerset and Dorset) acknowledges the interest of members from the wider catchment area.

As at 31 March 2025, membership of the public constituency was at 10,981. Public membership equates to approximately 4% of the Trust's catchment area. As at 31 March 2025 membership of the staff constituency was 16,407.

Continuous internal quality assurance assessments of membership data are undertaken to promote accuracy, remove duplicate records and resolve any other inconsistencies.

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 issues. With exception of the Audit Committee, membership of the Board Committees includes dedicated Governor observer(s).

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. These development sessions covered: presentation on learning disabilities including Somerset Adult Autism Spectrum Disorder (ASD) and Attention Deficit Hyperactivity Service (ADHD); update on results from the Staff Survey; a patient story called Facing the outside and finding my feet, meeting the neighbourhood leads; presentation from the Personalised Care Improvement group; an update on winter pressures / planning; and a presentation on the weekend discharge programme.

Alongside this, the Governors have discussed and been part of the creation of a governor only portal, ongoing discussions on improving membership and patient engagement, governor surgeries including the introduction of Staff Governor surgeries, and held a meeting to begin improving the NED/governor interaction.

Board members are invited to join the Development sessions and the agenda included Q&A sessions with a small number of Non-Executive Directors. 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 (to 31 December 2024)	5	5
Dr Rima Makarem	Chair (from 1 January 2025)	1	1
Jan Hull	Non-Executive Director	5	1
Barbara Gregory	Non-Executive Director	1	0
Kate Fallon	Non-Executive Director	4	2
Alexander Priest	Non-Executive Director	5	3
Martyn Scrivens	Non-Executive Director	5	4
Paul Mapson	Non-Executive Director	5	5
Graham Hughes	Non-Executive Director	5	5
Inga Kennedy	Non-Executive Director	5	1
Tina Oakley	Associate Non-Executive Director	4	0
Peter Lewis	Chief Executive	5	5
Daniel Meron	Chief Medical Officer	1	0
Pippa Moger	Chief Finance Officer	5	4
Phil Brice	Director of Corporate Services	1	1
Hayley Peters	Chief Nurse	5	2
Andy Heron	Chief Operating Officer	5	3
Isobel Clements	Chief of People and Organisational Development	5	5
David Shannon	Director of Strategy and Digital Development	5	5
Melanie Iles	Chief Medical Officer	4	3
Jade Renville	Director of Corporate Services	5	4

Nominations and Remuneration Group (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 Group to do so, in accordance with the Trust's Constitution.

The role of the Group 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 4, para 4.2 of the Standing Orders); 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 33.2 of the Constitution).

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

The Group met twice during the year (one via electronic means), to discuss:

- Feedback from the Non-Executive Directors appraisals and appraisal process for 2023/24;
- Chairman's 360 degree appraisal feedback for 2023/24;
- Non-Executive Director recruitment process and succession planning;
- Chairman's recruitment process; and
- Re-appointment of a Non-Executive Director.

The Group's attendance is set out below:

Nomination and Remuneration Group – Attendance at meetings		
	Possible	Actual
Kate Butler (Chair)	2	2
Jeanette Keech	2	2
Paull Robathan	2	2
Shabnum Ali	2	1
Judith Goodchild	2	1

The Group received feedback from the Non-Executive Directors' performance reviews and concluded that all Non-Executive Directors had had a successful year, and all Non-Executive Directors had performed well above the standards required, however, the Group queried the performance review process and commented an area for improvement was communication between governors and Non-Executive Directors, as they found it was hard to answer the questions posed.

The Group discussed feedback from the 360º degree Chairman's performance review process and agreed that the Chairman had been tireless in his work for the Trust in the face of challenging complexities within both the local and national economic and political environments. The Group further discussed the Chairman's objectives for 2024/25 and recommended the approval of the objectives.

The Group recommended an extension of Kate Fallon and Jan Hull's terms for a six month and 1 year extension period to cover the recruitment of a new Chair.

Elected Governors – public constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 24/25
Bob Champion	Mendip	1 May 2016 1 May 2019 1 May 2022	3 / 4
Virginia Membrey	Mendip	1 May 2023	4 / 4
Alison James	Mendip	26 July 2024	3 / 3
James Mochnacz	Mendip	26 July 2024	0 / 0
Utpal Barua	Mendip	14 November 2024	0 / 2
Judith Goodchild	Sedgemoor	1 May 2019 1 May 2022	4 / 4

Jack Torr	Sedgemoor	1 September 2021 1 April 2023	4 / 4
Eddie Nicolas	Sedgemoor	1 May 2022 1 May 2023	4 / 4
Martin Davidson	Sedgmoor	1 May 2023	4 / 4
Jeanette Keech	West Somerset and Taunton	1 May 20219 1 May 2022	4 / 4
Ian Aldridge	West Somerset and Taunton	1 May 2016 1 May 2022 1 May 2023	3 / 4
Kate Butler	West Somerset and Taunton	1 May 2019 1 May 2022	4 / 4
Jane Armstrong	West Somerset and Taunton	1 May 2020 1 May 2023	1 / 1
Erica Adams	West Somerset and Taunton	1 April 2020 1 April 2023	4 / 4
Ian Hawkins	South Somerset	1 May 2020 1 May 2023	4 / 4
Sue Steele	South Somerset	1 May 2020 1 May 2023	4 / 4
Mick Beales	South Somerset	1 May 2022	4 / 4
David Recardo	South Somerset	1 May 2022	3 / 4
Paull Robathan	South Somerset	1 May 2022	3 / 4
Sarah Duncan	South Somerset	26 July 2024	3 / 3
Alan Peak	Outside Somerset	1 May 2019 1 May 2022	2 / 4
Peter Shorland	Dorset	1 May 2023	2 / 4

There was one vacancy in the West Somerset and Taunton constituency due to a Governor stepping down midterm. One public Governor for Mendip stepped down during their first term and a nominee from the recent election was co-opted into this position.

Elected Governors - staff constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 24/25
Joe Silsby	Staff	1 May 2022	2 / 4
Shabnum Ali	Staff	1 May 2022	0 / 1
Phil Hodgson-Purves	Staff	1 May 2023	3 / 4
Adekunle Akinola	Staff	1 May 2023	3 / 3
Halley Kimber	Staff	1 May 2023	1 / 4
Heather Sparks	Staff	1 April 2023	3 / 4
Jonathan Moore	Staff	1 April 2023	3 / 4
Sun Sander-Jackson	Staff	1 April 2023	2 / 4
Julie Reeve	Staff	1 April 2023	4 / 4
Nick Craw	Staff	1 April 2023	0 / 4

Mark Robinson	Staff	1 April 2023	1 / 4
Lydia Karamura	Staff	1 April 2023	2 / 4

One staff Governor left the organisation midterm.

Appointed Governors

Name	Stakeholder Organisation	Attendance at Council of Governor Meetings 24/25
Dirk Williamson	Simply Serve Limited	3 / 4
Heather Shearer	Somerset Council	3 / 4
Adam Dance	Somerset Council	0 / 4
Val Keitch	Somerset Council	1 / 1
Caroline Gamblin	ICB	4 / 4
Jos Latour	Universities	2 / 4
Val Bishop	Voluntary, Community, Faith and Social Enterprise (VCFSE)	2 / 3
Jane Knowles	Voluntary, Community, Faith and Social Enterprise (VCFSE)	0 / 3

There are two vacancies in the Somerset GP Board and Symphony Health Services partnership organisations. One appointed Governor was asked to stand down due to non-attendance at the Council of Governors at the December Council of Governors. A new appointed Governor from Somerset Council was appointed in December.

Public membership

Constituency	Mendip	Sedgemoor	West Somerset and Taunton	South Somerset	Outside Somerset	Dorset	Total
31 March 2025	1258	1757	3395	2260	1970	341	10981

Staff membership

Staff Membership	2024/25
31 March 2025	16,407

Engagement with members

We recognise the importance of having a strong and engaged membership. With circa 27,000 members (public and staff combined), the Trust has access to the local population, interaction with which helps to improve services.

The membership strategy for 2023/26 came into effect from 1 April 2023. 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 via the Membership, Involvement and Communications working group.

Engagement with members during 2024/25 continued to develop. Governors have maintained Governor Surgeries, and governor attendance at other events out in the communities, such as school and college events. Staff Governor surgeries have been introduced but is still in development to better engage with colleagues. Medicine for Member events will be reintroduced in 2025. The Governors supported a Prospective Governor Roadshow to welcome and inform prospective Governors on the role of the governor ahead of the nomination period for the 2025 Governor Elections.

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, Involvement and Communications group has been actively involved in the development of a new Member Newsletter, which was reintroduced in September and included a survey to discuss engagement and provided some unique feedback and a significant number of members who want to actively engage with the trust. Particular focus is being given to recruiting and engaging with younger members and a youth strategy sub-working group has been established.

Elected governors listen to and represent the opinion of the Trust members on a whole range of issues including the objectives, priorities, and strategy. The governors are given the opportunity to communicate those opinions expressed by members directly or via the Council's working groups. Appointed governors are able to present the views of their appointing bodies on the objectives, priorities and strategy directly to the Council of Governors.

Contact information for members

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

Performance evaluation of the Board/governance arrangements (including details of external facilitation and the NHS England Well-Led Framework)

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

NHS Foundation Trusts are subject to the recommendations of the NHS Foundation Trust Code of Governance for NHS Providers (modelled on best practice UK governance principles) and the Well-Led Framework, which encourage Boards to

conduct a formal evaluation of their own performance and that of its committees and directors. The Trust has robust structures in place to ensure that services are well-led, and these are described within this section and throughout the Annual Governance Statement from page 99 onwards. This includes an overview of the Trust's internal control and assurance framework and any actions to improve governance of quality.

The Trust continuously reviews its Board governance structure, with a review of governance commenced in 2024/25, with the outputs and actions from this being implemented going into 2025/26. This includes the reconstitution of the Operational Leadership Team meetings into an Executive Committee which will report into the Board of Directors. This will aid the clear lines of accountability from the Board to all teams across the organisation and its subsidiaries. The effectiveness of the Board of Directors meetings is reviewed at the end of each meeting.

On the basis of the expertise and experience described in the overview of Board members, 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. Further recruitment has been underway with the appointment of three new Non-Executive Directors to fill vacancies and supplement the skills and knowledge of the 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 Chair has held no other significant commitments that would conflict with the Trust during 2024/25. 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.

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 2024/25 an appraisal of the Chairman and Non-Executive Directors' performance was undertaken. Feedback from the appraisal process was presented to the Nomination and Remuneration Group, discussed with the Chairman and summarised feedback was presented to the Council of Governors. The 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 the year 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 Performance and Accountability Reports of this document. No material inconsistencies between the annual governance statement, corporate governance statement, annual report and reports from the Care Quality Commission have been identified.

Peter Lewis, Chief Executive, 19 June 2025

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 England;
- 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 Code of Governance for NHS Provider Trusts.

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.

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 Code of Governance for NHS Provider Trusts.

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 is reviewed annually. The principal benchmark will be the national public sector and foundation trusts with an annual turnover of a comparative level will be used as a secondary benchmark. Additional factors, as defined by the Nomination and Remuneration Committee, will also be taken into account.

Board Remuneration Committee

The Board 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 Chair in assessing the size, structure and skill requirements of the Board. The remuneration element of the Committee is chaired by the Senior Independent Director, which in 2024/25 was Kate Fallon until her term ended, at which point Graham Hughes became chair. The nomination element of the Committee is chaired by the Trust’s Chair.

The Committee met twice in the year and attendance is set out in the accountability report. The Chief Executive attended the meetings to present the outcomes of the executive director appraisals, succession plans and voting rights. Other matters considered included a review of executive director salaries. There was no

requirement for the Chief People Officer to attend to provide further advice.

Remuneration packages for Non-Executive Directors

The remuneration packages for Non-Executive Directors as at 31 March 2025 were:

Salary	£16,500 per annum for all non-executive directors
Salary	£60,000 per annum for the non-executive chair
Salary	£3,000 per annum for the additional roles of Senior Independent Director, Deputy Chair and Chair of the Audit Committee.

Remuneration packages and any changes made to it for Executive Directors

Element	Rationale
Salary	The Board approved the Trust Strategy, Aims and Objectives. 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 Chair. 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 2024/25.

The Chair of the Nomination and Remuneration Committee confirms that for the 2024/25 financial year all Executive Directors received a 5% pay uplift.

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. 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 £66,000 was spent on consultancy in 2024/25 (2023/24: £70,000).

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 off-payroll engagements unless in exceptional circumstances, and then for the minimum time demanded by such circumstances.

Payments for loss of office (subject to audit)

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.

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

There were no payments to any individual who were a senior manager in the current or in a previous financial year for loss of office.

Payments to past senior managers (subject to audit)

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

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 5 senior managers currently employed by the Trust Group who were paid more than £150,000 p.a. (the Chief Executive, the Deputy Chief Executive/Chief Operating Officer, the Chief Medical Officer, the Chief Finance Officer and the Medical Director for Symphony Healthcare Services). 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.

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.

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 Board 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 People 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.

Fair/median Pay (subject to audit)

The Trust is required to disclose the relationship between the remuneration of the highest-paid director and the lower quartile, median and upper quartile remuneration of the workforce.

The banded remuneration of the highest paid director in the financial year 2024/25 was £245-250k (2023/24, £230-235k), which is a 5% change between years (2023/24, 6%). This was in line with the recommendation for the 2024/25 annual pay increase for Very Senior Managers (VSM) from NHS England.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, pay award, 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 2024/25 was £50 to £442,990 (2023/24, £73 to £443,341). 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 a 0.1% decrease (2023/24, 4% increase). 96 employees received remuneration in excess of the highest-paid director in 2024/25 (2023/24, 126 employees). The average remuneration for the workforce was £47,588 (2023/24: £47,612).

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	£25,674 2023/24: £24,336	£36,483 2023/24: £30,639	£46,148 2023/24; £42,618
Total pay and benefits excluding pension benefits	£28,547 2023/24: £28,273	£38,372 2023/24: £37,850	£50,746 2023/24: £50,278
Pay and benefits excluding pension; pay ratio for highest paid director	8.6:1 2023/24: 8.3:1	6.4:1 2023/24: 6.2:1	4.8:1 2023/24: 4.7:1

Expenses of the Governors

During 2024/25, the expenses paid to the members of the Council of Governors totalled £2689.55 compared to £1445.30 for 2023/24.

Salary and pension entitlements of senior managers 2024/25 (subject to audit)

Total remuneration 2024/25	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
Peter Lewis Chief Executive		245 – 250	300	n/a	245 – 250	n/a	n/a	n/a	245 – 250
Melanie Iles Chief Medical Officer		215 – 220	200	330 – 332.5	545 – 550	n/a	n/a	n/a	545 – 550
Andy Heron Deputy Chief Executive & Chief Operating Officer		175 – 180	0	50 – 52.5	225 – 230	n/a	n/a	n/a	225 – 230
Pippa Moger Chief Finance Officer		160 – 165	500	22.5 - 25	185 – 190	n/a	n/a	n/a	185 – 190
David Shannon Director of Strategy and Digital Development		145 – 150	500	20 – 22.5	170 – 175	n/a	n/a	n/a	170 – 175
Isobel Clements Chief of People and Organisational Development		145 – 150	400	15 – 17.5	165 – 170	n/a	n/a	n/a	165 – 170
Hayley Peters Chief Nurse		145 – 150	400	20 – 22.5	165 – 170	n/a	n/a	n/a	165 – 170
Phil Brice Director of Corporate Services	1	35 – 40	0	0	35 – 40	n/a	n/a	n/a	35 – 40
David Shire Director of Estates	2	80 – 85	0	87.5 – 90	170 – 175	n/a	n/a	n/a	170 – 175
Katie Mattravers SSL Managing Director		80 – 85	0	35 – 37.5	115 – 120	n/a	n/a	n/a	115 – 120
Jade Renville Director of Corporate Services	3	n/a	n/a	n/a	n/a	40 – 45	0	55 – 57.5	100 – 105
Berge Balian SHS, Medical Director		165 – 170	0	n/a	165 – 170	n/a	n/a	n/a	165 – 170
Kerry White SHS, Managing Director		115 – 120	0	n/a	115 – 120	n/a	n/a	n/a	115 – 120

Colin Drummond Chairman	4	40 – 45	0	n/a	40 – 45	n/a	n/a	n/a	40 – 45
Rima Makarem Chairman	5	10 – 15	0	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Martyn Scrivens Non-Executive Director		20 – 25	0	n/a	20 – 25	n/a	n/a	n/a	20 – 25
Kate Fallon Non-Executive Director	6	10 – 15	0	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Jan Hull Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Alexander Priest Non-Executive Director		5 – 10	0	n/a	5 – 10	n/a	n/a	n/a	5 – 10
Paul Mapson Non-Executive Director		20 – 25	0	n/a	20 – 25	n/a	n/a	n/a	20 – 25
Graham Hughes Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Inga Kennedy Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Tina Oakley Non-Executive Director	7	10 – 15	0	n/a	10 – 15	n/a	n/a	n/a	10 – 15

Notes

1. To 15 July 2024
2. From 1 June 2024
3. From 8 July 2024 - Employed by Somerset ICB and 50% recharged to SFT. Full pension related benefits attributed to the employee have been disclosed in the table above rather than the amount chargeable to the Trust
4. To 31 December 2024
5. From 1 January 2025
6. To 30 November 2024
7. To 31 December 2024

*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.

Salary and pension entitlements of senior managers 2023/24 (subject to audit)

Total remuneration 2023/24 Name and Title	Note	Salary (Bands of £5,000) £000	Taxable benefits * (To nearest £100)	Pension related benefits ** (Bands of £2,500) £000	Total Remuneration (Bands of £5,000) £000
Peter Lewis Chief Executive		230 – 235	300	0	230 – 235
Daniel Meron Chief Medical Officer		220 – 225	300	0	220 – 225
Andy Heron Deputy Chief Executive & Chief Operating Officer		165 – 170	400	50 – 52.5	220 – 225
Pippa Moger Chief Finance Officer		150 – 155	500	0	150 – 155
David Shannon Director of Strategy and Digital Development		140 – 145	400	0	140 – 145
Isobel Clements Chief of People and Organisational Development		140 – 145	500	0	140 – 145
Hayley Peters Chief Nurse		135 – 140	300	0	135 – 140
Phil Brice Director of Corporate Services		125 – 130	200	0	125 – 130
Clive Radestock SSL Managing Director	1	115 – 120	0	0	115 – 120
Katie Mattravers SSL Acting Managing Director	2	75 – 80	0	15 – 17.5	90 – 95
Berge Balian SHS, Medical Director		155 – 160	0	n/a	155 – 160
Kerry White SHS, Managing Director		115 – 120	0	n/a	115 – 120
Harvey Sampson SHS, Strategic Development Director	3	15 – 20	0	n/a	15 – 20
Maurice Dunster SHS, Chairman	4	5 – 10	0	n/a	5 – 10
Ian Wyer SHS, Director of Wider Primary Care	5	0 – 5	0	n/a	0 – 5
Colin Drummond Chairman		55 – 60	200	n/a	55 – 60

Total remuneration 2023/24 Name and Title	Note	Salary (Bands of £5,000) £000	Taxable benefits * (To nearest £100)	Pension related benefits ** (Bands of £2,500) £000	Total Remuneration (Bands of £5,000) £000
Martyn Scrivens Non-Executive Director		20 – 25	0	n/a	20 – 25
Barbara Gregory, Non-Executive Director		15 – 20	0	n/a	15 – 20
Kate Fallon, Non-Executive Director		15 – 20	0	n/a	15 – 20
Jan Hull, Non-Executive Director		15 – 20	200	n/a	15 – 20
Sube Banerjee Non-Executive Director	6	10 – 15	0	n/a	10 – 15
Alexander Priest Non-Executive Director		5 – 10	0	n/a	5 – 10
Paul Mapson Non-Executive Director		15 – 20	0	n/a	15 – 20
Graham Hughes Non-Executive Director		15 – 20	0	n/a	15 – 20
Inga Kennedy Non-Executive Director	7	5 – 10	0	n/a	5 – 10
Tina Oakley Associate Non-Executive Director	8	5 – 10	0	n/a	5 – 10
James Phipps Associate Non-Executive Director	9	5 – 10	0	n/a	5 – 10

Notes
1. To 31 December 2023. The salary includes exit package "other departure" costs of 60 - 65. Further details can be found in note XX to the accounts.
2. Director of procurement to 10 September 2023, Acting Managing director from 11 September 2023.
3. To 31 January 2024.
4. To 31 January 2024.
5. To 31 October 2023.
6. To 1 February 2024.
7. Associate non-executive director from 1 October 2023 and non-executive director from 1 February 2024.
8. From 1 October 2023.
9. From 1 October 2023 to 1 March 2024.

*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.

Pension benefits of senior managers 2024/25 (subject to audit)

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)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)				
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Andy Heron Deputy Chief Executive & Chief Operating Officer		2.5 – 5	0	60 – 65	75 – 80	592	1,141	0	n/a
Pippa Moger Chief Finance Officer		0 – 2.5	0	55 – 60	145 – 150	1,276	1,153	25	n/a
Phil Brice Director of Corporate Services	1	0	0	35 – 40	100 – 105	98	953	0	n/a
Hayley Peters Chief Nurse		0 – 2.5	0	55 – 60	145 – 150	1,276	1,156	25	n/a
David Shannon Director of Strategy and Digital development		0 – 2.5	0	50 – 55	130 – 135	1,080	975	21	n/a
Isobel Clements Chief of People and Organisational Development		0 – 2.5	0	65 – 70	175 – 180	1,546	1,409	24	n/a
Melanie Iles Chief Medical Officer		15 – 17.5	35 – 37.5	80 – 85	220 – 225	1,987	1,499	360	n/a
Katie Mattravers SSL Managing Director		0 – 2.5	0	10 – 15	0	147	112	19	n/a
David Shire Director of Estates	2	5 – 7.5	0	30 – 35	0	515	380	78	n/a
Jade Renville Director of Corporate Services	3	2.5 – 5	0	30 – 35	0	415	342	39	0

Notes

1. To 5 July 2024.
2. From 1 June 2024.
3. From 8 July 2024 - shared role between Somerset NHS Foundation Trust and Somerset Integrated Care Board. Full pension figures attributed to the employee have been disclosed in the table above rather than the amount chargeable to the Trust.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme.

The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV -This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table.

Exit packages

	2024/25 Compulsory redundancies	2024/25 Other departures	2024/25 Total Number	2023/24 Total number
< £10,000	1	0	1	1
£10,001 - £25,000	0	0	0	4
£25,001 - £50,000	0	1	1	5
£50,001 - £100,000	2	3	5	7
£100,001 - £150,000	0	0	0	2
£150,001 - £200,000	1	0	1	0
Total Number	**4**	**4**	**8**	**19**
Total resource cost	**£316,529**	**£245,309**	**£561,838**	**£1,006,300**

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.

Other/non-compulsory departures

	Agreements Number	Total Value of Agreements £000's
Mutually agreed resignation (MARS) contractual costs	4	176
Contractual payments in lieu of notice	4	69
Total	**8**	**245**

Peter Lewis, Chief Executive, 19 June 2025

People report

Headcount and full-time equivalent colleagues

The Group employs the following people (as at 31 March 2025):

Headcount (Excluding Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	10	5	15
Non-Executives & Chair	3	3	6
Other Senior Managers	75	43	118
All other employees	11553	3089	14642
Grand Total	**11641**	**3140**	**14781**

Headcount (Including Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	10	5	15
Non-Executives & Chair	3	4	7
Other Senior Managers	75	43	118
All other employees	13610	3851	17461
Grand Total	**13698**	**3903**	**17601**

Full-Time Equivalent (Excluding Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	10.00	4.60	14.60
Non-Executives & Chair	1.01	3.00	4.01
Other Senior Managers	71.21	41.51	112.72
All other employees	9877.65	2885.62	12763.27
Grand Total	**9959.88**	**2934.73**	**12894.60**

The average number of employees employed by the Group:

Average Number of Employees (Full-Time Equivalent)	2024/25			2023/24
	Permanent	Other	Total	Total
Medical and dental	1,217	98	**1,315**	1,166
Ambulance staff	15	0	**15**	19
Administration and estates	2,650	91	**2,741**	2,598
Healthcare assistants and other support staff	3,171	324	**3,495**	3,052
Nursing, midwifery and health visiting staff	3,392	202	**3,594**	3,914
Scientific, therapeutic and technical staff	1,859	25	**1,884**	1,436
Healthcare science staff	111	13	**125**	259
Other	22	0	22	-
Total Average Numbers	**12,437**	**753**	**13,190**	**12,444**

Staff costs

Group	2024/25	2023/24
	Total	Total
	£000	£000
Salaries and wages	533,018	495,696
Social security costs	59,578	60,726
Apprenticeship levy	2,827	2,531
Employer's contributions to NHS pensions	112,354	93,155
Pension Cost – other	2,610	2,496
Termination benefits	562	1,006
Temporary staff	67,010	74,304
Total staff costs	**797,959**	**729,914**

Absence data

Sickness absence rates have experienced fluctuation across the year, with an average sickness absence rate of 5.2% for 2024/25.

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

Staff turnover

As of March 2025, the turnover rate stood at 10.9%, compared to an average of 11.1% across the year. Reducing staff turnover remains a key priority for the People Team, who continue to analyse trends and implement targeted interventions to address the underlying causes of colleagues leaving the organisation. As part of our commitment to the NHS People Promise and national retention programme, several initiatives are underway. These include participation in a flexible working leadership development programme, delivered in partnership with NHS England and Timewise, as part of a national pilot. These efforts aim to enhance work-life balance, support career development, and improve overall staff experience.

Retirements due to ill-health

During 2024/25 there were 14 early retirements from the Trust agreed on the grounds of ill-health (2023/24: 12 early retirements). The estimated pension liabilities of this ill-health retirement was £1,017,315 (2023/24: £1,175,219).

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

Employees with disabilities

The Trust is committed to supporting colleagues with a disability or underlying health

condition as part of our approach to create an environment where colleagues can thrive and feel they belong.

The Trust takes part in the Workforce Disability Equality Standard (WDES) every year. The WDES provides specific measures to enable NHS organisations to understand the representation, progression, retention, and experience of disabled colleagues. The data from the WDES forms part of our annual inclusion reporting presented and discussed at Board each year and informs the development and review of the workforce inclusion plan 2023-2028.

In 2024/25, a key focus has been understanding why colleagues are not reporting their disability status and communicating the value of updating this information and ensuring the Disability Confident guaranteed interview scheme works in practice.

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

Somerset NHS Foundation Trust reports every year under the Workforce Disability Equality Standard (WDES), Workforce Race Equality Standard (WRES) and Gender Pay Gap reporting. This data all forms part of our annual inclusion report, which is presented and discussed at Board each year. Somerset NHS Foundation Trust also holds several accreditations including the Disability Confident Committed accreditation, we are committed to the Armed Forces Covenant, in 2022 received a Gold award under the Defence Employer Recognition Scheme, and in 2023, the Trust took part in the Rainbow Badge accreditation 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.

Data, insight, and recommendations from these accreditation and national standards inform our workforce inclusion plan 2023-2028, which complements the People Committee and sets out our commitments to fostering an inclusive environment.

There are six active colleague networks that welcome members from across Somerset NHS Foundation Trust. These networks provide a safe space for colleagues to share their experiences and to provide peer support. The networks also host events to help build engagement and awareness of inclusion and the experiences of underrepresented groups. Our networks include:

- Armed Forces and Veterans Network
- Disability Network
- LGBTQ+ Network
- Multicultural Network
- Neurodiversity Network
- Women's Network

The Board recognises inclusion will only be achieved if led from the top and have developed an inclusion governance framework to support the Board in setting the tone and expectations for the organisation. The framework splits into four sections; leading by example, accountability, assurance and vision. Each section provides tangible

examples of the ways the Board builds and inclusive way of working. Focus on this will continue throughout 2025/2026.

People policies and actions applied during the financial year

Significant focus was placed on streamlining and reviewing all People Policies during 2024/2025. The people policy review group, developed with our trade union and operational colleagues developed and ratified all policies, ensuring they were developed to meet the just and restorative principles of the organisation. The principle has been to adopt National Polices as these are developed to support colleagues with best practice and researched policies.

Actions on areas of concern and involvement of staff in the improvement of performance

The Trust continues to foster a culture of openness and transparency where colleagues feel safe and able to speak up about any concerns including concerns impacting patient safety and/or experience or anything impacting colleagues experience at work. The Trust as Freedom to Speak up Guardians in place, who provide a simple and accessible route for all colleagues including learners to speak up in confidence. The number of concerns raised through the service continues to increase, with a 22% increase in concerns during 2024/2025. The concerns are themed in line with the National Guardian Office themes with worker safety / wellbeing making up the greatest number of concerns (37%).

The Colleague Experience Group triangulates information from multiple sources to identify the greatest risks and areas of focus. This feeds into the development of the People Strategy yearly deliverables.

Health and safety

There continues to be a positive health and safety culture within the organisation. An independent health & safety internal audit has been conducted by BDO and moderate assurance of the Trust health & safety policy has been awarded.

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 Deputy Director of Integrated Governance 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 Quality Assurance Group (QAG).

Incidents reported to the Health and Safety Executive (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 reviewed. An overview of all RIDDORs is a standing agenda item at the quarterly Health & Safety Committee.

During 2024/25 the Trust reported 59 incidents to the Health and Safety Executive (HSE) as RIDDOR reportable events. This is an increase of 22 on the previous year 2023/24. It is thought this increase is due to the implementation of a robust process within the Health and Safety Team of proactive reviewing and monitoring of all possible RIDDOR events reported and changes to how reporters are reporting events. The increase is seen as a positive effect of the new report eventing system, Learning from Patient Safety Events (LfPSE), implemented into the Trust on the 1 May 2024.

Occupational health

In January 2025, the Trust commenced a new partnership with an outsourced Occupational Health service provider. Since the start of this collaboration, the Trust has established a positive and constructive working relationship. The provider delivers comprehensive management information, which supports the identification of key areas requiring further focus and targeted interventions.

The Trust remains committed to addressing the primary causes of staff sickness absence – musculoskeletal (MSK) conditions, stress, and mental health concerns. In response, a range of support mechanisms are in place to assist colleagues in managing these challenges effectively.

The Colleague Support Service plays a central role in this effort, offering a spectrum of support options from initial advice and guidance to specialist interventions for both individuals and teams. This includes Staff Support Post-Incident, which provides timely and compassionate assistance following critical events.

Additionally, the Wellbeing Team provides colleagues with support on a wide range of issues, including financial wellbeing and stress management, promoting overall health and resilience across the workforce.

To address MSK-related absence specifically, the Trust offers a rapid access service for MSK issues, ensuring colleagues receive timely support aimed at maintaining their health and enabling them to remain in or return to work promptly and safely.

Counter Fraud and Corruption

Somerset NHS Foundation Trust 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.

During 2024/25 colleagues had the confidence to report concerns of suspected fraudulent activities. This enabled the Trust's Counter Fraud Managers to conduct comprehensive investigations, which led to a number of criminal sanctions and the recovery of monies lost to fraud. Robust counter fraud procedures and the vigilance of colleagues within the finance team, also foiled an attempt to divert £3.2 million by fraudsters.

Engaging our people

We are committed to ensuring our colleagues feel informed, engaged, and connected - to their teams, services, sites, and to the Trust as a whole. We also strive to ensure that their dedication and hard work are consistently recognised and valued.

Our shared values, Kindness, Respect, and Teamwork, shape how we work with one another and how we care for patients, families, and carers. These values were developed through extensive consultation with colleagues from both legacy organisations prior to the Trust's merger and were officially launched on 1 April 2024. They are prominently featured in our internal communications and visual materials, reinforcing their importance in our daily practice.

We maintain a strong internal communications infrastructure to keep all colleagues informed and connected. Core channels include a weekly online newsletter, three-weekly live briefings with the Chief Executive, and Trust-wide email updates that

support major organisational announcements and initiatives.

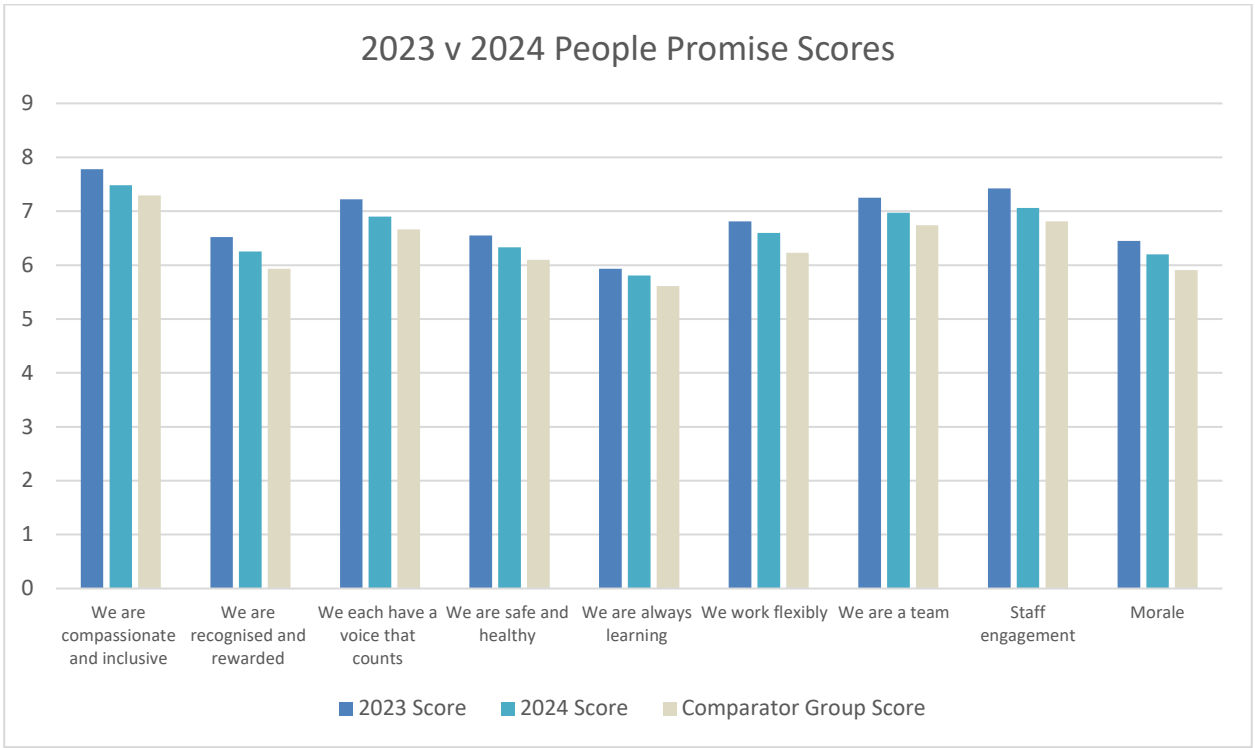
Our Senior Leadership Forum, now expanded to include a broader group of leaders, meets quarterly. These forums provide a space for senior leaders and the executive team to align on strategic priorities across quality, performance, operations, finance, and other key areas. Additionally, the Operational Leadership Team meets monthly, further reinforcing collaborative leadership across the Trust.

Across the organisation, regular meetings are held within each service group and through professional networks, including senior nursing and medical leadership teams. These forums support ongoing engagement at all levels, ensuring colleagues are connected, collaborative, clear on their contribution to the Trust's objectives, and well supported in their roles.

Staff survey

The 2024 NHS Staff Survey was completed during October and November 2024 with a 50% response rate. This year was the fourth year that the staff survey was aligned to the themes of the NHS people promise and our second year as a newly merged Trust. Our results can be seen in the table below.

The table below highlights the feedback from our people and in every theme the Trust scored higher than the comparator group average. However, it should be noted that our scores have generally fallen since last year and returned to levels seen in the 2022 results. We still rank highly amongst trusts within our comparator group but not with the same difference as previous years.



The highest scoring themes for the Trust in 2024 remain the People Promises of:

- We are compassionate and inclusive
- Staff engagement

The element of 'we are always learning', which is made up of the element of appraisals and development, is our lowest ranked and has made a slight improvement on last year's results (5.75 to 5.80). This was on the back of a slight improvement the previous year.

The people promise score of 'we work flexibly' also improved for a second succession year, moving from 6.59 to 6.60 having increased from 6.51 the previous year. We also perform strongest in this people promise when compared against our comparator group, with a positive difference of 0.37. 'We are recognised and rewarded' also performs strongly in this regard, with a positive difference of 0.32 to our comparator group.

People Promise Theme	2024		2023		2022	
	SFT Score	Benchmarking Group Score	SFT Score	Benchmarking Group Score	SFT & YDH Score	Benchmarking Group Score
We are compassionate and inclusive	7.48	7.29	7.54	7.24	7.54	7.2
We are recognised and rewarded	6.25	5.93	6.32	5.94	6.22	5.7
We each have a voice that counts	6.90	6.66	7.00	6.70	7.03	6.6
We are safe and healthy	6.33	6.10	6.34	6.06	6.17	5.9
We are always learning	5.81	5.61	5.75	5.61	5.60	5.3
We work flexibly	6.60	6.23	6.59	6.20	6.51	6.0
We are a team	6.97	6.74	7.04	6.75	7.00	6.6
Staff engagement	7.06	6.81	7.49	6.91	7.15	6.8
Morale	6.19	5.91	6.25	5.91	6.10	5.7

Score: 0 = low 10 = high

Future priorities and targets

The People Strategy 2023 -2028 was developed to set out the framework for achieving the corporate objective *Support our colleague to deliver the best care and support through a compassionate, inclusive and learning culture*. Defined around five commitments, each year several deliverables are developed to achieve the ambition. Each deliverable has been designed to meet one or more of the ambitions within the strategy and has been identified based on information available through the NHS Staff Survey, the Colleague Experience Group, from colleague Networks, the People Promise Exemplar programme and national documents on good practice.

Over the five years of the strategy all ambitions will have been addressed and measured through improvements in the hero measure of retention and in the National Quarterly Pulse Survey metrics on engagement, motivation, advocacy and involvement.

Reflecting on the first two years of the People Strategy, it is evident the size, complexity and scope of the deliverables are not achievable in a single year. Many of the deliverables are focused on long term cultural change, which is best measured through the annual NHS Staff Survey and the work to fully understand the problem before identifying solutions takes time and significant engagement with the wider organisation. After two years, over 50% of the ambitions have a deliverable in place and time is now being taken to consolidate these improvements and embed the actions to deliver sustainable change.

Additional focus identified for the coming year is on

- Working with the Board to strengthen leadership on inclusion from the top.
- Undertaking a comprehensive review of learning, education and training to establish a benchmark of current provision, identify strengths and improvements, map funding and assess learner experience.
- Understand the improve the colleague lifecycle, improving colleague experience.
- Understand and improve people relationships through a review of the employee relations environment, ensuring compliance with law and fostering a positive just culture.

Trade Union disclosures

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

	2024/25
Number of Staff Side Representatives (FTE)	31.96
Percentage of time spend on facility time 0% 1%-50% 51%-99% 100%	 4 34 0 0
Amount spend on facility time: • Total cost of facility time • Total pay bill	 £101,501.78 £797,959k
Percentage of paid facility time spend on trade union activities calculated as (total cost of facility time/total pay bill) x 100	0.013%

Board members and/or senior officials with significant financial responsibility

	2024/25
	Number of Engagements
Number of off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility".	20

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*.

Peter Lewis, Chief Executive, 19 June 2025

9. 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 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The Director of Corporate Services is the designated executive director with Board level accountability for clinical quality, safety and risk management. The Chief Medical Officer, Chief Nurse and Chief Executive support this role. Somerset NHS Foundation Trust has a designated Head of Risk (Deputy Director of Integrated Governance) and two Trust Risk Managers within the Governance Support Team together with governance leads within the Service Groups within the organisation. In addition, the Boards of the group's subsidiary companies are responsible for reviewing the risks associated with that entity, although Somerset NHS Foundation Trust is ultimately responsible for risk management.

The non-executive director who chairs the Audit Committee, supported by the Quality and Governance Assurance Committee, independently reports to the Board with assurance on the appropriateness and effectiveness of risk management and internal control processes. A Quality Assurance Group chaired by the Director of Quality Assurance and Involvement, reviews compliance against the Care Quality Commission

and Health and Safety Executive standards across the Trust's regulated activities. This process allows for a systematic review of compliance, providing assurance and highlighting areas of risk and focus for improvement.

To ensure that a risk management culture is embedded across the Trust, there are actions in place to guarantee that colleagues are clear as to their responsibilities with regard to risk management with communication of the risk management strategy amongst staff. Guidance and training are provided by the Deputy Director of Integrated Governance and the Trust's Risk Managers to all colleagues available. Additional on-going training is also provided through supported team one-to-one or group department-led training sessions. The Deputy Director of Integrated Governance and the Trust's Risk Managers meet regularly with risk owners and service leads to ensure all risks on the risk register, and identified risks managed locally within departments, are scored, actioned and reviewed appropriately.

A review of the Board Assurance Framework (BAF) format was undertaken to improve the monitoring processes and provide additional assurance on any mitigating actions. This revised format will be implemented in 2025/26 The BAF includes details of the principal risks that may affect the Trust achieving its objectives or core aims, how they are currently controlled and what sources of assurance the Board have that the risks are being addressed and managed appropriately. It also details actions to address the risks to reduce the risk rating to the target level and to meet the risk appetite set. Links to risks on the Corporate Risk Register are included within the BAF to demonstrate the relationship between operational risks to the delivery of the strategic objectives.

In previous years, an internal audit report was commissioned to help ensure an effective risk management culture becomes embedded across the Trust, by highlighting areas where processes could be improved. The audit highlighted a number of areas of strength, including the Trust's detailed Risk Management Strategy, the clear risk appetite and risk tolerance statement, the Corporate Risk Register arrangements and the risk management arrangements within the various Service Groups. Overall, the audit outlined that structures within the Trust relating to risk management are clearly described and the Trust's risk maturity is 'managed' within continuous improvement and 'defined' across the four domains: governance, risk assessment, risk management, and reporting.

The Trust has continued to make improvements in our risk management processes and followed on from our plans and actions to fully integrate risk management processes following the merger of the two legacy organisations.

Training

Risk management training is completed through various in-house channels at Somerset NHS Foundation Trust; this training is designed to equip staff with the necessary skills to enable them to manage risk effectively. For colleagues who are likely to be risk owners or services lead, training is provided by the Deputy Director of Integrated Governance or the Trust's Risk Managers. In addition, and to act as a reminder, all members of staff are required to complete mandatory training. This training reflects the essential training needs and includes risk management processes such as fire, health

and safety, manual handling, resuscitation, infection control, safeguarding and information governance. Skills and competencies are also assessed for medical device equipment and for blood transfusion to ensure safety in care. E-learning and workbooks support this programme and are provided as the preferred model of training.

The Trust has a number of trained investigators to undertake Patient Safety Incident Investigations (PSIIs). Additional training for managing safety alerts is provided on a needs basis. Learning from national and internal reports and from external and internal investigations is presented at the Board, the assurance committees and/or their sub-groups.

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

The risk and control framework

The Board of Directors has developed a risk management vision and risk management objectives for the organisation. The Risk Management Strategy was developed outlining how the organisation will meet its risk management vision and objectives and how these will ensure the Trust will achieve its strategic objectives. The Strategy includes the building blocks to achievement and a comprehensive implementation plan.

The Trust's Risk Management Policy, which provides additional information on the risk management processes, was approved and disseminated throughout the organisation in May 2024.

The Risk Management Strategy and Risk Management Policy applied to Somerset NHS Foundation Trust, with the Trust's subsidiary companies Simply Serve Limited and Symphony Healthcare Services adopting the Somerset NHS Foundation Trust strategy, and Simply Serve Limited adopting the Somerset NHS Foundation Trust policy.

In the prior year, a pre-market engagement exercise was undertaken to award a contract to the successful supplier for the Risk Management System that would be in place across the Trust from May 2024. Following this contract award process, Radar Healthcare was successfully implemented across the Trust, together with the subsidiary organisations. Alongside this, the Trust implemented the national Learning from Patient Safety Events system in May 2024.

The Risk Management Strategy demonstrates the organisational risk management structure, which details that all committees have a shared responsibility for managing risk across the organisation. The Trust recognises that there is an acceptable level of risk within the Trust; this may be defined as potential hazards that are either small enough to have an immaterial effect on the achievement of organisational objectives, or are significant risks that have been mitigated by the establishment of effective controls. The Trust's risk appetite identifies what level of risk is acceptable at departmental level and at which point this risk is required to be escalated. Systematic identification of risks

starts with a structured risk assessment with identified risks documented on departmental risk registers. These risks are analysed in order to determine their relative likelihood and consequence using risk matrix scoring.

A risk appetite and risk tolerance statement were considered by the Board and included within the updated Risk Management Strategy in May 2024. 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. This is reviewed on an annual basis by the Trust Board. 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 risk appetite approach as approved for use within the Trust and based on the Good Governance Institute Risk Appetite for NHS Organisations Matrix, 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)**

Continuing risks affecting the organisation

The last few years have been extremely challenging for the NHS with continuing unprecedented levels of demand that have been reflected at Somerset NHS Foundation Trust, alongside industrial action taken by colleagues across different staff groups. These challenges are reflected within the wider region including North and West Dorset for which Somerset NHS Foundation Trust also provides services. The pressure of this is felt across the local health and social care economy, with ever-increasing demand, coupled with difficulties in having sufficient staff to deal with demand and complexity of patient conditions.

Notwithstanding the risks outlined above, the Trust still faces a number of risks continuing into 2025/26, including:

- Risk 0004 Demand (20)
- Risk 0012 Waiting times (20)
- Risk 1611 Failure to secure necessary infrastructure due to the assurance of availability of capital funding either locally or through national programmes (20)
- Risk 1789 Unsafe premises and environment (20)
- Risk 2044 Vacancies within senior doctor workforce (20)
- Risk 2192 SHS not becoming self-sustaining (20)
- Risk 2923 Inability to isolate inpatients in accordance with national IPC requirements due to lack of capacity within Trust inpatient areas (20)

There are a number of mitigating actions and processes in place to reduce these risks. The Trust's Corporate Risk Register is reviewed at least once a quarter by the Board and all of its sub-Committees. In addition, the Trust's principal risks are captured and monitored within the Board Assurance Framework, which is published within the Trust's Board of Directors papers on a quarterly basis.

Principles of corporate governance

The Board is satisfied that in 2024/25 Somerset NHS Foundation Trust applied those principles, systems and standards of good corporate governance, which reasonably would be regarded as appropriate for a supplier of healthcare services to the NHS. The Trust had structured governance arrangements in place with clear lines of reporting from "ward to Board" across operational, quality, safety, patient experience and finance, through assurance committees, to the Board.

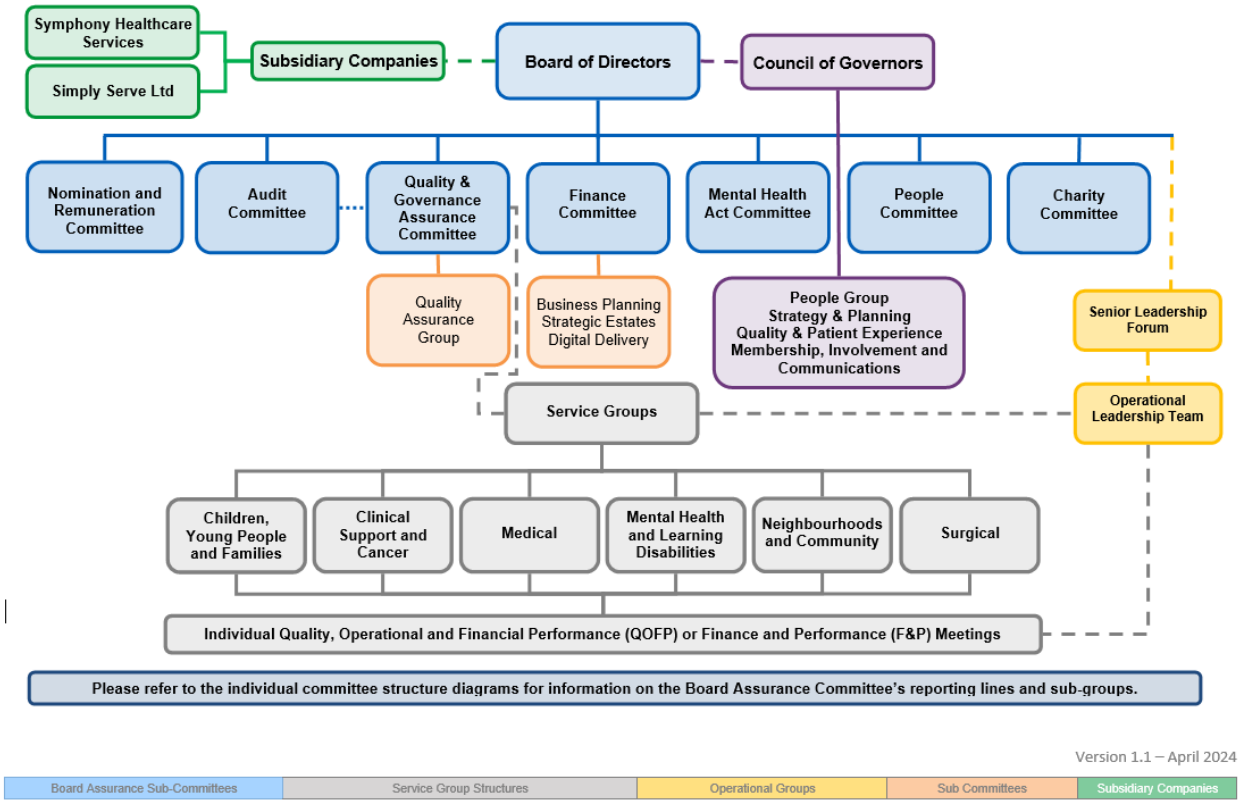
To ensure compliance with Condition 4 (Condition FT4) of the Trust's license with NHS Improvement which relates to governance, NHS foundation trusts are subject to the recommendations of the Code of Governance for NHS Provider Trusts (modelled on best practice UK governance principles) and the Well-Led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

The Trust had a standardised rolling agenda programme for the Board and its assurance committees. A clear Board Governance Structure was in place that outlined the reporting lines (see diagram below). This structure includes a number of Board assurance committees.

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 Board Governance Structure in place during 2024/25 is shown below:



The **Audit Committee** plays a critical role in providing independent and objective assurance to the Board and senior management on the adequacy and effectiveness of the Trust's risk management, control, and governance processes. The Committee supports the Board in fulfilling its statutory responsibilities by overseeing the Trust's internal control framework and ensuring robust systems are in place to manage risk. It reviews and monitors the Trust's Board Assurance Framework, considers the findings and recommendations from internal and external audit reports, and oversees the work of the counter fraud service. Membership of the Audit Committee comprises four Non-Executive Directors, ensuring independent oversight and challenge. Through its work, the Committee contributes to the continuous improvement of the Trust's governance and assurance arrangements.

The **Quality and Governance Assurance Committee (QGAC)** is the Board's sub-committee responsible for providing oversight and assurance on matters relating to quality, safety, and governance. The Committee supports the Board in fulfilling its responsibilities for patient safety, clinical effectiveness, and patient experience.

QGAC meetings alternate between **focus** and **business** formats, enabling both strategic discussion and formal assurance.

The Committee receives reports across three core domains:

- Risk, performance, and quality assurance – including the Corporate Risk Register, Board Assurance Framework, and quality and performance dashboards.
- External reports and reviews – such as those from the Care Quality Commission (CQC), Parliamentary and Health Service Ombudsman (PHSO), and other national and regional bodies.
- Thematic quality reports – covering data security and protection, health and safety, estates, and patient and carer experience.

Each operational Service Group within the Trust maintains devolved governance responsibilities, with local governance groups feeding into the QGAC.

The Committee also receives exception reporting on key quality performance indicators and triangulates this with clinical governance and workforce data to provide a comprehensive view of service quality.

Regular reports to QGAC include:

- CQC inspection outcomes and action plans
- Quality and performance exception reports and divisional dashboards
- Safer staffing data
- Serious Incident Review Group tracker and RIDDOR reports
- Mortality surveillance and learning from deaths
- Exception reports from the Quality Assurance Group
- National audit and survey results
- Data outlier notifications

Where appropriate, issues and risks are escalated to the Audit Committee for further external assurance. QGAC also considers findings from other regulatory bodies, including the Information Commissioner, HM Coroner, and the Health and Safety Executive.

The Committee maintains close links with other Board sub-committees, including the People Committee, Mental Health Act Committee, and Finance Committee, ensuring a joined-up approach to governance.

Membership of the QGAC includes four Non-Executive Directors (two of whom also sit on the Audit Committee), alongside the Chief Nurse, Chief Medical Officer, Chief Operating Officer, and Chief of People and Organisational Development.

The **Finance Committee** comprises four Non-Executive Directors, the Chief Finance Officer, the Deputy Chief Finance Officer, the Chief Operating Officer, and the Director of Strategy and Digital Development. 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 Legislation 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 Chief Operating Officer, the Chief Medical Officer, the Deputy Director of Corporate Services, the Deputy Service Director for Mental Health and Learning Disabilities, Head of Mental Health Act Co-ordination, Director for Mental Health Placements and Specialist Services and the Mental Health Team Co-ordinator. Representatives from Somerset Council and from the Somerset Integrated Care Board also invited to attend 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 Chief of People and Organisational Development, Deputy Chief People Officer, Chief Operating Officer, Director of Strategy and Digital Development, and the Chief Medical Officer or Chief Nurse. 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 board sub-committees and report on their activities to the public meetings of the Council of Governors.

Individual Board meetings also take place within **Simply Serve Limited** and **Symphony Healthcare Services**. These Board meetings review the strategic and commercial direction of the respective organisations together with various key performance indicators across various categories, including performance, activity levels and workforce. These entities reported directly to the Trust Board of Directors Part B meetings on a quarterly basis with a highlight report outlining recent developments, activity, financial performance and strategic direction. In addition, data on the entities is reported to the Finance Committee on their financial and commercial performance.

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

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 exception 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 Chair.

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 quality assurance group (QAG) 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.

A framework exists for the management and accountability of data quality. The Trust is fully compliant with the registration requirements of the Care Quality Commission.

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

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

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

The Trust has undertaken risk assessments and 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.
- Annual members' meeting.
- Engagement with patient and carer representative groups, including the voluntary sector and Leagues of Friends.
- Involvement with local patient representative groups.

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.

Emergency Preparedness, Resilience and Response

The Trust's Resilience Team continues to support, lead and guide the Trust on Emergency Preparedness, Resilience and Response (EPRR) so it can respond effectively to disruptive events which may affect its services, patients and colleagues. This includes supporting the development of effective contingency plans to mitigate the risks of such incidents, and to train and exercise colleagues to respond to minor disruption through to major incidents. Effective command and control are essential as is close system working with partner agencies in Somerset.

The national NHS England Core EPRR Standards are the minimum national standards which NHS organisations must meet in order to meet their legal requirements set as Category One responders under the Civil Contingencies Act. The Trust self-assesses its EPRR activities against these standards on an annual basis. There is also an annual deep dive as part of this assessment and this year's subject was training and exercising which does not contribute to its annual compliance rating. This year was our second assessment against the national standards since our merger in 2023. The previous 2023 assessment rated our organisation as having achieved full compliance. The Trust was required to submit its self-assessment against the national core standards to the ICB which were discussed and agreed with the ICB at a confirm and challenge meeting. The assessments set out the 68 core standards divided into ten domains to provide an overall compliance rating. Somerset NHS Foundation Trust again achieved full compliance for 2024/25, being assessed as fully compliant against all the core EPRR

standards. The Trust was also fully compliant against all the standards set out in the deep dive assessment.

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.
- Contract monitoring arrangements with key commissioners which provide evidence that key requirements have been delivered.

All staff across the Trust share responsibility for identifying and managing risk, ensuring that appropriate controls are in place to mitigate risks while maintaining a focus on the economy, efficiency, and effectiveness of resource use. Budget holders are accountable for managing their financial resources and internal control systems effectively and efficiently. These processes are subject to continuous internal review and are independently assessed through the Trust's internal and external audit programmes.

The Trust has established procedures and a dedicated Local Counter Fraud Managers in line with NHS Counter Fraud Authority requirements, ensuring robust measures are in place to prevent, detect, and respond to fraud and corruption.

The Finance Committee provides assurance to the Board on financial and budgetary management, while the Audit Committee oversees the integrity of financial reporting and internal controls. The Audit Committee also receives reports on Losses and Special Payments and the Write-Off of Bad Debts, and considers findings from internal and external audits, as well as counter fraud investigations.

A wide range of internal and external audits provide assurance on the Trust's use of resources, including reviews of financial reporting, creditor management, budgetary control, and cost improvement programmes. Where necessary, action plans are developed and monitored to address any areas for improvement.

As described in this report, the Trust was inspected by the Care Quality Commission during 2023/24 and 2024/25. Section 29a notices were issues in both inspections. The 2023/24 inspection outlined a conclusion that the quality of health care provided by the Trust for maternity services requires significant improvement. The Section 29a notice issued as part of the 2024/25 inspection outlined that the quality of healthcare for

children and young people's services required significant improvement. Further information on this can be found on page 45. As a consequence, KPMG identified one significant weakness in the Trust's arrangements in relation to governance.

Information governance

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

The NHS Digital Data Security & Protection Toolkit (DSPT) is an annual self-assessment tool that requires the Trust to provide evidence of compliance with the standards laid down by the National Data Guardian's (NDG) review published in 2016. The Trust's Data Security and Protection Toolkit submission for 2024/25 will be completed in June 2025. It is expected that all mandatory evidence items will be reached, with an assessment status of 'standards met.'

In line with the DSPT reporting tool, 4 incidents were reported to the ICO in 2024/25. The ICO has acknowledged the reported incidents, and no further action has been taken. All incidents are fully investigated; action plans created where appropriate and additional targeted IG training sessions made available. Data security and information governance breaches are reported and monitored through the Data Security and Protection Group, which, in turn, reports to the Quality Assurance Committee.

The Senior Information Risk Owner position is held by the Director of Strategy and Digital Development.

Data quality and governance

Through the year, the following steps were in place 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 Operational Leadership Team 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 governance model integrates corporate, clinical, and information governance to provide a holistic view of operational performance and compliance. This includes structured, topic-based reporting to the Quality Assurance Group and its specialist sub-groups covering areas such as data security, health and safety, estates, equality and inclusion, and patient experience. Each Service Group within the Trust also holds devolved governance responsibilities, reporting into this framework.

To support data accuracy, the Trust ensures that all staff have the appropriate skills and training to perform their roles effectively. This includes targeted training to support

accurate data collection and reporting, which underpins the Trust's performance monitoring.

Quality metrics are regularly reported through the QGAC, Trust Board, and, where appropriate, the Council of Governors. These include key indicators developed in partnership with the Somerset Integrated Care Board, providing assurance on the quality of care delivered. Additional patient experience measures are gathered through monthly assessments overseen by the Quality and Patient Experience Group.

Any data quality issues are addressed through the Trust's information governance systems, in accordance with established policies and procedures.

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 Somerset 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, the Governance and Quality Assurance Committee and Quality Assurance Group; a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Trust's Head of Internal Audit Opinion outlines that BDO can provide moderate assurance that there is a sound system of internal controls, designed to meet the Trust's objectives, and that controls are being applied consistently across various services. In forming their view BDO took into account that:

- BDO completed a total of 13 reviews (12 assurance audits and one advisory review). The advisory review related to Maternity Incentive Scheme Year 6
- For the 12 assurance audits, three were rated substantial, eight moderate and one limited in the design of the controls. This was similar to the prior year where two were rated substantial, nine moderate and one limited in the design of the controls.
- One was rated substantial, six moderate and five limited in their operational effectiveness. This was similar compared to the prior year when three were

rated substantial, five moderate and four limited in operational effectiveness. The limited opinions related to the following audits: Capital Projects (Estates) Planning; Frailty of Older People; Patient Deterioration (PEWS); Clinical Supervision and Patient Safety Incident Response Framework.

- The substantial opinions relate to areas of key controls across the Trust such as key financial systems (charitable funds), cyber security, performance management and non-medical prescribing.
- The 12 reports that have been finalised to date for the year resulted in a total of 42 recommendations (High: 7, Medium: 31 and Low: 4), compared to 103 recommendations the year before (High: 17, Medium: 69 and Low: 17). There are five audit reports remaining to be finalised/completed but it not anticipated that this would result in an additional 60 recommendations surpassing last year's volume.
- The Trust has performed satisfactorily in implementing audit recommendations within the specified timeframes. As at the end of March 2025, there are 12 recommendations in progress (High: 3, Medium: 9) and 4 recommendations overdue (Medium: 4).
- As requested by the Trust and including additional time within the annual audit plan BDO completed full follow ups on audits where there have been high priority recommendations and/or a limited assurance opinion provided. In year BDO completed follow ups of Procurement and Contract Management, Environmental Maturity, Symphony Governance and Symphony Finance, reviewing whether the controls implemented have been embedded and are operating as designed. As a result of these reviews BDO were able to fully close these high priority audit recommendations.
- As is the case across the NHS, the Trust has faced significant financial and operational challenges during the year. The Trust is expected to report a breakeven position at year end.
- As a result of a Care Quality Commission (CQC) inspection of the Children and Young People's Services on 13 and 14 January 2025 a s29A warning notice was issued to the Trust on 17 February 2025.
- BDO had excellent engagement with the whole Executive team and Trust staff, from audit planning, scoping the audit terms of reference, finalising reports and follow up of audit recommendations.

Conclusion

I am satisfied that there are systems of internal control are in place and that the culture of risk management is embedded at Somerset NHS Foundation Trust. As described within this report, one significant weakness was identified in relation to governance, stemming from the Care Quality Commission inspection.

Peter Lewis, Chief Executive, 19 June 2025

Somerset NHS Foundation Trust

Annual accounts for the year ended 31 March 2025

Foreword to the accounts

Somerset NHS Foundation Trust

These accounts, for the year ended 31 March 2025, 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 **18 June 2025**

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 2025 which comprise the Group and Trust Statements of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Taxpayers' Equity and Group and Trust Statements 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 financial position of the Group and the Trust as at 31 March 2025 and of the Group's and 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 February 2025 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2024/25; 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 Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The 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 Group and the Trust's services or dissolve the Group and the Trust without the transfer of their services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Group and 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 Group's and 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 Group and 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 Group's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 Group 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 due to the non-complex nature of the funding provided to the Trust during the year. We therefore assessed that there was limited opportunity for the Group and the Trust to manipulate the income that was reported.

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

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected pairings with revenue, expenditure, capital and cash.
- For a selection of cash payments and expenditure transactions in the period post 31 March 2025, verifying that the expenditure had been recognised in the correct accounting period to which the expenditure related.

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 from inspection of the Trust's regulatory and legal correspondence 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.

Firstly, the Group 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.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We did not identify any laws and regulations that are likely to have a material impact on the financial statements recognising the nature of the Trust's activities. Auditing standards limit the required audit procedures to

identify non-compliance with laws and regulations to enquiry of the Accounting Officer and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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 fraud 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.

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 2024/25.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 97, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and 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 Group and the Trust or dissolve the Group and the Trust without the transfer of their services to another public sector entity.

The Audit Committee is responsible for overseeing the Trust's financial reporting process.

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.

During the year to 31 March 2025 the Trust was subject to a CQC inspection of its Children and Young Person's services.

As a result of the inspection and findings identified, a Section 29(a) notice was issued under the Health and Social Care Act 2006 relating to the quality of services and care being provided. The most significant findings identified by the CQC related to:

- There were not suitable qualified, competent, skilled and experienced persons deployed during the busiest period of the service, out of hours and weekend to meet the requirements of the Paediatric Service at Yeovil District Hospital ('YDH');
- There was not a strong learning culture;
- Governance systems of the Paediatric Service at YDH were not operating effectively to ensure risk and performance issues were addressed with timely action.

The final CQC report in relation to the inspection carried out in Children and Young Person's Services is yet to be published.

Due to the timing of the CQC inspection, and the finalised report not yet being published, many of the remedial actions had not yet been fully implemented as at year end.

Recommendation:

The Trust should review the arrangements in place to address the issues identified with the Children and Young People's Services, both internally and through the CQC inspection. This should include:

- Ensuring actions are in place to ensure timely mitigation of identified risk.
- Appropriate escalation is in place where risks are not able to be mitigated in a timely manner.
- Maintaining the current level of focus and ensuring sufficient resources to improve the levels of service provided by the Children and Young Person's service at the Trust based on the Section 29A warning notice and concerns identified.

As concerns have been identified in two consecutive years during CQC inspections, we also recommend the Trust review the overall Quality, Governance and Assurance Committee effectiveness, including the reporting of risks to the committee, timeliness of actions to mitigate risks and how the Trust identified and reports risks that are unable to be mitigated in the short term to ensure the appropriate alternative mitigations are considered.

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 108, 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 are also not required to satisfy ourselves that the Trust has achieved value for money during the year.

We planned our work and undertook 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:

- we issue a report in the public interest under paragraph 3 of Schedule 10 of the National Health Service Act 2006; or
- we make a referral to the Regulator under paragraph 6 of Schedule 10 of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure which is unlawful, or is about to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in these respects.

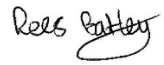
THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the 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.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the trust accounts consolidation pack of the Trust for the year ended 31 March 2025 because we have not received confirmation from the NAO that the NAO's audit of the Department of Health and Social Care accounts is complete.

Until we have completed this work, we are unable to certify that we have completed the audit of the audit of Somerset NHS Foundation Trust for the year ended 31 March 2025 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the NAO Code of Audit Practice.



Rees Batley

for and on behalf of KPMG LLP
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
24 June 2025

Consolidated Statement of Comprehensive Income

		Group		Trust	
		2024/25	2023/24	2024/25	2023/24
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	1,081,516	999,065	1,043,622	962,187
Other operating income	4	82,030	75,555	86,444	80,598
Operating expenses	7,9	(1,180,960)	(1,065,645)	(1,151,238)	(1,035,506)
Operating (deficit)/surplus from continuing operations		**(17,414)**	**8,975**	**(21,172)**	**7,279**
Finance income	10	3,801	4,598	3,950	4,176
Finance expenses	11	(5,190)	(5,335)	(6,058)	(5,249)
PDC dividends payable		(8,005)	(7,561)	(8,005)	(7,563)
Net finance costs		**(9,394)**	**(8,298)**	**(10,113)**	**(8,636)**
Other (losses)	12	(1,039)	(282)	(1,041)	(282)
Gains arising from transfers by absorption	38	-	90,043	-	83,459
Corporation tax expense		(758)	(347)	-	-
(Deficit)/surplus for the year		**(28,605)**	**90,091**	**(32,326)**	**81,820**
Other comprehensive (expenditure)/income					
Will not be reclassified to income and expenditure:					
Impairments	8	(12,779)	(345)	(12,779)	-
Revaluations	18	8,463	-	8,614	-
Other reserve movements		146	1,363	1,546	-
Total comprehensive (expense)/income for the period		**(32,775)**	**91,109**	**(34,945)**	**81,820**
(Deficit)/surplus for the period attributable to:					
Non-controlling interest, and		136	548	-	-
Somerset NHS Foundation Trust		(28,741)	89,543	(34,945)	81,820
TOTAL		**(28,605)**	**90,091**	**(34,945)**	**81,820**
Total comprehensive income/ (expense) for the period attributable to:					
Non-controlling interest, and		136	548	-	-
Somerset NHS Foundation Trust		(32,911)	90,561	(34,945)	81,820
TOTAL		**(32,775)**	**91,109**	**(34,945)**	**81,820**

The notes on pages 8 to 69 form part of these accounts.

Statements of Financial Position

	Note	Group 31 March 2025 £000	Group 31 March 2024 £000	Trust 31 March 2025 £000	Trust 31 March 2024 £000
Non-current assets					
Intangible assets	13	30,692	30,963	30,652	30,845
Property, plant and equipment	15	442,230	425,266	419,462	394,373
Right of use assets	19	90,467	83,669	94,079	92,852
Investments in associates and joint ventures	20	14	14	13,948	14,988
Other investments / financial assets	21	14	14	14	14
Receivables	24	3,063	2,957	16,153	19,042
Total non-current assets		**566,479**	**542,882**	**574,308**	**552,114**
Current assets					
Inventories	23	11,281	11,005	9,198	9,172
Receivables	24	24,133	32,013	25,015	27,703
Non-current assets held for sale	25	496	466	496	466
Cash and cash equivalents	26	79,215	76,580	66,636	69,417
Total current assets		**115,126**	**120,065**	**101,345**	**106,758**
Current liabilities					
Trade and other payables	27	(120,259)	(110,601)	(114,227)	(107,228)
Borrowings	29	(11,637)	(13,329)	(10,835)	(14,653)
Provisions	30	(9,521)	(7,281)	(8,827)	(5,844)
Other liabilities	28	(18,455)	(16,340)	(17,740)	(16,025)
Total current liabilities		**(159,872)**	**(147,551)**	**(151,629)**	**(143,750)**
Total assets less current liabilities		**521,733**	**515,396**	**524,024**	**515,122**
Non-current liabilities					
Borrowings	29	(117,400)	(112,884)	(131,262)	(121,888)
Provisions	30	(2,790)	(3,597)	(2,670)	(3,597)
Other liabilities	28	(1,423)	(1,682)	(1,423)	(1,682)
Total non-current liabilities		**(121,613)**	**(118,163)**	**(135,355)**	**(127,167)**
Total assets employed		**400,120**	**397,233**	**388,669**	**387,954**
Financed by					
Public dividend capital		399,414	363,753	399,414	363,752
Revaluation reserve		73,581	77,897	73,408	77,573
Financial assets reserve		(2,472)	(2,472)	(2,471)	(2,471)
Other reserves		(354)	(4,441)	-	-
Income and expenditure reserve		(70,732)	(38,051)	(81,682)	(50,900)
Non-controlling Interest		684	548	-	-
Total taxpayers' equity		**400,120**	**397,233**	**388,669**	**387,954**

The notes on pages 8 to 69 form part of these accounts.

Name: Peter Lewis
Position: Chief Executive
Date: 18 June 2025

Consolidated Statement of Changes in Equity for the year ended 31 March 2025

Group	Public dividend capital	Revaluation reserve	Financial assets reserve	Other reserves	Income and expenditure reserve	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2024 - brought forward	**363,753**	**77,897**	**(2,472)**	**(4,441)**	**(38,051)**	**548**	**397,233**
Surplus/(deficit) for the year	-	-	-	-	(28,741)	136	**(28,605)**
Other transfers between reserves (Note a)	-	-	-	4,087	(4,087)	-	**-**
Impairments	-	(12,779)	-	-	-	-	**(12,779)**
Revaluations	-	8,463	-	-	-	-	**8,463**
Public dividend capital received	35,662	-	-	-	-	-	**35,662**
Other reserve movements (Note a)	-	-	-	-	146	-	**146**
Taxpayers' and others' equity at 31 March 2025	**399,415**	**73,581**	**(2,472)**	**(354)**	**(70,733)**	**684**	**400,120**

Note a

Other reserves relate to South West Pathology Services LLP (SPS) & South West Pathology Services Facilities LLP (SPSF) subsidiary reserves that were fully consolidated when merged due to % owned, and during the year re-categorised into the Income and expenditure reserve.

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

Group	Public dividend capital	Revaluation reserve	Financial assets reserve	Other reserves	Income and expenditure reserve	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**232,022**	**60,493**	**(2,472)**	**-**	**(15,835)**	**-**	**274,207**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	-	(9,771)	-	**(9,771)**
Surplus/(deficit) for the year	-	-	-	-	89,543	548	**90,091**
Transfers by absorption: transfers between reserves (Note a)	90,043	15,601	-	-	(105,644)	-	**-**
Impairments	-	(345)	-	-	-	-	**(345)**
Public dividend capital received	41,688	-	-	-	-	-	**41,688**
Other reserve movements	-	2,148	-	(4,441)	3,656	-	**1,363**
Taxpayers' and others' equity at 31 March 2024	**363,753**	**77,897**	**(2,472)**	**(4,441)**	**(38,051)**	**548**	**397,233**

Note a

2023/24: On 1 April 2023, Somerset and Yeovil NHS Foundation Trusts merged forming Somerset NHS Foundation Trust. The transaction was accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain £90,043k corresponding to the net assets transferred was recognised within the Statement of Comprehensive Income, but not within operating activities.

100% of the Public Dividend Capital (PDC) recreation from the Income & Expenditure reserve was reflected in the Trust accounts. The Trusts has recognised an absorption gain of £83,459k but the transfer to recreate PDC in the Statement of Changes in Equity (SOCITE) is the full £90,043k. The group recognised the further absorption gain: £6,584k relating to the subsidiaries but no further PDC recreation in reserves because the subsidiaries do not hold the PDC.

Statement of Changes in Equity for the year ended 31 March 2025

Trust	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 2024 - brought forward	**363,752**	**77,573**	**(2,471)**	**(50,900)**	**387,954**
Surplus/(deficit) for the year	-	-	-	(32,328)	**(32,328)**
Impairments	-	(12,779)	-	-	**(12,779)**
Revaluations	-	8,614	-	-	**8,614**
Public dividend capital received	35,662	-	-	-	**35,662**
Other reserve movements (Note a)	-	-	-	1,546	**1,546**
Taxpayers' and others' equity at 31 March 2025	**399,414**	**73,408**	**(2,471)**	**(81,682)**	**388,669**

Note a
Other reserve movements include £1,425k dividend received by the Trust from South West Pathology Services LLP (SPS) & South West Pathology Services Facilities LLP (SPSF) subsidiaries with the balance relating to (deficit) on Symphony Healthcare Services (SHS) IFRS16 right of use re-measurement.

Statement of Changes in Equity for the year ended 31 March 2024

Trust	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 2023 - brought forward	**232,021**	**60,493**	**(2,472)**	**(15,834)**	**274,208**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	(9,771)	**(9,771)**
Surplus/(deficit) for the year	-	-	-	81,820	**81,820**
Transfers by absorption: transfers between reserves (Note a)	83,459	17,154	-	(100,613)	**-**
Public dividend capital received	41,688	-	-	-	**41,688**
Other reserve movements (Note a)	6,584	(74)	1	(6,502)	**9**
Taxpayers' and others' equity at 31 March 2024	**363,752**	**77,573**	**(2,471)**	**(50,900)**	**387,954**

Note a
2023/24: On 1 April 2023, Somerset and Yeovil NHS Foundation Trusts merged forming Somerset NHS Foundation Trust. The transaction was accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain £90,043k corresponding to the net assets transferred is recognised within the Statement of Comprehensive Income, but not within operating activities.

100% of the Public Dividend Capital (PDC) recreation from the Income & Expenditure reserve has been reflected in the Trust accounts. The Trust has recognised an absorption gain of £83,459k but the transfer to recreate PDC in the Statement of Changes in Equity (SOCITE) will be the full £90,043k. The group has recognised the further absorption gain: £6,584k relating to the subsidiaries but no further PDC recreation in reserves because the subsidiaries do not hold the PDC.

The notes on pages 8 to 69 form part of these accounts.

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.

Other reserve
This reserve relates to the Trusts' shareholdings in Southwest Pathology Services LLP, Southwest Pathology Services Facilities LLP and SW Path Services LLP.

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

Non-controlling interest reserve
This reserve represents the amount of equity a consolidated subsidiary that is not attributable directly or indirectly to the Trust.

Statements of Cash Flows

	Note	Group 2024/25 £000	Group 2023/24 £000	Trust 2024/25 £000	Trust 2023/24 £000
Cash flows from operating activities					
Operating (deficit) / surplus		(17,414)	8,975	(21,172)	7,279
Non-cash income and expense:					
Depreciation and amortisation	7	40,271	37,606	39,924	37,305
Net impairments	8	27,208	-	27,208	-
Income recognised in respect of capital donations	4	(2,538)	(3,159)	(2,538)	(3,159)
Amortisation of PFI deferred credit		(259)	(259)	(259)	(259)
Decrease in receivables and other assets		5,723	30,476	6,616	37,096
(Increase) / decrease in inventories		(276)	(172)	26	94
Increase / (decrease) in payables and other liabilities		6,711	(16,248)	9,047	(19,822)
(Decrease) / increase in provisions		(97)	2,285	2,060	1,764
Tax (paid)		(776)	(82)	-	-
Net cash flows from operating activities		**58,553**	**59,422**	**60,912**	**60,298**
Cash flows from investing activities					
Interest received		3,801	4,598	3,950	4,176
Purchase of intangible assets		(7,396)	(11,686)	(7,396)	(11,686)
Purchase of PPE and investment property		(69,263)	(61,209)	(78,159)	(59,228)
Receipt of cash donations to purchase assets		2,833	2,048	2,833	2,048
Net cash flows investing activities		**(70,025)**	**(66,249)**	**(78,772)**	**(64,690)**
Cash flows from financing activities					
Public dividend capital received		35,662	41,688	35,662	41,688
Movement on loans from DHSC		(748)	(848)	(748)	(848)
Movement on other loans		(55)	(976)	-	(893)
Capital element of lease liability repayments		(8,202)	(7,598)	(8,583)	(7,272)
Capital element of PFI, LIFT and other service concession payments		(2,871)	(3,085)	(2,871)	(3,085)
Interest on loans		(151)	(199)	(112)	(199)
Interest paid on lease liability repayments		(896)	(747)	(1,061)	(1,712)
Interest paid on PFI, LIFT and other service concession obligations		(1,268)	(1,457)	(1,268)	(1,457)
PDC dividend (paid)		(7,364)	(7,759)	(7,364)	(7,759)
Cash flows (used in) other financing activities		-	-	1,424	-
Net cash flows from financing activities		**14,107**	**19,019**	**15,079**	**18,463**
Increase / (decrease) in cash and cash equivalents		**2,635**	**12,192**	**(2,781)**	**14,071**
Cash and cash equivalents at 1 April - brought forward		**76,580**	**42,510**	**69,417**	**42,510**
Cash and cash equivalents transferred under absorption accounting	38	-	21,878	-	12,836
Cash and cash equivalents at 31 March	26	**79,215**	**76,580**	**66,636**	**69,417**

The notes on pages 8 to 69 form part of these accounts.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England (NHSE) 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 2024/25 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) 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 (FReM), 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.

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 NHSE and the Department of Health and Social Care.

There has been no application to the Secretary of State for Health and Social Care for the dissolution of the Trust and following the preparation of detailed financial plans for 2025/26, 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 from the date of signing the accounts.

Note 1.3 Consolidation

Other subsidiaries

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

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

The Group wholly owns:

Symphony Healthcare Services Ltd (SHS) which forms part of the consolidated accounts. SHS provides primary care services and turnover for the period ended 31 March 2025 was £36.2m (Period ended 31 March 2024: £35.4m).

Simply Serve Ltd (SSL) which provides estates and facilities services; turnover for the period ended 31 March 2025 was £43.1m (31 March 2024: £42.2m) and forms part of the consolidated accounts.

The Group also owns a 67% share in each of Southwest Pathology Services LLP (SPS LLP), Southwest Path Services LLP (Services LLP) and SPS Facilities LLP (LLP) and is accounted for as full consolidation. The 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.; turnover for the period ended 31 March 2025 was £30.4m (31 March 2024: £27.3m) and forms part of the consolidated accounts.

Somerset NHS Charitable Funds is not consolidated into the Trust group accounts on the grounds of materiality.

Note 1.4 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS). The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts (API) form the main payment mechanism under the NHSPS. API contracts contain both a fixed and variable elements. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHSE based on actual usage or at a fixed baseline in addition to the price of the related service.

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 and are accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the trust contributes to system performance and therefore the availability of funding to the trust's commissioners.

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.

Note 1.5 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 grants is used to fund capital expenditure, it is credited to the 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 apprenticeship service account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 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.

NHS Pension Scheme
Past and present employees are covered by the provisions of the 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. 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 2025, is based on valuation data as at 31 March 2023, updated to 31 March 2025 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 Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and 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 (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

Note 1.7 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 1.8 Discontinued operations
Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of the 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 the Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

Note 1.9 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 (£500 in Symphony Healthcare Services);
• 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 buildings – 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.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

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 2024/25, a full valuation exercise to update the latest carrying values as at 31 March 2025 was undertaken by Cushman & Wakefield DTZ valuing the MEA re-modelled by NTW Solutions Ltd.

A 1% change in the valuation would have a £2.2m impact on the Statement of Financial Position (2023/24: £2.3m) with a £38k change on the PDC dividend due to be paid next year (2023/24: £40k). There are multiple assumtions built into the 3 MEA models accross the Trust sites, changes to these assumptions would materially affect the financial statements from the valuation.

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;
- Valuation of buildings, dwellings and external works on the Yeovil estate associated with Simply Serve Ltd (subsidiary) have been valued net of VAT on the basis SSL can recover the associated VAT. Buildings, dwellings and external works for the Musgrove Park hospital estate, community and mental health sites centres and health centres within Symphony Healthcare Services (SHS) have been valued gross of VAT; and
- Updated MEA accross the three sites, including further reduction around office, training and meeting space, reversing spaces removed from car parking, further reductions in ancilliary theatre space from almalgamation of theatres and reductions in outpatient/clinical support space through increased focus around AI, tele-conferencing and virtual wards.

Value of land, buildings and dwellings £217,807,000 (2023/24 £227,439,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer; Cushman & Wakefield DTZ with extensive knowledge of the physical estate and market factors.

The key judgements driving Land, buildings and dwellings valuations are:
Of the £218m net book value of land, buildings and dwellings subject to valuation (2023/24: £227m), £215m relates to specialised assets valued on a depreciated replacement cost basis (2023/24: £217m). 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 DTZ 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.

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. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.

Initial recognition
In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy).

Subsequent measurement
Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.
Initial application of IFRS 16 liability measurement principles to PFI and LIFT liabilities in 2023/24
IFRS 16 liability measurement principles were applied to PFI, LIFT and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis was applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

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	2	91
Dwellings	10	61
Plant & machinery	2	34
Transport equipment	2	10
Information technology	3	30
Furniture & fittings	3	15

Note 1.10 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance controlled by the Trust. They are capable of being sold separately from the rest of the trust's business or arise from contractual or other legal rights. Intangible assets 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 where it meets recognition criteria.

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 1.11 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.

Between 2020/21 and 2023/24 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. Distribution of inventories by the Department of Health and Social Care ceased in March 2024.

Note 1.12 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 1.13 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 taken 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 and 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 recognise our shareholding in Sensyne PLC.

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 1.14 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 4.72% applied to new leases commencing in 2024 and 4.81% to new leases commencing in 2025.

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

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

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.

Note 1.15 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 2025:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.03%	4.26%
Medium-term	After 5 years up to 10 years	4.07%	4.03%
Long-term	After 10 years up to 40 years	4.81%	4.72%
Very long-term	Exceeding 40 years	4.55%	4.40%

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 2025:

	Inflation rate	Prior year rate
Year 1	2.60%	3.60%
Year 2	2.30%	1.80%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.40% in real terms (prior year: 2.45%).

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 30.2 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 1.16 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 31 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 31, 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 1.17 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 for Health and Social Care 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 1.18 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 1.19 Corporation tax

The Trust does not have a corporation tax liability for the year 2024/25. Tax may be payable on activities as described below:

· the activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private healthcare falls under this legislation and is not therefore taxable;

· the activity is commercial in nature and competes with the private sector. In house trading activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax;

· the activity must have annual profits of over £50,000.

Within the reporting group of Somerset NHS Foundation Trust, subsidiary companies will have a corporation tax liability for 2024/25 financial year.

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

Note 1.20 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 1.21 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 1.22 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 1.23 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 1.24 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 1.25 Transfers of functions to other NHS bodies
For functions that have been transferred to the Trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain corresponding to the net assets transferred is recognised within The Statement of Comprehensive Income, but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

2024/25: None

(2023/24: On 1 April 2023, Somerset and Yeovil District Hospital NHS Foundation Trusts merged forming Somerset NHS Foundation Trust. Reporting for 2023/24 will show on this basis and the equivalent disclosure for 2022/23 will show the primary statements and accompanied notes for Somerset NHS Foundation Trust (pre-merger) only).

Note 1.26 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2024/25.

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted
The DHSC GAM does not require the following IFRS Standards to be applied in 2024/25:

IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 has been adopted by the FReM from 1 April 2025. Adoption of the Standard for NHS bodies will therefore be in 2025/26. The Standard revises the accounting for insurance contracts for the issuers of insurance. Application of this standard from 2025/26 is not expected to have a material impact on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

Changes to non-investment asset valuation – Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to valuation frequency, valuation methodology and classification which are effective in the public sector from 1 April 2025 with a 5 year transition period. NHS bodies are adopting these changes to an alternative timeline.

Changes to subsequent measurement of intangible assets and PPE classification / terminology to be implemented for NHS bodies from 1 April 2025:
- Withdrawal of the revaluation model for intangible assets. Carrying values of existing intangible assets measured under a previous revaluation will be taken forward as deemed historic cost.
- Removal of the distinction between specialised and non-specialised assets held for their service potential. Assets will be classified according to whether they are held for their operational capacity.

These changes are not expected to have a material impact on these financial statements.

Changes to valuation cycles and methodology to be implemented for NHS bodies in later periods:
- A mandated quinquennial revaluation frequency (or rolling programme) supplemented by annual indexation in the intervening years.
- Removal of the alternative site assumption for buildings valued at depreciated replacement cost on a modern equivalent asset basis. The approach for land has not yet been finalised by HM Treasury.

The impact of applying these changes in future periods has not yet been assessed. PPE and right of use assets currently subject to revaluation have a total book value of £218m as at 31 March 2025. Assets valued on an alternative site basis have a total book value of £213m at 31 March 2025.

Note 1.28 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.

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Land, buildings and dwellings
Value of land, buildings and dwellings £217,807,000 (2023/24 £227,439,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer; Cushman & Wakefield DTZ 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 acute, community and mental health facilities . The modern equivalent asset valuation is based on the assumption that replacement facilities would be built on alternative sites, within the surrounding area of Somerset.

The model is owned by the Trust and we are able to adjust where events occur during 2024/25 and beyond. There are currently three MEA models, one 3 hub model for community and mental health, a model at Musgrove Park Hospital and another model at Yeovil District Hospital.

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;
- Valuation of buildings, dwellings and external works on the Yeovil estate associated with Simply Serve Ltd (subsidiary) have been valued net of VAT on the basis SSL can recover the associated VAT. Buildings, dwellings and external works for the Musgrove Park hospital estate, community and mental health sites centres and health centres within Symphony Healthcare Services (SHS) have been valued gross of VAT; and
- Updated MEA accross the three sites, including further reduction around office, training and meeting space, reversing spaces removed from car parking, further reductions in ancilliary theatre space from almalgamation of theatres and reductions in outpatient/clinical support space through increased focus around AI, tele-conferencing and virtual wards.

A 1% change in the valuation would have a £2.2m impact on the Statement of Financial Position (2023/24: £2.3m) with a £38k change on the PDC dividend due to be paid next year (2023/24: £40k). There are multiple assumtions built into the 3 MEA models accross the Trust sites, additional changes to these assumptions identified above would materially affect the financial statements from the valuation.

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

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. 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, 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 service group 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 service group's 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:

Medical Services

The services provided by this operating segment include A&E, Cardiology, Care of the Elderly, Endocrinology, Neurology, Dermatology, Rehabilitation, Respiratory, Nephrology, Acute Medicine, Rheumatology and Stroke services.

Surgical Services

The services provided by this operating segment include Gastroenterology, Upper and Lower GI Surgery, Vascular, Breast Care Centre, Urology, Orthopaedics, Theatres, Intensive Therapy Unit/High Dependancy Unit, Anaesthetics, Sterile Services, Pre-op Assessment, Surgical Admissions, General Outpatients and Orthopaedic Services.

Clinical Support and Cancer Services

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 Digital Services, 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. It also includes the centralised estates and facilities along with subsidiaries.

Children, Young People and Families Services

The services provided by this operating segment include Reproductive Medicine, Early Pregnancy Assessment Clinic (EPAC), Gynaecology, Maternity and Paediatrics (including Somerset Neo-Natal Intensive Care Unit), Child and Adolescent Mental Health Services (CAMHS), Primary Care Dental Service and Community Services.

Mental Health and Learning Disabilities services

The services provided by this operating 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.

Neighbourhoods Services

The services provided by this operating segment include District Nursing & Rehab services, provision of dementia and older people's mental health services, End of Life service, Community Stroke Services, Chronic Fatigue Service, Mass Vaccination service, Intermediate Care Model, Community Hospitals & Urgent Treatment Centre's (UTC's), and the Hospital at Home service (Virtual Wards).

Note 2 Operating Segments (cont-d)

The table below summarises details reported to the Board

	Group		Trust	
	2024/25	**2023/24**	**2024/25**	**2023/24**
	£'000	£'000	£'000	£'000
Operating Income	984,739	874,061	984,739	874,061
Total Corporate Income	**984,739**	**874,061**	**984,739**	**874,061**
Expenditure less sundry income				
Neighbourhoods Services	(92,380)	(96,759)	(92,398)	(96,763)
Children, Young People and Families Services	(88,398)	(81,465)	(87,531)	(81,036)
Mental Health and Learning Disability Services	(81,040)	(76,559)	(81,040)	(76,559)
Medical Services	(164,006)	(154,116)	(162,969)	(153,121)
Surgical Services	(196,889)	(182,093)	(190,825)	(176,593)
Clinical Support and Cancer Services	(136,626)	(123,992)	(164,250)	(147,978)
TOTAL OPERATING SERVICE GROUPS	**(759,339)**	**(714,984)**	**(779,013)**	**(732,050)**
Corporate Support Services	(243,979)	(150,102)	(227,941)	(134,732)
TOTAL OTHER SERVICES	**(243,979)**	**(150,102)**	**(227,941)**	**(134,732)**
Total Operating Expenditure	**(1,003,318)**	**(865,086)**	**(1,006,954)**	**(866,782)**
Trust EBITDA	**(18,579)**	**8,975**	**(22,215)**	**7,279**
Net Finance Costs	(10,026)	(8,927)	(10,111)	(8,918)
Gains arising from transfers by absorption	-	90,043	-	83,459
(Deficit)/Surplus for the year from continuing operations	**(28,605)**	**90,091**	**(32,326)**	**81,820**
PERFORMANCE ON A CONTROL TOTAL BASIS				
Remove Capital Donations/grants I&E impact	(1,454)	(1,951)	(1,454)	(1,951)
Remove Impairments	27,209	-	27,209	-
Remove net impact of consumables	-	242	-	242
IFRIC 12 Finance Costs/forecast interest on IAS17 basis	3,204	2,089	3,204	2,089
Remove PDC dividend benefit arising from PFI liability remeasurement	(351)	(404)	(350)	- 404
Performance on a control total basis	**3**	**90,067**	**(3,717)**	**81,796**
Other comprehensive (expenditure)/income				
Will not be reclassified to income and expenditure:				
Impairments	(12,779)	(345)	(12,779)	-
Revaluations	8,463	-	8,614	-
Other reserve movements	146	1,078	1,546	-
Total comprehensive income / (expense) for the period	**(32,775)**	**90,824**	**(34,945)**	**81,820**

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Acute services				
Income from commissioners under API contracts - variable element*	126,645	110,164	126,645	110,164
Income from commissioners under API contracts - fixed element*	461,948	496,306	461,948	496,306
High cost drugs income from commissioners	67,391	59,651	67,391	59,651
Mental health services				
Income from commissioners under API contracts*	152,117	97,065	152,117	97,065
Services delivered under a mental health collaborative	8,319	8,606	8,319	7,841
Community services				
Income from commissioners under API contracts*	166,895	116,470	166,895	116,470
Income from other sources (e.g. local authorities)	2,330	32,440	2,330	32,440
All services				
Private patient income	7,909	7,762	7,909	7,762
National pay award central funding***	1,473	397	1,473	397
Additional pension contribution central funding**	44,117	26,938	44,117	26,938
Other clinical income	42,372	43,266	4,476	7,153
Total income from activities	**1,081,516**	**999,065**	**1,043,620**	**962,187**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/25 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

**Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.3% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions (23.7%, 2023/24: 20.6%) and related NHS England funding (9.4%, 2023/24: 6.3%) have been recognised in these accounts.

***Additional funding was made available directly to providers by NHS England in 2024/25 and 2023/24 for implementing the backdated element of pay awards where government offers were finalised after the end of the financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised.

Note 3.2 Income from patient care activities (by source)	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
Income from patient care activities received from:	£000	£000	£000	£000
NHS England	156,504	123,020	153,394	100,917
Integrated care boards	888,321	813,644	861,090	780,766
Other NHS providers	9,686	10,249	9,682	9,527
NHS other	-	426	3,104	3,023
Local authorities	2,330	32,440	2,330	32,440
Non-NHS: private patients	7,909	7,762	7,909	7,762
Non-NHS: overseas patients (chargeable to patient)	421	136	-	21
Injury cost recovery scheme	1,343	849	1,343	793
Non NHS: other	15,002	10,539	4,770	-
Total income from activities	**1,081,516**	**999,065**	**1,043,622**	**935,249**
Of which:				
Related to continuing operations	1,081,516	999,065	1,043,622	935,249

Note 3.3 Overseas visitors (relating to patients charged directly by the provider) Group & Trust

	2024/25	2023/24
	£000	£000
Income recognised this year	**421**	**136**
Cash payments received in-year	149	110
Amounts written off in-year	129	26

Note 4 Other operating income (Group)

	2024/25			2023/24		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	4,199	-	**4,199**	3,518	-	**3,518**
Education and training	52,234	-	**52,234**	45,759	-	**45,759**
Non-patient care services to other bodies	11,845	-	**11,845**	14,551	-	**14,551**
Income in respect of employee benefits accounted on a gross basis	1,152	-	**1,152**	1,507	-	**1,507**
Receipt of capital grants and donations and peppercorn leases	-	2,538	**2,538**	-	3,159	**3,159**
Charitable and other contributions to expenditure	-	1	**1**	-	234	**234**
Revenue from operating leases	-	331	**331**	-	379	**379**
Amortisation of PFI deferred income / credits	-	259	**259**	-	259	**259**
Other income (Note a)	9,471	-	**9,471**	6,188	1	**6,189**
Total other operating income	**78,901**	**3,129**	**82,030**	**71,523**	**4,032**	**75,555**
Of which:						
Related to continuing operations			82,030			75,555

Note a

Other income includes £2.3m staff recharges - staff secondments to Somerset Council/Department of Work and Pensions' deaf members, early intervention, medical staff (2023/24: £2.6m), £1.8m staff accommodation rental (2023/24: £1.8m), £1.3m car parking (2023/24: £1.6m), £1.5m catering (2023/24: £1.1m), £0.7m HMRC rebate and £0.3m pharmacy sales 2023/24: £0.2m).

Note 4 Other operating income (Trust)

	2024/25			2023/24		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	4,199	-	4,199	3,518	-	3,518
Education and training	52,234	-	52,234	45,759	-	45,759
Non-patient care services to other bodies	12,043	-	12,043	14,287	-	14,287
Income in respect of employee benefits accounted on a gross basis	1,152	-	1,152	1,508	-	1,508
Receipt of capital grants and donations and peppercorn leases	-	2,538	2,538	-	3,159	3,159
Charitable and other contributions to expenditure	-	-	-	-	234	234
Revenue from operating leases	-	331	331	-	379	379
Amortisation of PFI deferred income / credits	-	259	259	-	259	259
Other income (Note a)	13,688	-	13,688	11,495	-	11,495
Total other operating income	**83,316**	**3,128**	**86,444**	**76,567**	**4,031**	**80,598**
Of which:						
Related to continuing operations			86,444			80,598

Note a

Other income includes £5.6m pharmacy sales 2023/24: £0.2m), £2.3m staff recharges - staff secondments to Somerset Council/Department of Work and Pensions' deaf members, early intervention, medical staff (2023/24: £2.6m), £1.8m staff accommodation rental (2023/24: £1.8m), £1.3m car parking (2023/24: £1.6m), £1.5m catering (2023/24: £1.1m) and £0.7m HMRC rebate.

Note 5 Income from activities arising from commissioner requested services

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:

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Income from services designated as commissioner requested services	1,065,913	984053	1,029,600	926,673
Income from services not designated as commissioner requested services	97,634	90,567	100,466	116,112
Total	**1,163,547**	**1,074,620**	**1,130,066**	**1,042,785**

Note 5.1 Profits and losses on disposal of property, plant and equipment

During 2024/25, there was £1,041k loss on disposal of the Trust investment in SSL. Transacted to allign the treatment in the Group and Trust accounts where the Trust accounts had previously re-measured at fair value (Trust: £14,988k, SSL: £13,948k, Group: £0k after consolidation).
(2023/24: No disposals).

Note 6 Operating leases - Somerset NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where no trust selected is the lessor.

Note 6.1 Operating leases income (Group & Trust)

	2024/25	2023/24
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	331	379
Total in-year operating lease income	**331**	**379**

Note 6.2 Future lease receipts (Group & Trust)

	2025	2024
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	331	379
Total	**331**	**379**

Note 7 Operating expenses

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	417	33	335	21
Purchase of healthcare from non-NHS and non-DHSC bodies	13,466	16,031	47,110	48,696
Staff and executive directors costs	797,397	723,488	757,417	689,679
Remuneration of non-executive directors	152	190	152	190
Supplies and services - clinical (excluding drugs costs)	82,339	73,717	83,546	75,350
Supplies and services - general	37,029	37,068	29,797	29,262
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	95,779	84,906	87,969	76,523
Consultancy costs	66	70	48	42
Establishment	12,192	14,391	10,341	12,411
Premises	20,644	27,854	17,993	20,602
Transport (including patient travel)	2,054	2,151	1,317	2,014
Depreciation on property, plant and equipment	31,169	30,024	30,909	28,345
Amortisation on intangible assets	9,102	7,582	9,015	7,531
Net impairments	27,208	-	27,208	-
Movement in credit loss allowance: contract receivables / contract assets	87	(116)	87	(116)
Movement in credit loss allowance: all other receivables and investments	(386)	769	(386)	769
Increase/(decrease) in other provisions	2,967	3,459	2,448	3,459
Change in provisions discount rate(s)	(65)	(389)	(65)	(389)
Fees payable to the external auditor:				
audit services- statutory audit	260	237	207	198
Internal audit costs	184	184	184	184
Clinical negligence	22,083	19,619	22,083	19,619
Legal fees	1,411	1,200	1,214	1,089
Insurance	970	1,033	713	758
Research and development	21	6	20	-
Education and training	2,915	3,102	2,791	2,950
Expenditure on short term leases	-	1,197	-	1,221
Expenditure on low value leases	862	-	917	-
Redundancy	562	1,006	562	943
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	5,469	4,476	5,470	4,476
Car parking & security	426	335	426	335
Hospitality	20	31	20	31
Losses, ex gratia & special payments	253	178	253	178
Subscriptions	409	550	399	550
Interpreting costs	853	777	853	777
Other (Note a)	12,645	10,486	9,885	7,808
Total	**1,180,960**	**1,065,645**	**1,151,238**	**1,035,506**
Of which:				
Related to continuing operations	1,180,960	1,065,645	1,151,238	1,035,506

Note a (Group & Trust)

Other expenditure includes £4.2m Mental Health Investment (2023/24: £3.2m), £2.3m Discharge to Assess intermediate care (2023/24: £3.0m), £0.9m of Surgical services for the Independent Sector (2023/24: £1.1m), £0.8m Staff occupational health (2023/24: £0.8m), £0.8m MES residual interest from PFI (2023/24: £0.9m)

Note 7.1 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1,000k (2023/24: £1,000k).

Note 8 Impairment of assets (Group)

	2024/25	2023/24
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Abandonment of assets in course of construction (Note a)	8,975	-
Changes in market price & MEA re-modelling (Note b)	18,233	-
Total net impairments charged to operating surplus / deficit	**27,208**	**-**
Impairments charged to the revaluation reserve (Note b)	12,779	345
Total net impairments	**39,987**	**345**

Note a

The abandonment relates to the Government announcement following the review of the New Hospital Programme (NHP) to place the Musgrove Park Hospital scheme into Wave 2. Wave 2 would expect to commence on-site construction between 2033 and 2035 meaning further development of the scheme will be paused until 2030/31.

The Trust received central “impairment” budget cover for all costs incurred to date so there was no impact on the financial performance.

Note b

During 2024/25, a full valuation exercise to update the latest carrying values of Land, Buildings and Dwellings with a valuation date of 31 March 2025 was undertaken by Cushman & Wakefield DTZ valuing the MEA re-modelled by NTW Solutions Ltd. . The Trust's specialised buildings and associated land were valued using the depreciated replacement cost method, based upon provision of a modern equivalent asset (MEA). The changes in market price: £18,233k was amended to draw out the MEA changes, there are currently three MEA models, one 3 hub model for community and mental health, a model at Musgrove Park Hospital and another model at Yeovil District Hospital.

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;
- Valuation of buildings, dwellings and external works on the Yeovil estate associated with Simply Serve Ltd (subsidiary) have been valued net of VAT on the basis SSL can recover the associated VAT. Buildings, dwellings and external works for the Musgrove Park hospital estate, community and mental health sites centres and health centres within Symphony Healthcare Services (SHS) have been valued gross of VAT; and
- Updated MEA accross the three sites, including further reduction around office, training and meeting space, reversing spaces removed from car parking, further reductions in ancilliary theatre space from almalgamation of theatres and reductions in outpatient/clinical support space through increased focus around AI, tele-conferencing and virtual wards.

During 2023/24; no revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements (the impairment relates to corrections to previously impaired assets in 2022/23 in the YDH Group accounts).

Note 9 Employee benefits (Group)	Group		Trust	
	2024/25 Total £000	2023/24 Total £000	2024/25 Total £000	2023/24 Total £000
Salaries and wages	559,853	495,696	523,331	475,941
Social security costs	59,578	60,726	58,663	55,671
Apprenticeship levy	2,827	2,531	2,776	2,209
Employer's contributions to NHS pensions *	112,354	93,155	111,283	88,369
Pension cost - other	2,610	2,496	111	151
Termination benefits	562	1,006	562	943
Temporary staff (including agency)	67,010	74,304	61,253	67,338
Total staff costs	**804,794**	**729,914**	**757,979**	**690,622**
Of which				
Costs capitalised as part of assets	6,835	5,420	6,835	5,390

*Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.3% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions; 23.7%, (2023/24: 20.6%) and related NHS England funding; 9.4%, (2023/24: 6.3%) have been recognised in these accounts.

Note 9.1 Retirements due to ill-health (Trust

During 2024/25 there were 14 early retirements from the Trust agreed on the grounds of ill-health (12 in the year ended 31 March 2024). The estimated additional pension liabilities of these ill-health retirements is £1,017k (£1,175k in 2023/24).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 Finance income

Finance income represents interest received on assets and investments in the period.

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Interest on bank accounts	3,801	3,720	3314	3298
Interest on other investments / financial assets (Note a)	-	878	636	878
Total finance income	**3,801**	**4,598**	**3,950**	**4,176**

Note a

2023/24: relates to accrued dividend for SPS & SPS subsidiaries, which was paid in 2024/25.

Note 11 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Interest expense:				
Interest on loans from the Department of Health and Social Care	106	125	106	125
Interest on other loans	39	35	1,075	338
Interest on lease obligations	960	747	856	438
Finance costs on PFI, LIFT and other service concession arrangements:				
Main finance costs	1,268	1,457	1,249	1,457
Remeasurement of the liability resulting from change in index or rate	2,767	3,225	2,767	3,225
Total interest expense	**5,140**	**5,589**	**6,053**	**5,583**
Unwinding of discount on provisions	50	(334)	(15)	(334)
Other finance costs	-	80	20	-
Total finance costs	**5,190**	**5,335**	**6,058**	**5,249**

Note 12 Other (losses)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Losses on disposal of assets (Note a)	(1,039)	-	(1,041)	-
Total (losses) on disposal of assets	**(1,039)**	**-**	**(1,041)**	**-**
Other (losses) (Note b)	-	(282)	-	(282)
Total other (losses)	**(1,039)**	**(282)**	**(1,041)**	**(282)**

Note a

During 2024/25, there was £1,039k loss on disposal of the Trust investment in SSL. Transacted to allign the treatment in the Group and Trust accounts where the Trust accounts had previously re-measured at fair value (Trust: £14,987k, SSL: £13,948k, Group: £0k after consolidation). (2023/24: No disposals).

Note b

On 1 April 2023, Somerset NHS Foundation Trust acquired (transfer by absorption) Yeovil District Hospital NHS Foundation Trust's share in Southwest Pathology Services LLP, SPS Facilities LLP and SW Path Services LLP bringing their shareholding and voting rights to 66.7%. At 31 March 2024, the Trust has accounted for these subsidiaries using the full consolidation method, (2022/23, the Trust accounted for this using equity accounting; shareholding and voting rights 51.4%).

The Trust has de-recognised the joint venture investment in other losses, representing the loss on initial consolidation of the Trusts' share of the cumulative historic joint venture position.

Note 13 Intangible assets - 2024/25

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2024 - brought forward	**58,193**	**9,643**	**67,837**
Additions	3,839	4,992	**8,831**
Reclassifications	4,393	(4,393)	**-**
Valuation / gross cost at 31 March 2025	**66,425**	**10,242**	**76,668**
Amortisation at 1 April 2024 - brought forward	**36,874**	**-**	**36,874**
Provided during the year	9,102	-	**9,102**
Amortisation at 31 March 2025	**45,976**	**-**	**45,976**
Net book value at 31 March 2025	**20,449**	**10,242**	**30,692**
Net book value at 1 April 2024	**21,319**	**9,643**	**30,963**

Note 13.1 Intangible assets - 2023/24

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - as previously stated	**34,302**	**10,038**	**44,340**
Transfers by absorption	8,972	1,122	**10,094**
Additions	9,147	2,539	**11,686**
Reclassifications	5,772	(4,055)	**1,717**
Valuation / gross cost at 31 March 2024	**58,193**	**9,643**	**67,837**
Amortisation at 1 April 2023 - as previously stated	**23,213**	**-**	**23,213**
Transfers by absorption	6,079	-	**6,079**
Provided during the year	7,582	-	**7,582**
Amortisation at 31 March 2024	**36,874**	**-**	**36,874**
Net book value at 31 March 2024	**21,319**	**9,643**	**30,963**
Net book value at 1 April 2023	**11,089**	**10,038**	**21,127**

Note 14.1 Intangible assets - 2024/25

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2024 - brought forward	**56,938**	**9,255**	**66,193**
Additions	3,837	4,992	**8,829**
Reclassifications	4,393	(4,393)	**-**
Valuation / gross cost at 31 March 2025	**65,168**	**9,854**	**75,022**
Amortisation at 1 April 2024 - brought forward	**35,348**	**-**	**35,348**
Provided during the year	9,022	-	**9,022**
Amortisation at 31 March 2025	**44,370**	**-**	**44,370**
Net book value at 31 March 2025	**20,798**	**9,854**	**30,652**
Net book value at 1 April 2024	**21,590**	**9,255**	**30,845**

Note 14.2 Intangible assets - 2023/24

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - as previously stated	**34,302**	**10,038**	**44,340**
Transfers by absorption	7,762	-	**7,762**
Additions	9,155	2,540	**11,695**
Reclassifications	5,719	(3,323)	**2,396**
Valuation / gross cost at 31 March 2024	**56,938**	**9,255**	**66,193**
Amortisation at 1 April 2023 - as previously stated	**23,213**	**-**	**23,213**
Transfers by absorption	4,825	-	**4,825**
Provided during the year	7,533	-	**7,533**
Reclassifications	(223)	-	**(223)**
Amortisation at 31 March 2024	**35,348**	**-**	**35,348**
Net book value at 31 March 2024	**21,590**	**9,255**	**30,845**
Net book value at 1 April 2023	**11,089**	**10,038**	**21,127**

Note 15.1 Property, plant and equipment - 2024/25

Group	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 2024 - brought forward	**9,555**	**233,061**	**7,414**	**129,836**	**133,582**	**124**	**37,283**	**9,535**	**560,389**
Additions	-	10,047	-	52,109	7,343	-	2,871	540	**72,910**
Impairments (Note a)	(2,716)	(42,440)	(1,024)	(8,975)	-	-	-	-	**(55,155)**
Reversals of impairments	331	3,314	31	-	-	-	-	-	**3,676**
Revaluations	291	4,177	148	-	-	-	-	-	**4,616**
Reclassifications	-	19,708	-	(26,689)	5,929	-	717	335	**-**
Disposals / derecognition (Note b)	-	(1,039)	-	-	-	-	-	-	**(1,039)**
Valuation/gross cost at 31 March 2025	**7,461**	**226,828**	**6,569**	**146,281**	**146,854**	**124**	**40,871**	**10,410**	**585,397**
Accumulated depreciation at 1 April 2024 - brought forward	**-**	**17,819**	**984**	**-**	**80,183**	**92**	**28,392**	**7,654**	**135,123**
Provided during the year	-	8,338	267	-	10,761	10	3,329	648	**23,353**
Impairments	-	(9,363)	(433)	-	-	-	-	-	**(9,796)**
Reversals of impairments	-	(1,659)	(7)	-	-	-	-	-	**(1,666)**
Revaluations	-	(3,757)	(90)	-	-	-	-	-	**(3,847)**
Accumulated depreciation at 31 March 2025	**-**	**11,378**	**721**	**-**	**90,944**	**102**	**31,721**	**8,302**	**143,167**
Net book value at 31 March 2025	**7,461**	**215,451**	**5,848**	**146,281**	**55,910**	**22**	**9,150**	**2,108**	**442,230**
Net book value at 1 April 2024	**9,555**	**215,243**	**6,430**	**129,836**	**53,399**	**32**	**8,891**	**1,881**	**425,266**

Note a

The impairment includes the New Hospital Programme (NHP) within AUC. The abandonment relates to the Government announcement following the review of the NHP to place the Musgrove Park Hospital scheme into Wave 2. Wave 2 would expect to commence on-site construction between 2033 and 2035 meaning further development of the scheme will be paused until 2030/31.

The Trust received central “impairment” budget cover for all costs incurred to date so there was no impact on the financial performance.

Note b

During 2024/25, there was £1,039k loss on disposal of the Trust investment in SSL. Transacted to allign the treatment in the Group and Trust accounts where the Trust accounts had previously re-measured at fair value (Trust: £14,987k, SSL: £13,948k, Group: £0k after consolidation).

(2023/24: No disposals).

Note 15.2 Property, plant and equipment - 2023/24

Group	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 2023 - as previously stated	**7,428**	**164,617**	**5,496**	**73,555**	**85,399**	**116**	**28,057**	**7,301**	**371,968**
Transfers by absorption	2,319	56,439	2,231	24,833	30,214	10	4,942	1,694	**122,682**
Additions	-	8,229	16	45,078	12,505	-	1,776	378	**67,982**
Impairments (Note a)	(51)	(164)	-	-	-	(2)	(128)	-	**(345)**
Reclassifications	-	3,940	-	(13,631)	5,464	-	2,636	162	**(1,429)**
Transfers to / from assets held for sale	(141)	-	(329)	-	-	-	-	-	**(470)**
Valuation/gross cost at 31 March 2024	**9,555**	**233,061**	**7,414**	**129,836**	**133,582**	**124**	**37,283**	**9,535**	**560,389**
Accumulated depreciation at 1 April 2023 - as previously stated	**-**	**360**	**3**	**-**	**50,752**	**74**	**22,484**	**6,112**	**79,784**
Transfers by absorption	-	10,177	719	-	18,819	7	2,993	978	**33,693**
Provided during the year	-	7,282	266	-	10,612	11	2,915	564	**21,650**
Transfers to / from assets held for sale	-	-	(4)	-	-	-	-	-	**(4)**
Accumulated depreciation at 31 March 2024	**-**	**17,819**	**984**	**-**	**80,183**	**92**	**28,392**	**7,654**	**135,123**
Net book value at 31 March 2024	**9,555**	**215,243**	**6,430**	**129,836**	**53,399**	**32**	**8,891**	**1,881**	**425,266**
Net book value at 1 April 2023	**7,428**	**164,257**	**5,493**	**73,555**	**34,647**	**42**	**5,573**	**1,189**	**292,185**

Note a

The impairment includes the New Hospital Programme (NHP) within AUC. The abandonment relates to the Government announcement following the review of the NHP to place the Musgrove Park Hospital scheme into Wave 2. Wave 2 would expect to commence on-site construction between 2033 and 2035 meaning further development of the scheme will be paused until 2030/31.

The Trust received central “impairment” budget cover for all costs incurred to date so there was no impact on the financial performance.

Note 15.3 Property, plant and equipment financing - 31 March 2025

Group	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	7,460	189,823	5,848	143,306	41,145	19	9,149	1,937	**398,686**
On-SoFP PFI contracts and other service concession arrangements	-	17,611	-	-	10,372	-	-	-	**27,983**
Owned - donated/granted	-	8,015	-	2,980	4,393	2	-	171	**15,561**
NBV total at 31 March 2025	**7,460**	**215,449**	**5,848**	**146,286**	**55,910**	**21**	**9,149**	**2,108**	**442,230**

Note 15.4 Property, plant and equipment financing - 31 March 2024

Group	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	9,554	192,542	6,430	119,194	37,907	25	8,890	1,650	**376,191**
On-SoFP PFI contracts and other service concession arrangements	-	16,594	-	-	10,375	-	-	-	**26,969**
Owned - donated/granted	-	6,105	-	10,647	5,117	6	-	231	**22,106**
NBV total at 31 March 2024	**9,554**	**215,241**	**6,430**	**129,841**	**53,399**	**31**	**8,890**	**1,881**	**425,266**

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2025

Group	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
Not subject to an operating lease	7,460	215,449	5,848	146,286	55,910	21	9,149	2,108	**442,230**
NBV total at 31 March 2025	**7,460**	**215,449**	**5,848**	**146,286**	**55,910**	**21**	**9,149**	**2,108**	**442,230**

Note 15.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Group	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
Not subject to an operating lease	9,554	215,241	6,430	129,841	53,399	31	8,890	1,881	**425,266**
NBV total at 31 March 2024	**9,554**	**215,241**	**6,430**	**129,841**	**53,399**	**31**	**8,890**	**1,881**	**425,266**

Note 16.1 Property, plant and equipment - 2024/25

Trust	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 2024 - brought forward	**8,245**	**195,167**	**6,695**	**129,973**	**116,824**	**117**	**35,065**	**7,991**	**500,077**
Additions	-	10,047	-	53,679	5,719	-	2,858	244	**72,547**
Impairments	(2,306)	(34,661)	(1,024)	(8,975)	-	-	-	-	**(46,966)**
Reversals of impairments	331	3,287	31	-	-	-	-	-	**3,649**
Revaluations	291	4,158	148	-	-	-	-	-	**4,597**
Reclassifications (Note a)	-	20,613	134	(26,689)	5,929	-	717	335	**1,039**
Disposals / derecognition (Note a)	-	(1,039)	-	-	-	-	-	-	**(1,039)**
Valuation/gross cost at 31 March 2025	**6,561**	**197,572**	**5,984**	**147,988**	**128,472**	**117**	**38,640**	**8,570**	**533,904**
Accumulated depreciation at 1 April 2024 - brought forward	**-**	**6,649**	**262**	**-**	**65,468**	**86**	**26,588**	**6,652**	**105,704**
Provided during the year	-	7,346	267	-	10,682	10	3,315	512	**22,132**
Impairments	-	(7,424)	(432)	-	-	-	-	-	**(7,856)**
Reversals of impairments	-	(1,686)	(7)	-	-	-	-	-	**(1,693)**
Revaluations	-	(3,755)	(90)	-	-	-	-	-	**(3,845)**
Accumulated depreciation at 31 March 2025	**-**	**1,130**	**(0)**	**-**	**76,150**	**96**	**29,903**	**7,164**	**114,442**
Net book value at 31 March 2025	**6,561**	**196,442**	**5,984**	**147,988**	**52,322**	**21**	**8,737**	**1,406**	**419,462**
Net book value at 1 April 2024	**8,245**	**188,518**	**6,433**	**129,973**	**51,356**	**31**	**8,477**	**1,339**	**394,373**

Note a

During 2024/25, there was £1,039k loss on disposal of the Trust investment in SSL. Transacted to allign the treatment in the Group and Trust accounts where the Trust accounts had previously re-measured at fair value (Trust: £14,987k, SSL: £13,948k, Group: £0k after consolidation).

(2023/24: No disposals).

Note 16.2 Property, plant and equipment - 2023/24

Trust	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 2023 - as previously stated	**7,428**	**164,617**	**5,496**	**73,555**	**85,399**	**116**	**28,057**	**7,301**	**371,969**
Transfers by absorption	2,078	18,435	1,630	25,801	17,590	-	2,834	628	**68,996**
Additions	-	8,293	17	44,968	12,224	-	1,767	228	**67,497**
Reclassifications	(1,120)	3,822	(119)	(14,351)	1,611	1	2,407	(166)	**(7,915)**
Transfers to / from assets held for sale	(141)	-	(329)	-	-	-	-	-	**(470)**
Valuation/gross cost at 31 March 2024	**8,245**	**195,167**	**6,695**	**129,973**	**116,824**	**117**	**35,065**	**7,991**	**500,077**
Accumulated depreciation at 1 April 2023 - as previously stated	**-**	**360**	**3**	**-**	**50,752**	**74**	**22,484**	**6,112**	**79,784**
Transfers by absorption	-	8	118	-	6,321	-	1,447	365	**8,259**
Provided during the year	-	6,293	266	-	10,465	10	2,884	427	**20,345**
Reclassifications	-	(12)	(121)	-	(2,070)	2	(227)	(252)	**(2,680)**
Transfers to / from assets held for sale	-	-	(4)	-	-	-	-	-	**(4)**
Accumulated depreciation at 31 March 2024	**-**	**6,649**	**262**	**-**	**65,468**	**86**	**26,588**	**6,652**	**105,704**
Net book value at 31 March 2024	**8,245**	**188,518**	**6,433**	**129,973**	**51,356**	**31**	**8,477**	**1,339**	**394,373**
Net book value at 1 April 2023	**7,428**	**164,257**	**5,493**	**73,555**	**34,647**	**42**	**5,573**	**1,189**	**292,185**

Note 16.3 Property, plant and equipment financing - 31 March 2025

Trust	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	6,561	170,816	5,984	145,008	37,557	19	8,737	1,235	**375,918**
On-SoFP PFI contracts and other service concession arrangements	-	17,611	-	-	10,372	-	-	-	**27,983**
Owned - donated / granted	-	8,015	-	2,980	4,393	2	-	171	**15,561**
Total net book value at 31 March 2025	**6,561**	**196,442**	**5,984**	**147,988**	**52,322**	**21**	**8,737**	**1,406**	**419,462**

Note 16.4 Property, plant and equipment financing - 31 March 2024

Trust	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	8,245	165,819	6,433	119,326	35,864	25	8,477	1,108	**345,298**
On-SoFP PFI contracts and other service concession arrangements	-	16,594	-	-	10,375	-	-	-	**26,969**
Owned - donated / granted	-	6,105	-	10,647	5,117	6	-	231	**22,106**
Total net book value at 31 March 2024	**8,245**	**188,518**	**6,433**	**129,973**	**51,356**	**31**	**8,477**	**1,339**	**394,373**

Note 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2025

Trust	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
Not subject to an operating lease	6,561	196,442	5,984	147,988	52,322	21	8,737	1,406	**419,462**
Total net book value at 31 March 2025	**6,561**	**196,442**	**5,984**	**147,988**	**52,322**	**21**	**8,737**	**1,406**	**419,462**

Note 16.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Trust	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
Not subject to an operating lease	8,245	188,518	6,433	129,973	51,356	31	8,477	1,339	**394,373**
Total net book value at 31 March 2024	**8,245**	**188,518**	**6,433**	**129,973**	**51,356**	**31**	**8,477**	**1,339**	**394,373**

Note 17 Donations of property, plant and equipment

During 2024/25, donations of £2,538,000 were donated to the Trust; £1,285,000 donated for the Breast Care Centre, Yeovil, £954,000 for carbon efficiency scheme with the balance relating to buildings (2023/24: donations of £3,159,000 were donated to the Trust, £1,400,000 donated for the Breast Care Centre, Yeovil, £1,400,000 for the Surgical Robot with the balance relating to equipment).

There were no restrictions on the use of donated assets.

Note 18 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 2024/25, a full valuation exercise to update the latest carrying values of Land, Buildings and Dwellings with a valuation date of 31 March 2025 was undertaken by Cushman & Wakefield DTZ valuing the MEA re-modelled by NTW Solutions Ltd.

The changes in market price: £18,233k was amended to draw out the MEA changes, there are currently three MEA models, one 3 hub model for community and mental health, a model at Musgrove Park Hospital and another model at Yeovil District Hospital.

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;
- Valuation of buildings, dwellings and external works on the Yeovil estate associated with Simply Serve Ltd (subsidiary) have been valued net of VAT on the basis SSL can recover the associated VAT. Buildings, dwellings and external works for the Musgrove Park hospital estate, community and mental health sites centres and health centres within Symphony Healthcare Services (SHS) have been valued gross of VAT; and
- Updated MEA accross the three sites, including further reduction around office, training and meeting space, reversing spaces removed from car parking, further reductions in ancilliary theatre space from almalgamation of theatres and reductions in outpatient/clinical support space through increased focus around AI, tele-conferencing and virtual wards.

A 1% change in the valuation would have a £2.2m impact on the Statement of Financial Position (2023/24: £2.3m) with a £38k change on the PDC dividend due to be paid next year (2023/24: £40k). There are multiple assumtions built into the 3 MEA models accross the Trust sites, additional changes to these assumptions identified above would materially affect the financial statements from the valuation.

(2023/24: No revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements).

Note 19 Right of use assets - 2024/25

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2024 - brought forward	**96,945**	**2,483**	**227**	**99,655**	**17,193**
Additions	8,672	377	200	**9,249**	-
Remeasurements of the lease liability	5,365	-	-	**5,365**	2,027
Valuation/gross cost at 31 March 2025	**110,982**	**2,860**	**427**	**114,269**	**19,220**
Accumulated depreciation at 1 April 2024 - brought forward	**15,281**	**612**	**93**	**15,986**	**3,712**
Provided during the year	7,438	217	161	**7,816**	1,954
Accumulated depreciation at 31 March 2025	**22,719**	**829**	**254**	**23,802**	**5,666**
Net book value at 31 March 2025	**88,263**	**2,031**	**173**	**90,467**	**13,554**
Net book value at 1 April 2024	**81,664**	**1,871**	**134**	**83,669**	**13,481**
Net book value of right of use assets leased from other NHS providers					742
Net book value of right of use assets leased from other DHSC group bodies					12,533

Note 19.1 Right of use assets - 2023/24

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**29,320**	**286**	**105**	**29,711**	**14,447**
Transfers by absorption	57,725	2,197	122	**60,044**	1,900
Additions	3,709	-	-	**3,709**	-
Remeasurements of the lease liability	6,479	-	-	**6,479**	846
Reclassifications	(288)	-	-	**(288)**	-
Valuation/gross cost at 31 March 2024	**96,945**	**2,483**	**227**	**99,655**	**17,193**
Accumulated depreciation at 1 April 2023 - brought forward	**3,520**	**208**	**40**	**3,768**	**-**
Transfers by absorption	3,387	404	53	**3,844**	380
Provided during the year	8,374	-	-	**8,374**	3,332
Accumulated depreciation at 31 March 2024	**15,281**	**612**	**93**	**15,986**	**3,712**
Net book value at 31 March 2024	**81,664**	**1,871**	**134**	**83,669**	**13,481**
Net book value at 1 April 2023	**25,800**	**78**	**65**	**25,943**	**14,447**
Net book value of right of use assets leased from other NHS providers					1,113
Net book value of right of use assets leased from other DHSC group bodies					12,089

Note 19.2 Right of use assets - 2024/25

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2024 - brought forward	**102,705**	**6,745**	**368**	**227**	**268**	**110,313**	**17,194**
Additions	8,672	377	110	-	-	**9,159**	-
Remeasurements of the lease liability	5,265	-	-	-	-	**5,265**	2,027
Impairments	(8,037)	-	-	-	-	**(8,037)**	-
Revaluations	18	-	-	-	-	**18**	-
Valuation/gross cost at 31 March 2025	**108,623**	**7,122**	**478**	**227**	**268**	**116,718**	**19,221**
Accumulated depreciation at 1 April 2024 - brought forward	13,407	3,434	161	227	232	**17,461**	2,679
Provided during the year	6,710	286	128	-	20	**7,144**	1,507
Impairments	(1,044)	-	-	-	-	**(1,044)**	-
Revaluations	(922)	-	-	-	-	**(922)**	-
Accumulated depreciation at 31 March 2025	**18,151**	**3,720**	**289**	**227**	**252**	**22,639**	**4,186**
Net book value at 31 March 2025	**90,472**	**3,402**	**189**	**-**	**16**	**94,079**	**15,035**
Net book value at 1 April 2024	**89,298**	**3,311**	**207**	**-**	**36**	**92,852**	**14,515**
Net book value of right of use assets leased from other NHS providers							742
Net book value of right of use assets leased from other DHSC group bodies							12,609

Note 19.3 Right of use assets - 2023/24

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**29,320**	**286**	**105**	**-**	**-**	**29,711**	**14,447**
Transfers by absorption	65,931	2,752	-	-	-	**68,683**	1,901
Additions	37	-	263	-	-	**300**	-
Remeasurements of the lease liability	6,298	-	-	-	-	**6,298**	846
Reclassifications	1,119	3,707	-	227	268	**5,321**	-
Valuation/gross cost at 31 March 2024	**102,705**	**6,745**	**368**	**227**	**268**	**110,313**	**17,194**
Accumulated depreciation at 1 April 2023 - brought forward	**3,520**	**208**	**40**	**-**	**-**	**3,768**	**-**
Transfers by absorption	2,505	483	-	-	-	**2,988**	380
Provided during the year	7,382	467	121	-	30	**8,000**	2,299
Reclassifications	-	2,276	-	227	202	**2,705**	-
Accumulated depreciation at 31 March 2024	**13,407**	**3,434**	**161**	**227**	**232**	**17,461**	**2,679**
Net book value at 31 March 2024	**89,298**	**3,311**	**207**	**-**	**36**	**92,852**	**14,515**
Net book value at 1 April 2023	**25,800**	**78**	**65**	**-**	**-**	**25,943**	**14,447**
Net book value of right of use assets leased from other NHS providers							1,113
Net book value of right of use assets leased from other DHSC group bodies							12,089

Note 19.4 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 29.

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Carrying value at 1 April	**83,395**	**26,068**	**94,696**	**26,068**
Transfers by absorption	-	56,001	-	70,910
Lease additions	9,249	3,709	9,219	279
Lease liability remeasurements	5,365	6,479	5,206	5,755
Interest charge arising in year	960	747	1,697	1,712
Early terminations	-	(1,264)	-	-
Lease payments (cash outflows)	(9,098)	(8,345)	(9,351)	(8,984)
Other changes	-	-	2,379	(1,044)
Carrying value at 31 March	**89,871**	**83,395**	**103,846**	**94,696**

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 7. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 19.5 Maturity analysis of future lease payments at 31 March 2025

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2025	31 March 2025	31 March 2025	31 March 2025
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	7,306	2,435	7,839	1,532
- later than one year and not later than five years;	27,635	5,863	30,057	5,485
- later than five years.	69,245	6,668	89,573	6,668
Total gross future lease payments	**104,186**	**14,966**	**127,469**	**13,685**
Finance charges allocated to future periods	(14,315)	(628)	(23,623)	(405)
Net lease liabilities at 31 March 2025	**89,871**	**14,338**	**103,846**	**13,280**
Of which:				
Leased from other NHS providers		1,116		1,116
Leased from other DHSC group bodies		13,222		13,222

Note 19.6 Maturity analysis of future lease payments at 31 March 2024

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	7,881	1,870	4,159	1,870
- later than one year and not later than five years;	21,204	6,122	53,151	6,122
- later than five years.	59,898	6,858	39,484	6,858
Total gross future lease payments	**88,983**	**14,850**	**96,794**	**14,850**
Finance charges allocated to future periods	(5,588)	(590)	(2,098)	(590)
Net finance lease liabilities at 31 March 2024	**83,395**	**14,260**	**94,696**	**14,260**
Of which:				
Leased from other NHS providers		1,207		1,207
Leased from other DHSC group bodies		13,053		13,053

Note 20 Investments in associates and joint ventures

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Carrying value at 1 April - brought forward	**14**	**282**	**-**	**282**
Transfers by absorption	-	14	-	-
Disposals	-	(282)	-	(282)
Carrying value at 31 March	**14**	**14**	**-**	**-**

Note 21 Other investments / financial assets (non-current)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Carrying value at 1 April - brought forward (Note a)	**14**	**14**	**14**	**14**
Carrying value at 31 March	**14**	**14**	**14**	**14**

Note a

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 2024/25:
Arcturis secured Sensyne Health plc through a refinancing deal that involved secured loans and, ultimately, a significant restructuring of the company's ownership and operations. This included a conversion of shareholder loans. Arturis delisted from the AIM during 2024/25.

Note 22 Movement in Investment in Subsidiary Undertakings

	Group		Trust	
				Restated
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
				(Note a)
Carrying value at 1 April - brought forward	**-**	**-**	**14,988**	**-**
Transfer by absorption > 1 year	-	-	-	14,988
Disposals (Note b)	-	-	(1,039)	-
Carrying value at 31 March	**-**	**-**	**13,948**	**14,988**

Note a

On 1 April 2023, Somerset NHS Foundation Trust acquired (transfer by absorption) Yeovil District Hospital NHS Foundation Trust's group structure.
Simply Serve Limited (SSL) was set up using a loan enabling SSL to buy the leasehold right of use of the main hospital building. 30%; (£14,988k) was deemed to be equity with the remaining 70% sale and leaseback loan repayable to the Trust.

Note b

During 2024/25, there was £1,039k loss on disposal of the Trust investment in SSL. Transacted to allign the treatment in the Group and Trust accounts where the Trust accounts had previously re-measured at fair value (Trust: £14,988k, SSL: £13,948k, Group: £0k after consolidation).
(2023/24: No disposals).

Note 23 Inventories

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Drugs	4,257	4,188	3,565	3,584
Consumables	6,796	6,684	5,413	5,460
Energy	229	134	220	128
Total inventories	**11,281**	**11,005**	**9,198**	**9,172**

Inventories recognised in expenses for the year were £95,779k (2023/24: £77,031k). Write-down of inventories recognised as expenses for the year were £0k (2023/24: £0k).

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

Note 24 Receivables

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Current				
Contract receivables	11,777	19,414	6,022	13,166
Amounts owed by group undertakings	-	-	3,216	5,161
Capital receivables	17	1,427	17	1,428
Allowance for impaired contract receivables / assets	(149)	(160)	(149)	(160)
Allowance for other impaired receivables	(826)	(1,212)	(826)	(1,212)
Prepayments (non-PFI)	7,135	6,896	5,718	5,286
PDC dividend receivable	603	1,244	603	1,244
VAT receivable	5,550	3,123	5,104	1,528
Corporation and other taxes receivable	-	30	-	-
Other receivables	26	1,251	5,310	1,262
Total current receivables	**24,133**	**32,013**	**25,015**	**27,703**
Non-current				
Contract receivables	2,641	2,565	2,566	2,834
Amounts owed by group undertakings	-	-	13,139	16,085
Allowance for impaired contract receivables / assets	(627)	(620)	(627)	(529)
Allowance for other impaired receivables	-	-	-	(93)
Other receivables	1,049	1,012	1,075	745
Total non-current receivables	**3,063**	**2,957**	**16,153**	**19,042**
Of which receivable from NHS and DHSC group bodies:				
Current	10,226	9,344	10,226	-
Non-current	1,049	1,012	1,049	-

Note 24.1 Allowances for credit losses - 2024/25

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2024 - brought forward	**780**	**1,212**	**780**	**1,212**
New allowances arising	149	826	149	826
Changes in existing allowances	41	-	41	-
Reversals of allowances	(103)	(1,212)	(103)	(1,212)
Utilisation of allowances (write offs)	(91)	-	(91)	-
Allowances as at 31 Mar 2025	**776**	**826**	**776**	**826**

Note 24.2 Allowances for credit losses - 2023/24

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2023 - as previously stated	**581**	**478**	**581**	**478**
Transfers by absorption	315	30	315	30
New allowances arising	160	665	160	665
Changes in existing allowances	(41)	121	(41)	121
Reversals of allowances	(235)	(17)	(235)	(17)
Utilisation of allowances (write offs)	-	(65)	-	(65)
Allowances as at 31 Mar 2024	**780**	**1,212**	**780**	**1,212**

Note 25 Non-current assets held for sale and assets in disposal groups

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**466**	-	**466**	**-**
Assets classified as available for sale in the year	-	466	-	466
Reversal of impairment of assets held for sale	30	-	30	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**496**	**466**	**496**	**466**

During 2024/25: the building held for sale was revalued as part of the Trust valuation of its Land, buildings and dwellings.

2023/24: The Trust has a building held for sale; the building was purchased in 2022 to provide Mental Health facilities; the condition and layout has deteroriated meaning utilisation is not fit for purpose and needs replacing.

Note 26 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.

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
At 1 April	**76,580**	**42,510**	**69,417**	**42,510**
Transfers by absorption	-	21,878	-	12,836
Net change in year	2,635	12,192	(2,781)	14,071
At 31 March	**79,215**	**76,580**	**66,636**	**69,417**
Broken down into:				
Cash at commercial banks and in hand	12,900	7,509	321	571
Cash with the Government Banking Service	66,315	69,071	66,315	68,846
Total cash and cash equivalents as in SoFP	**79,215**	**76,580**	**66,636**	**69,417**
Total cash and cash equivalents as in SoCF	**79,215**	**76,580**	**66,636**	**69,417**

Note 26.1 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. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2025	31 March 2024
	£000	£000
Bank balances	53	67
Total third party assets	**53**	**67**

Note 27 Trade and other payables

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Current				
Trade payables	9,318	3,860	22,143	19,665
Amounts owed by group undertakings	-	-	50	136
Capital payables	18,183	14,160	14,955	12,900
Accruals	64,460	60,025	50,297	49,850
Social security costs	7,150	9,711	7,045	6,489
VAT payables	343	-	-	-
Other taxes payable	7,786	8,419	7,172	6,384
Pension contributions payable	9,439	8,955	9,301	8,525
Other payables	3,580	5,471	3,264	3,279
Total current trade and other payables	**120,259**	**110,601**	**114,227**	**107,228**
Of which payables from NHS and DHSC group bodies:				
Current	2,997	5,150	2,997	5,150

Note 28 Other liabilities

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	18,196	16,081	17,481	15,766
Deferred PFI credits / income	259	259	259	259
Total other current liabilities	**18,455**	**16,340**	**17,740**	**16,025**
Non-current				
Deferred PFI credits / income	1,423	1,682	1,423	1,682
Total other non-current liabilities	**1,423**	**1,682**	**1,423**	**1,682**

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 29 Borrowings

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Current				
Loans from DHSC	675	781	675	781
Other loans	74	39	-	-
Lease liabilities	6,445	7,881	5,717	5,237
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	4,443	4,628	4,443	8,635
Total current borrowings	**11,637**	**13,329**	**10,835**	**14,653**
Non-current				
Loans from DHSC	3,576	4,224	3,576	4,224
Other loans	843	933	-	-
Lease liabilities	83,426	75,514	98,131	89,459
Obligations under PFI, LIFT or other service concession contracts	29,555	32,213	29,555	28,205
Total non-current borrowings	**117,400**	**112,884**	**131,262**	**121,888**

Note 29.1 Reconciliation of liabilities arising from financing activities (Group)

Group - 2024/25	Loans from DHSC	Other loans	Lease liabilities	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2024	**5,005**	**972**	**83,395**	**36,841**	**126,213**
Cash movements:					
Financing cash flows - payments and receipts of principal	(748)	(55)	(8,202)	(2,871)	**(11,876)**
Financing cash flows - payments of interest	(112)	(39)	(896)	(1,268)	**(2,315)**
Non-cash movements:					
Additions	-	-	9,249	1,655	**10,904**
Lease liability remeasurements	-	-	5,365	-	**5,365**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	-	2,767	**2,767**
Application of effective interest rate	106	39	960	1,268	**2,373**
Early terminations	-	-	-	(2,906)	**(2,906)**
Other changes	-	-	-	(1,488)	**(1,488)**
Carrying value at 31 March 2025	**4,251**	**917**	**89,871**	**33,998**	**129,037**

Group - 2023/24	Loans from DHSC	Other loans	Lease liabilities	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2023	**5,857**	**928**	**26,068**	**19,354**	**52,207**
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(976)	(7,598)	(3,085)	**(12,507)**
Financing cash flows - payments of interest	(129)	(70)	(747)	1,136	**190**
Non-cash movements:					
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	9,771	**9,771**
Transfers by absorption	-	1,055	56,001	4,153	**61,209**
Additions	-	-	3,709	830	**4,539**
Lease liability remeasurements	-	-	6,479	-	**6,479**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	-	3,225	**3,225**
Application of effective interest rate	125	35	747	1,457	**2,364**
Early terminations	-	-	(1,264)	-	**(1,264)**
Carrying value at 31 March 2024	**5,005**	**972**	**83,395**	**36,841**	**126,213**

Note 29.2 Reconciliation of liabilities arising from financing activities

Trust - 2024/25	Loans from DHSC	Lease liabilities	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2024	**5,005**	**94,696**	**36,841**	**136,542**
Cash movements:				
Financing cash flows - payments and receipts of principal	(748)	(8,583)	(2,871)	**(12,202)**
Financing cash flows - payments of interest	(112)	(1,061)	(1,268)	**(2,441)**
Non-cash movements:				
Additions	-	9,218	1,655	**10,873**
Lease liability remeasurements	-	5,206	-	**5,206**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-		2,767	**2,767**
Application of effective interest rate	106	1,696	1,268	**3,070**
Early terminations	-		(2,906)	**(2,906)**
Other changes	-	2,674	(1,488)	**1,186**
Carrying value at 31 March 2025	**4,251**	**103,846**	**33,998**	**142,095**

Trust - 2023/24	Loans from DHSC	Other loans	Lease liabilities	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2023	**5,857**	**928**	**26,068**	**19,354**	**52,207**
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(893)	(7,272)	(3,085)	**(12,098)**
Financing cash flows - payments of interest	(129)	(70)	(1,712)	1,136	**(775)**
Non-cash movements:					
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	9771	**9,771**
Transfers by absorption	-	-	70,910	4,153	**75,063**
Additions	-	-	279	830	**1,109**
Lease liability remeasurements	-	-	5,755	-	**5,755**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	-	3,225	**3,225**
Application of effective interest rate	-	-	-	1,457	**1,457**
Change in effective interest rate	125	35	-	-	**160**
Other changes	-	-	668	-	**668**
Carrying value at 31 March 2024	**5,005**	**-**	**94,696**	**36,841**	**136,542**

Note 30 Provisions for liabilities and charges analysis

Group	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2024	**529**	**1,678**	**102**	**8,569**	**10,878**
Change in the discount rate	11	(74)	(1)	(2)	**(66)**
Arising during the year	56	263	129	3,792	**4,240**
Utilised during the year	(84)	(167)	(62)	(1,239)	**(1,552)**
Reversed unused	(71)	(463)	(33)	(673)	**(1,240)**
Unwinding of discount	16	32	1	2	**51**
At 31 March 2025	**457**	**1,269**	**136**	**10,449**	**12,311**
Expected timing of cash flows:					
- not later than one year;	67	105	68	9,281	**9,521**
- later than one year and not later than five years;	255	395	68	226	**944**
- later than five years.	135	769	0	942	**1,846**
Total	**457**	**1,269**	**136**	**10,449**	**12,311**

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 30.2.

Other

Provisions arising in year include clinical pension tax reimbursement (NHS England and the Government fully fund these payments), potential HMRC tax liabilities and potential workforce pension liabilities.

Note 30.1 Provisions for liabilities and charges analysis

Trust	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2024	**529**	**1,678**	**102**	**7,132**	**9,441**
Change in the discount rate	11	(74)	-	-	**(63)**
Arising during the year	57	263	129	3,642	**4,091**
Utilised during the year	(84)	(167)	(62)	(528)	**(841)**
Reversed unused	(71)	(463)	(32)	(613)	**(1,179)**
Unwinding of discount	16	32	-	-	**48**
At 31 March 2025	**458**	**1,269**	**137**	**9,633**	**11,497**
Expected timing of cash flows:					
- not later than one year;	68	105	68	8,586	**8,827**
- later than one year and not later than five years;	255	395	67	107	**824**
- later than five years.	136	768	-	942	**1,846**
Total	**459**	**1,268**	**135**	**9,635**	**11,497**

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 30.2.

Other

Provisions arising in year include clinical pension tax reimbursement (NHS England and the Government fully fund these payments), potential HMRC tax liabilities and potential workforce pension liabilities.

Note 30.2 Clinical negligence liabilities

At 31 March 2025, £336,440k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Somerset NHS Foundation Trust (31 March 2024: £321,059k).

Note 31 Contingent assets and liabilities

	Group		Trust	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Value of contingent liabilities				
NHS Resolution legal claims	(35)	(47)	(35)	(47)
Gross value of contingent liabilities	**(35)**	**(47)**	**(35)**	**(47)**

Note 32 Contractual capital commitments

	Group		Trust	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Property, plant and equipment	16,171	34,731	11,054	34,731
Intangible assets	813	335	670	335
Total	**16,984**	**35,066**	**11,724**	**35,066**

Note 33 On-SoFP PFI, LIFT or other service concession arrangements

Note 33.1 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 2024/25 amounted to £3,984,387 (2023/24: £3,984,387) and for 2025/26 will be £3,949,587. The value of the liability at 31 March 2025 was £22,925,810 (31 March 2024: £21,121,162); the increase has changed due to IFRS16 liability re-measurement uplifted for inflation. The net book value of the assets was £7,964,708 (31 March 2024: £7,875,000).

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 33.2 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. The asset and outstanding liability is reported in the Statement Of Financial Position and summarised summarised below:

	31 March 2025 £000	31 March 2024 £000
Net Book Value of asset (included in property, plant and equipment, note 15)	9,646	8,929
Liability (see deferred PFI income, note 28)	1,941	2,200

Note 33.3 Managed Equipment Solution for Diagnostic Imaging

The Trust has two Managed Equipment Solution contracts.
1) On 20 July 2017 (previously held under Taunton and Somerset NHS FT and merged into Somerset NHS FT upon merger 1 April 2020) and;
2) On 1 April 2019, (previously held under Yeovil District Hospital NHS FT and merged into Somerset NHS FT upon merger 1 April 2023)

The contracts are 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, and agreed variations to the original equipment replacement programme.

-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.

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve.

The total unitary payment made to the managed equipment solution providers during the 2024/25 financial year for the managed facility services was £5,258,309 (2023/24: £5,258,309). The total unitary payment for 2025/26 will be £5,837,218. The value of the liability at 31 March 2025 was £11,072,638 (31 March 2024: £15,720,552) and the net book value of the assets was £10,372,000 (31 March 2024 £10,375,000).

Note 34 On-SoFP PFI, LIFT or other service concession arrangements

Note 34.1 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:

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Gross PFI, LIFT or other service concession liabilities	**71,635**	**70,483**	**71,635**	**70,483**
Of which liabilities are due				
- not later than one year;	10,049	6,100	10,049	6,100
- later than one year and not later than five years;	26,947	27,286	26,947	27,286
- later than five years.	34,639	37,097	34,639	37,097
Finance charges allocated to future periods	(37,637)	(33,642)	(37,637)	(33,642)
Net PFI, LIFT or other service concession arrangement obligation	**33,998**	**36,841**	**33,998**	**36,841**
- not later than one year;	4,443	4,628	4,443	4,628
- later than one year and not later than five years;	14,879	15,056	14,879	15,056
- later than five years.	14,676	17,157	14,676	17,157

Note 34.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**151,363**	**129,097**	**151,363**	**129,097**
Of which payments are due:				
- not later than one year;	15,626	12,033	15,626	12,033
- later than one year and not later than five years;	56,188	48,013	56,188	48,013
- later than five years.	79,549	69,051	79,549	69,051

Note 34.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Unitary payment payable to service concession operator	**9,608**	**9,018**	**9,608**	**9,018**
Consisting of:				
- Interest charge	1,268	1,457	1,268	1,457
- Repayment of balance sheet obligation	2,871	3,085	2,871	3,085
- Service element and other charges to operating expenditure	5,469	4,476	5,469	4,476
Total amount paid to service concession operator	**9,608**	**9,018**	**9,608**	**9,018**

Note 35 Financial instruments

Note 35.1 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 2025 are in receivables from customers, as disclosed in the Receivables note (Note 25).

Cash deposited with financial institutions outside the Government Banking Service at 31 March 2025 was £124,088 (2023/24: £426,531). These balances relate to the Private Patient wings.

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. The Trust has also entered into radiology managed facility services; both for periods of 10 years and the Trust 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 Integrated Care Board 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 35.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	13,908	**13,908**
Other investments / financial assets	14	**14**
Cash and cash equivalents	79,215	**79,215**
Total at 31 March 2025	**93,137**	**93,137**

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	23,707	**23,707**
Other investments / financial assets	14	**14**
Cash and cash equivalents	76,580	**76,580**
Total at 31 March 2024	**100,301**	**100,301**

Note 35.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	24,433	**24,433**
Other investments / financial assets	14	**14**
Cash and cash equivalents	66,636	**66,636**
Total at 31 March 2025	**91,083**	**91,083**

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	38,687	**38,687**
Other investments / financial assets	14	**14**
Cash and cash equivalents	69,417	**69,417**
Total at 31 March 2024	**108,118**	**108,118**

Note 35.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	4,251	**4,251**
Obligations under leases	89,871	**89,871**
Obligations under PFI, LIFT and other service concessions	33,998	**33,998**
Other borrowings	917	**917**
Trade and other payables excluding non financial liabilities	88,262	**88,262**
Total at 31 March 2025	**217,299**	**217,299**

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	5,005	**5,005**
Obligations under leases	83,395	**83,395**
Obligations under PFI, LIFT and other service concessions	36,841	**36,841**
Other borrowings	972	**972**
Trade and other payables excluding non financial liabilities	86,021	**86,021**
Total at 31 March 2024	**212,234**	**212,234**

Note 35.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	4,251	**4,251**
Obligations under leases	103,846	**103,846**
Obligations under PFI, LIFT and other service concessions	33,998	**33,998**
Trade and other payables excluding non financial liabilities	90,708	**90,708**
Total at 31 March 2025	**232,803**	**232,803**

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	5,005	**5,005**
Obligations under leases	94,696	**94,696**
Obligations under PFI, LIFT and other service concessions	36,841	**36,841**
Trade and other payables excluding non financial liabilities	87,905	**87,905**
Total at 31 March 2024	**224,447**	**224,447**

Note 35.6 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.

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
In one year or less	107,260	101,835	109,272	91,882
In more than one year but not more than five years	57,174	51,371	59,596	43,796
In more than five years	104,895	98,684	125,223	88,769
Total	**269,329**	**251,890**	**294,091**	**224,447**

Note 36 Losses and special payments

	Group				Trust			
	2024/25		2023/24		2024/25		2023/24	
Group and trust	Total number of cases	Total value of cases	Total number of cases	Total value of cases	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000	Number	£000	Number	£000
Losses								
Cash losses	3	-	4	-	3	-	4	-
Bad debts and claims abandoned	236	208	191	65	236	208	191	65
Stores losses and damage to property	3	-	7	1	3	-	7	1
Total losses	**242**	**208**	**202**	**66**	**242**	**208**	**202**	**66**
Special payments								
Ex-gratia payments	52	45	70	111	52	45	70	111
Total special payments	**52**	**45**	**70**	**111**	**52**	**45**	**70**	**111**
Total losses and special payments	**294**	**253**	**272**	**177**	**294**	**253**	**272**	**177**
Compensation payments received								

Note 37 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 2025 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
	2024/25 £000	2024/25 £000	31/03/2025 £000	31/03/2025 £000
NHS England	22	159,343	0	2,413
NHS Somerset ICB	12	849,093	21	1,680
NHS Bath and North East Somerset, Swindon and Wiltshire ICB	89	1,627	89	134
NHS Bristol, North Somerset and South Gloucestershire ICB	326	2,626	326	330
NHS Dorset ICB	-	23,393	2,855	342
NHS Cornwall and the Isles of Scilly ICB	-	265	-	-
NHS Devon ICB	78	11,900	78	87
Devon Partnership NHS Trust	-	8,576	-	3,062
NHS North West London ICB	-	217	-	156
NHS Sussex ICB	-	167	-	0
North Bristol NHS Trust	763	607	380	118
Royal United Hospitals Bath NHS Foundation Trust	294	389	74	50
Dorset County Hospitals NHS Foundation Trust	1,240	414	425	-
Dorset Healthcare University NHS Foundation Trust	350	22	149	-
Hertfordshire Partnership University NHS Foundation Trust	-	139	-	25
University Hospitals Plymouth NHS Trust	609	151	246	90
NHS Hampshire and Isle of Wight ICB	-	294	-	-
NHS Buckinghamshire, Oxfordshire and Berkshire West ICB	-	235	-	1
Gloucester Hospitals NHS Foundation Trust	78	19	-	19
Great Western Hospitals NHS Foundation Trust	-	54	-	-
Royal Devon University Healthcare NHS Foundation Trust	806	3,450	136	841
Avon & Wiltshire Mental Health NHS Trust	3	803	-	-
University Hospitals Bristol and Weston NHS Foundation Trust	1,210	326	503	65
NHS Resolution	22,265	-	-	-
NHS Property Services	2,867	-	179	17
Other NHS bodies	6,608	6,789	2,268	167
Charitable Funds	-	3,236	-	-
Simply Serve Ltd	62,635	12,979	3	40
Symphony Healthcare Services Ltd	239	227	-	36
IPP Facilities	97	1,044	-	94
SPS Facilities	14,089	316	47	53
South West Pathology Services LLP	14,711	316	-	53

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies.

NHS Pension Scheme	112,354	0	9,448	-
HM Revenue & Customs	63,163	5,550	15,278	5,500
Somerset Council	7,409	5,886	4,384	317
Ministry Of Defence	20	-	-	-
Other central and local government bodies	3,741	195	216	285

The equivalent disclosures made for 2023/24 were as follows:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2023/24 £000	2023/24 £000	31/03/2024 £000	31/03/2024 £000
NHS England	35	147,224	1,671	3,521
NHS Somerset ICB	170	768,219	185	633
NHS Bath and North East Somerset, Swindon and Wiltshire ICB	-	2,021	157	178
NHS Bristol, North Somerset and South Gloucestershire ICB	-	2,337	152	157
NHS Dorset ICB	511	25,260	511	-
NHS Cornwall and the Isles of Scilly ICB	-	258	-	3
NHS Devon ICB	-	11,985	42	134
Devon Partnership NHS Trust	26	7,936	-	1,712
North Bristol NHS Trust	477	579	379	171
Royal United Hospitals Bath NHS Foundation Trust	314	426	70	7
Dorset County Hospitals NHS Foundation Trust	873	162	111	118
Dorset Healthcare University NHS Foundation Trust	543	4	40	3
Gloucester Hospitals NHS Foundation Trust	42	1	-	1
Great Western Hospitals NHS Foundation Trust	-	32	15	-
Royal Devon University Healthcare NHS Foundation Trust	674	3,001	235	444
Avon & Wiltshire Mental Health NHS Trust	7	806	-	-
University Hospitals Bristol and Weston NHS Foundation Trust	818	305	189	55
NHS Resolution	20,043	-	5	-
NHS Property Services	3,116	-	479	-
Other NHS bodies	2,510	8,069	562	933
Charitable Funds	33	387	-	33
Simply Serve Ltd	70,773	9,195	126	2,178
Symphony Healthcare Services Ltd	806	760	-	6
IPP Facilities	-	1,106	3	94
SPS Facilities	14,805	313	-	11
South West Pathology Services LLP	-	306	7	31
In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies.				
NHS Pension Scheme	93,155	-	8,955	-
HM Revenue & Customs	63,604	3,123	18,130	3,123
Somerset Council	6,417	36,730	287	292
Ministry Of Defence	136	-	-	-
Other central and local government bodies	411	619	347	776

Note 38 Transfers by absorption

2024/25: None.

(2023/24: On 1 April 2023, Somerset and Yeovil NHS Foundation Trusts merged forming Somerset NHS Foundation Trust. The transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain £90,043k corresponding to the net assets transferred is recognised within The Statement of Comprehensive Income, but not within operating activities.

100% of the PDC recreation from the I&E reserve will be reflected in the Trust accounts. The Trust will recognise an absorption gain of £83,459k but the transfer to recreate PDC in the SOCITE will be the full £90,043k. The group will recognise the further absorption gain: £6,584k relating to the subsidiaries but no further PDC recreation in reserves because the subsidiaries do not hold the PDC).

The audited financial statements for Yeovil District Hospital NHS Foundation Trust can be found on the Trust website: https://www.somersetft.nhs.uk/about-us/about-us/publication-scheme/2248-2/annual-accounts-and-reports/

Simply Serve Limited – Company Number: 10847254

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Simply Serve Ltd (SSL) was incorporated on 3 July 2017 and became operational on 1 February 2018. Simply Serve Ltd is 100% owned by Somerset NHS Foundation Trust.

SSL has been set up to support the Group's strategic objectives, improve efficiency and develop more cost effective ways of working. SSL provides a full range of professional estates and facilities services along and procurement services to Somerset NHS Foundation Trust and other clients.

The key objectives of establishing SSL are as follows:

- Maintain and improve quality of services;
- Free up Group management to focus on healthcare;
- Develop a more efficient and cost effective service;
- Retain staff within the SFT group providing opportunities and security;
- Enhance the ability to recruit and retain key staff groups;
- Enhance focus and flexibility on developing additional income generation opportunities.

SSL operates as an arm's length organisation with its own Board of directors and governance structure. Services are provided under contractual arrangements with detailed service specifications and key performance indicators.

Symphony Healthcare Services Ltd – Company Number: 06633460
Registered office – Wynford House, Yeovil, Somerset, BA22 8HR

During 2016/17 Yeovil District Hospital NHS Foundation Trust acquired Pathways Healthcare and Social Care Alliance Ltd, the company was renamed to Symphony Healthcare Services Ltd.

As at 31 March 2025 Symphony Healthcare Services operates primary care services at locations within Somerset; Ilchester GP practice, Yeovil Health Centre, Buttercross Health Centre, Highbridge Medical Centre, Crewkerne Health Centre, Oaklands Surgery, Hamdon Medical Centre, Wincanton Health Centre, Crewkerne West One Surgery, The Meadows Surgery, Martock Surgery, South Petherton Surgery, Bruton Surgery and Exmoor Surgery, Ryalls Park Medical Centre, Creech Medical Centre, Lister House Surgery, North Petherton Surgery, Burnham and Berrow Medical Centre and Warwick House Medical Centre.

Somerset NHS Foundation Trust owns 100% of the equity and no goodwill arose in respect of the acquisitions. As per the NHS Act 2006 section 259 no goodwill can arise as part of the sale of primary care businesses.

	£000's
Consideration paid	0
Net Assets Aquired	**0**
Goodwill	**0**

Somerset Estates Partnership LLP – Company Number: OC396172
Registered office – 5 The Triangle, Worcester, Worcestershire, WR5, 2QX

During 2014/15 Yeovil District Hospital NHS Foundation Trust procured a Strategic Estates Partner and as a result established the Joint Venture Yeovil Estates Partnership LLP to undertake strategic estates activity on behalf of the Group.

Yeovil Estates Partnership LLP was established on 29 October 2014. Somerset NHS Foundation Trust owns 50% of the equity of Yeovil Estates Partnership LLP and holds 50% of the voting rights. Upon merger with Somerset NHS Foundation Trust the name was changed to Somerset Estates Partnership LLP.

No goodwill arose in respect of the subsidiary as the reporting Group established the company and received an interest in the company equal to the fair value of assets on its formation.

Southwest Pathology Services LLP – Company Number: OC370482
Registered office – 1 Kingdom Street, London, W2 6BD

The subsidiary is Southwest Pathology Services LLP incorporated in the United Kingdom with its principal place of business being Somerset.

Southwest Pathology Service LLP provided pathology testing for the Group and other clients up until 28 February 2015. From 1 March 2015 it provides the analytical elements of pathology testing for the Group and other clients.

Somerset NHS Foundation Trust owns 66.7% of the equity of Southwest Pathology Services LLP and holds 66.7% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SPS Facilities LLP – Company Number: OC397788
Registered office – 1 Kingdom Street, London, W2 6BD

The subsidiary is SPS Facilities LLP incorporated in the United Kingdom with its principle place of business being Somerset.

SPS Facilities LLP was established 1 March 2015 and provides the facilities elements of pathology testing for the Group and other clients and is expected to continue to do so for the long term.
Somerset NHS Foundation Trust owns 66.7% of the equity of SPS Facilities LLP and holds 66.7% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SW Path Services LLP – Company Number: OC383198
Registered office – 1 Kingdom Street, London, W2 6BD

The subsidiary is SW Path Services LLP incorporated in the United Kingdom with its principle place of business being Somerset.

Somerset NHS Foundation Trust owns 66.7% of the equity of SW Path Services LLP and holds 66.7% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

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Auditor's Annual Report 2024/25

Somerset NHS Foundation Trust

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June 2025

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This report is addressed to Somerset NHS Foundation Trust (the Trust), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors' annual 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 Somerset NHS Foundation Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

01 Executive Summary

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Somerset NHS Foundation Trust (the 'Trust'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).

Annual report - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.

Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.

Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	We issued an unqualified opinion on the Trust's accounts on 24 June 2025. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust. We have provided further details of the key risks we identified and our response on page 6.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM) and the Foundation Trust Annual Reporting Manual (the ARM).
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We identified one significant weakness relating to the arrangements for governance. We have provided further detail on page 18. We have followed up the significant weaknesses identified in the prior year on page 19.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

02
Audit of the Financial Statements

Audit of the financial statements

KPMG provides an independent opinion on whether the Trust's financial statements:

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2025 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2024/25; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. 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.

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements on 24 June 2025.

The full opinion is included in the Trust's Annual Report and Accounts for 2024/25 which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
Valuation of land and buildings Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them, they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. The Trust completed a full revaluation of its land and buildings in year. We deem the risk in relation to land and buildings to be associated with the judgement in setting the assumptions that drive the revaluation.	• We critically assessed the independence, objectivity and expertise Cushman and Wakefield, the valuers used in developing the valuation of the Trust's properties at 31 March 2025; • We inspected the instructions issued to Cushman and Wakefield for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual; • We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used; • We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement particularly on obsolescence and floor area reductions; • We challenged key assumptions and changes made to the Trust's Modern Equivalent Asset model during the year and the impact on the overall revaluation, including making inquiries of NTW Solutions Limited who were contracted to update the existing Modern Equivalent Asset of the Trust; • We utilised our own valuation specialists to review the valuation report prepared by the Trust's valuers to confirm the appropriateness of the methodology utilised; and • Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.	We did not identify any material misstatements relating to this risk. We raised a recommendation to improve the process relating to the approval of the Modern Equivalent Asset assumptions that drive the revaluation. We considered the estimate to be cautious based on the procedures performed due to the MEA assumptions used in driving the revaluation resulting in a reduction in asset values.

Audit of the financial statements (cont.)

Risk	Procedures undertaken	Findings
Fraudulent expenditure recognition Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over the Trust's operating expenditure balance excluding costs associated with payroll and deprecation.	• We evaluated the design and implementation of controls to verify if expenditure accruals have been completely recorded, including the year on year of accruals performed by management. • We inspected a sample of expenditure and cash payments, in the period after 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete; • We inspected journals posted as part of the year end close procedures that decrease the level of expenditure (e.g. through accruals) recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; and • We performed a retrospective review of prior year accruals to assess the completeness with which accruals had been recorded at 31 March 2024 and consider the impact on our assessment of the accruals at 31 March 2025. We also compared the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 to assess whether any items of expenditure not accrued for as at 31 March 2025 have been done so appropriately and challenge management where the movement is not in line with our understanding.	• We sampled a number of expenditure transaction and cash payments in the period following 31 March 2025, and did not identify any inappropriate entries. • We performed a retrospective review of accruals (both through consideration of prior year accruals and through comparison to current year accruals), and did not identify any inappropriate entries. • We did not identify any material misstatements relating to this risk.

Audit of the financial statements (cont.)

Risk	Procedures undertaken	Findings
Management override of controls We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.	• Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias. • In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments. • Assessed the appropriateness of changes, compared to the prior year, to the methods and underlying assumptions used to prepare accounting estimates. • Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business, or are otherwise unusual. • Identified journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments'), using KPMG Clara Journal Entry Analysis and perform procedures to test the appropriateness of these entries and adjustments.	• We identified a number of journal entries and other adjustments which met our high risk criteria. These included unusual entries to cash and borrowings as well as journal entries which were posted to accruals in the last quarter of the year. Our review and examination of supporting documents did not identify an instances of management override of controls. • We raised a control recommendation in relation to the journals authorisation control in place at the Trust. • We did not identify any material misstatements in relation to this significant risk.

03 Value for Money

Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

- Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services.
- Governance: How the Trust ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	13-14	15-17	18
Identified risks of significant weakness?	No	Yes	No
Actual significant weakness identified?	No	Yes	No
2023-24 Findings	No significant weakness identified	Significant weakness in arrangements identified	No significant weakness identified
Direction of travel	⟺	⟺	⟺

A significant weakness surrounding governance, in relation to the response to the Care and Quality Commission (CQC) Inspection of Maternity Services and subsequent action plan, was identified in the previous year. The Trust has significantly progressed the action plan relating to the inspection in the period, with ongoing reporting and monitoring of progress and hence no weakness has been identified in the current year. We have reported progress against the previously raised recommendation on page 19.

A separate CQC inspection of the Children and Young People's Services at the Trusts Yeovil District Hospital site has also identified a number of areas of concern. We have considered the arrangements and have raised a new significant weakness surrounding governance.

Value for Money

NATIONAL CONTEXT

Following the general election in July 2024 the Labour government commissioned reviews in order to determine the causes of challenges within the sector and where priorities were for improvement. A 10 year plan is currently being developed to set out the strategy for transforming health care services in the future.

Operational performance across the sector has continued to be significantly below constitutional standards, continuing a trend that began during the Covid-19 pandemic. In March 2025 25% of patients attending A&E waited more than the four hour target and 60% of patients awaiting planned care had a wait of more than 18 weeks. While mental health performance improved year on year in a number of areas the backlog for treatment nationally has grown by a further 11% year on year, with 1.7 million referred patients awaiting their second contact.

During the year a revised timetable was announced for the New Hospital Programme, the national capital project to build 40 new hospitals. For a number of hospitals this has meant delays to the timetable for their construction deferred to the 2030s.

Financial performance

Local NHS systems continued to face challenging financial targets in 2024-25. Budgets across the 42 integrated care systems in England had a combined £500 million deficit compared to the funding that was available at the beginning of 2024-25. By February 2025 (the latest national data available when this report was drafted) the forecast performance of all systems was a £604 million overspend against the agreed figures.

Each year NHS entities are delegated efficiency targets through funding allocations and contracting guidance. Across England there was a £539 million shortfall in the identified efficiencies compared to those required based on the agreed levels of funding delegated to systems.

Structures

Significant changes to the structure of the health system have been announced, to be implemented between 2025 and 2027. ICBs have been set running cost targets, with many expected to pursue mergers or large restructurings in order to achieve these. Providers are expected to reverse 50% of their corporate cost growth since Covid-19. During 2025-26 all NHS entities will therefore need to reassess their structures, which can impact on management bandwidth, stability of controls and morale.

LOCAL CONTEXT

Somerset NHS Foundation Trust provides, acute, community and mental health services throughout the county of Somerset. The primary hospitals are based in Taunton (Musgrove Park) and Yeovil (Yeovil District Hospital), with over 13,000 staff covering a large region and population of over 570,000. The Trust is a member of the NHS Somerset Integrated Care System ('ICS').

Financial position

The Trust has delivered a surplus of £3k in the year, broadly consistent with the prior year breakeven position. The position is aligned to the original breakeven plan submitted in April 2024 and the ICS reforecast in month 9. To achieve this position, the Trust delivered £34.2 million recurrent savings and £30.1 million of savings on a non-recurrent basis.

The Trust recognises being part of an ICS with a challenging financial position, with the system reporting a current year breakeven position however with an underlying deficit of over £73.5 million.

The 2025/26 Trust and ICS plan was approved by the Board on March 2025 and subsequently updated in May 2025, with the Trust and ICS forecasting to breakeven at the end of 2025/26. The plans include challenging cost improvement targets of c.4.4% of total spend for the Trust, which is broken down into 65.9% recurrent and 34.1% non-recurrent savings.

New Hospital Programme ('NHP')

During the period, the government announced delays to the NHP, which impacted the development of the new hospital at Musgrove Park. The delay has resulted in a £9.0 million impairment in 2024/25.

CQC Inspection

Following a CQC inspection of the Children and Young Person's Services in January 2025, the Trust was issued with a Section 29A warning notice under the Health and Social Care Act 2006. The Trust are currently working alongside the CQC in order to make improvements against the concerns highlighted.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Summary of arrangements

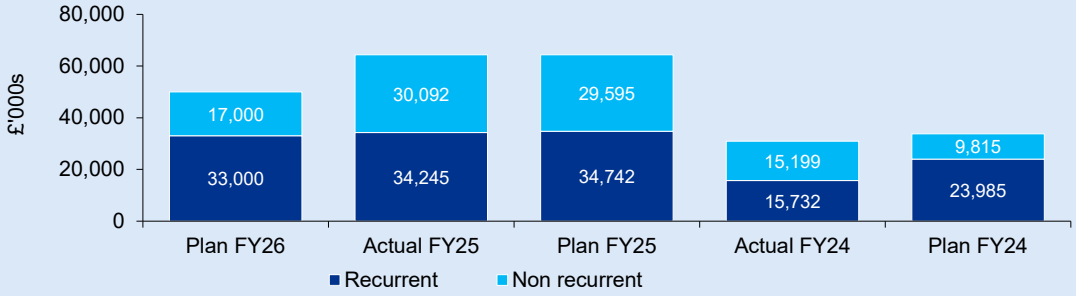
We have **not identified a significant weaknesses** in the Trust's arrangements in relation to financial sustainability.

Delivery against 2024/25 financial plan

The original Trust financial plan for 2024/25 was a breakeven plan, which formed part of a wider ICS breakeven budget. The budgets were prepared based on appropriate local and national planning assumptions and were approved at both a Trust and ICS level prior to submission. The Trust has maintained appropriate oversight of the financial performance throughout the period, with regular papers being presented to the Finance Committee, with a full finance report being presented at each Trust Board meeting. The Trust was able to mitigate the reported month 9 deficit and achieved a £3k surplus at the year end, with the main driver for this improved performance being delivery of CIPs .

To support achievement of the financial position, the Trust planned delivery of £64.3 million of CIPs. The Trust was able to deliver all the identified savings in 2024/25, with £34.2 million recurrent savings and a further £30.1 million of savings being on a non-recurrent basis. The overall achievement of CIP in the current and prior year is drawn out further on the graph below, highlight the significant delivery in year.

CIP Delivery: Plan vs Actual / Recurrent vs Non-Recurrent



The Trust has continued to work closely with NHS Somerset Integrated Care Board ('ICB') and recognise being part of a system with a £73.5 million underlying deficit. The Trust continues to integrate the wholly owned subsidiaries of the Group into the wider Group governance and financial management disciplines and reports are presented for Simply Serve Limited and Symphony Healthcare Services Limited.

The Trust remains in a strong financial position, with a closing cash balance of £79.2 million. As part of the 2025/26 planning process the Trust has submitted a breakeven plan to NHS England, with a forecast closing cash balance of £53.1 million.

Financial Sustainability (cont.)

Planning process for 2025-26

The Trust has worked with ICS partner organisations to develop plans for 2025/26 in line with the national guidance, with planning initiatives, which include involvement in the System Wide Finance Group and the identification of key actions including the implementation of additional cost controls at both a Trust and subsidiary entity level. In particular, the Trust has ensured all relevant stakeholders including the Board, Finance Committee and throughout the process, with necessary background and detail included within such updates.

The final Trust and ICS plans were agreed in March 2025 and updated in May 2025, in line with the revised submission deadlines from NHS England, with both the Trust and System submitting a breakeven plan for 2025/26. This plan includes a challenging CIP target of £50.0 million, split between £33.0 million recurrent and £17.0 million non-recurrent savings. The Trust will need to ensure appropriate focus is maintained on the delivery of both the recurrent and non-recurrent CIP targets.

Capital Spend

As part of the 2024/25 plan, the Trust identified £93.7 million of capital spend, largely relating to sustainability and transformation works as well as the completion of the new Musgrove Park surgical centre. The delivery of plans are monitored through the Finance Committee. The Trust delivered total capital spend of £96.3 million during the year, with the performance against plan being largely driven by overspend associated with equipment purchases.

In January 2025, an announcement was made surrounding the national New Hospital Programme, which confirmed delays to the planned works on the new hospital to 2035-2039. The Trust's new hospital at Musgrove Park has therefore been delayed, which has led to a write-off of costs incurred to date of c.£9.0 million in the 2024/25 financial statements.

Key financial and performance metrics:	2024-25	2023-24
Planned surplus	Breakeven	Breakeven
Actual surplus	£3k surplus	£23k surplus
Planned CIP as a % of spend - Recurrent - Non-recurrent	Planned CIP of £64.3 million: — £34.7 million recurrent — £29.6 million non-recurrent	Planned CIP of £33.8 million: — £24.0 million recurrent — £9.8 million non-recurrent
Actual CIP as a % of spend - Recurrent - Non-recurrent	Achieved CIP of £64.3 million: — £34.2 million recurrent — £30.1 million non-recurrent	Achieved CIP of £31.0 million: — £15.6 million recurrent — £15.3 million non-recurrent
Year-end cash position	£79.2 million	£76.6 million

Governance

How the Trust ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

Summary of arrangements

We have identified **one significant weakness** in the Trust's arrangements in relation to governance.

Risk Management Process

The identification and scoring of risks is a key part of the Trust Risk Management Strategy. The Trust has defined processes in place to monitor and assess risk, with key documents including the Board Assurance Framework (BAF) being regularly reviewed by the Audit Committee and by the Trust Board. Alongside this, the Trust's Corporate Risk Register is regularly reviewed and challenged by the Audit Committee, containing the operational risks to the Trust. The Trust utilise a 5x5 matrix to score operational risks which include risks associated with the vacancy rate in the senior doctor workforce, demand and waiting times and Symphony Healthcare Services not becoming self-sustaining. Individual risks identified are marked and described within the documents, including relevant updates to the risk since the date of the last review.

CQC Inspection – Maternity Services

During 2023/24, the Trust underwent an inspection of their maternity services at both Musgrove Park Hospital ('MPH') and Yeovil District Hospital ('YDH') sites. As a result of the inspection and findings identified throughout the visit, a Section 29(A) notice under the Health and Social Care Act 2006 relating to the quality of maternity services and care being provided at both MPH and YDH. This resulted in a significant weakness being identified in the Trust's Governance arrangements in the prior year (see page 20).

The Trust developed an action plan to address the concerns highlighted by the CQC, which included 21 "must do" actions and 8 "should do" actions. The action plan has been monitored throughout the year by the Trust's Quality and Governance Assurance Committee ('QGAC'), which receives monthly reporting on the status of actions. We note that the Trust have also engaged regularly with the CQC throughout the year, including providing relevant updates and supporting evidence of implementation of actions against the areas of concern highlighted in the initial plan.

The action plan was reported to the 26 March 2025 QGAC, where it was noted that the plan was 76% complete. A further report in April 2025, provided to the Maternity and Neonatal Governance Meeting demonstrated further progress, with the plan now showing 92% completion. In addition to the ongoing work to address the CQC action plan, the Trust has also established a Maternity & Neonatal Improvement Plan across 2025-27, to bring together ongoing work to address emergent areas from the CQC, Regional Ockenden Insight visits reports and the Maternity Safety Support Programme diagnostic report.

The progress reported against the CQC inspections demonstrates the arrangements in place in relation to this process and therefore we do not consider a significant weakness to be present in relation to the CQC inspection of maternity services in the current period.

Governance (cont.)

Children and Young Person's Services at Yeovil District Hospital (YDH) Site

In December 2023, a number of emerging concerns were identified in relation to the YDH acute Paediatric service, which were reported to relevant Trust Executives. These concerns were further escalated to QGAC in June 2024, wherein the Trust noted risks across a number of domains including culture, risk management and quality. The report to the QGAC triggered a discussion with the CQC.

In response to these concerns the Trust formed the Paediatric Quality Improvement Group (PQIG) in August 2024. The PQIG, which meets monthly, is split into three individual workstreams including; Governance and Risk, Education and Training, and Workforce and Clinical Strategy in order to oversee development and implementation of actions in response to the concerns identified by the Trust, with monthly verbal updates provided to the QGAF.

CQC Inspection

In January 2025, the Trust underwent an inspection of their Children and Young People's Services. As a result of the inspection and findings identified both throughout the visit and following evidence being provided to the CQC, the Trust were issued with a Section 29(a) notice with respect to the service at the YDH site under the Health and Social Care Act 2006, which highlighted the following concerns:

- There were not suitably qualified, competent, skilled and experienced persons deployed during the busiest period of the service, out of hours and weekend to meet the requirements of the Paediatric Service at YDH;
- There was not a strong learning culture;
- Governance systems of the Paediatric Service at YDH were not operating effectively to ensure risk and performance issues were addressed with timely action.

The CQC confirmed that the Trust have until 19 May 2025 to make the significant improvements requested by the CQC as part of the inspection and as outlined in the Section 29(a) notice.

Response to Inspection Findings

Whilst the CQC inspection that resulted in the Section 29A warning notice being issued took place in January 2025, the Trust were aware of these issues internally prior to this inspection and engaged with the CQC throughout. The issues identified by the CQC have been included within the PQIG workstreams to ensure an appropriate response.

The Trust have been working alongside the local CQC team, the ICB and NHS England in order to address the concerns highlighted in the Section 29(a) warning notice. This includes regular briefings and updates and also engagement from the CQC in the monthly PQIG meetings. Individual workstreams stemming from the PQIG meet on a monthly basis, tracking actions identified to address the concerns highlighted by the CQC. Findings from these meetings and updates are then fed back into the form PQIG monthly meeting to assist with action tracking.

Maternity Update

Subsequent to the period end, the Trust have taken the decision to temporarily suspend maternity services at YDH, as part of measures to ensure the ongoing safety of the paediatric services. Whilst staff from MPH have been able to support YDH to ensure paediatric inpatient and outpatient services remain open, the Trust was unable to support the Special Care Baby Unit and temporarily closed the unit on safety grounds.

Governance (cont.)

Conclusion

The Trust are in the process of implementing a number of actions in order to address the concerns identified both internally and through the CQC inspection surrounding Children and Young Person's services in January 2025. Whilst the Trust have begun addressing the concerns, there is a significant amount of work still ongoing through the PQIG and its three workstreams in order to fully address the concerns identified.

Whilst we acknowledge the arrangements that the Trust have implemented in the period to address the identified issues, we note that these arrangements have not been sufficient to mitigate the identified issues on a timely basis. The CQC reiterated this observation within the s29A letter, noting the Trust recognised the issues with the service, but had not been able to implement the agreed actions to mitigate the risks.

The timing of the CQC inspection has also meant that the finalised inspection reports have not yet been published at the date of this report and therefore many of the remedial actions had not yet been fully implemented as at year end.

Therefore, we consider these issues to indicate a significant weakness in the governance arrangements in place at the Trust and make the following recommendation:

The Trust should review the arrangements in place to address the issues identified with the Children and Young People's Services, both internally and through the CQC inspection. This should include:

- *Ensuring actions are in place to ensure timely mitigation of identified risk.*
- *Appropriate escalation is in place where risks are not able to be mitigated in a timely manner.*
- *Maintaining the current level of focus and ensuring sufficient resources to improve the levels of service provided by the Children and Young Person's service at the Trust based on the Section 29A warning notice and concerns identified.*

As concerns have been identified in two consecutive years during CQC inspections, we also recommend the Trust review the overall QGAC effectiveness, including the reporting of risks to the committee, timeliness of actions to mitigate risks and how the Trust identifies and reports risks that are unable to be mitigated in the short term to ensure the appropriate alternative mitigations are considered.

	2025	2024
Control deficiencies reported in the Annual Governance Statement	None	None
Head of Internal Audit Opinion	Moderate assurance	Moderate assurance
Oversight Framework segmentation	2	2
Care Quality Commission rating	Good (Safe and Well-led)	Good (Safe and Well-led)

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

Summary of arrangements

We have **not identified a significant weaknesses** in the Trust's arrangements in relation to improving economy, efficiency and effectiveness.

Assessing Value for Money and Opportunities for Improvement

A monthly paper is presented to the Trust's Finance Committee in order to report on financial performance, allowing the Trust to assess the level of value for money being achieved. Management also maintain and monitor costs by reviewing the information received from the Model Hospital as well as performing detailed analysis over patient level costing. This benchmarking data is used for financial planning and contracting rounds to shape efficiency plans.

Partnership Working

System working is embedded as business as usual to enact the appropriate actions and change. This is underpinned by the Somerset Long term plan, which in its agreement principles, states that all providers agree to work within the aggregate of organisational control totals.

The Trust forms part of the Somerset ICS and members of the Board and Leadership team are integrated within the governance of the system. This includes the involvement and integration of key members of the Trust in the System Finance Group. This ensures the Trust is integrated into key system decisions and feeds back to the Trust the Board and Finance Committee. Planning is performed at an ICS level as well as considering the individual entities that make up the ICS, with the aim of achieving financial sustainability at a system level, although there also remains a focus on achieving financial balance at an organisational level.

Following the merger of Yeovil District Hospital NHS Foundation Trust into Somerset NHS Foundation Trust on 1 April 2023, NHS Somerset ICS now includes one provider and one commissioner, driving a closer working partnership. During the year, the Trust received notification from NHS England regarding the Quality Governance Recommendations raised prior to merger in December 2022, confirming the recommendations had been adequately addressed.

Monitoring of Performance of Services

The Trust has a performance management framework in place to set the structure of performance management. This details the format of reporting, outlining roles and responsibilities for each level. The main element of performance reporting is the integrated performance report which provides the Finance Committee, and subsequently the Board, with key operational performance indicators on a monthly basis. This report highlights performance in different domains in line with the Trust's strategy and highlights key areas for improvement within each domain. For these areas further information is provided, such as trends, to help inform the Finance Committee and provide the full context. Escalation reports for key areas are presented to the Board.

Recommendations

We raised the following recommendations in response to significant weaknesses identified in our value for money procedures.

#	Recommendation	Management Response
1	The Trust should review the arrangements in place to address the issues identified with the Children and Young People's Services, both internally and through the CQC inspection. This should include: • Ensuring actions are in place to ensure timely mitigation of identified risk. • Appropriate escalation is in place where risks are not able to be mitigated in a timely manner. • Maintaining the current level of focus and ensuring sufficient resources to improve the levels of service provided by the Children and Young Person's service at the Trust based on the Section 29A warning notice and concerns identified. As concerns have been identified in two consecutive years during CQC inspections, we also recommend the Trust review the overall QGAF effectiveness, including the reporting of risks to the committee, timeliness of actions to mitigate risks and how the Trust identified and reports risks that are unable to be mitigated in the short term to ensure the appropriate alternative mitigations are considered.	In line with the ongoing governance review being undertaken across the Trust, QGAC will undertake a review of its effectiveness in terms of oversight and management of risks, commencing at its meeting in June 2025. The Board will consider the findings of this review alongside a wider committee effectiveness review. The PQIG will be reconfigured to hold the action plans and responses in respect of the ongoing improvement plans, the response to the CQC inspection reports and the plans for re-opening inpatient maternity and neo-natal services. Risks identified will be escalated through reports as a standing at QGAC and from there to the Trust Board.

Prior year findings

Significant weaknesses followed up from the prior year

In our annual auditor's report for the financial year 2023-24 we reported that the Trust had a significant weakness in arrangements over governance surrounding the CQC inspection and subsequent report in relation to Maternity Services in Yeovil District Hospital. As required by the Code of Audit Practice we have revisited this issue and set out in the table below an update in regards to the arrangements in this area.

#	Recommendation	Management Response	Current status
1	The following recommendation is raised in relation to the significant weakness identified in the Trust's governance arrangements associated with the CQC inspection: *Whilst we recognise the Trust has taken action in response to the warning notice, the timing of the notification means that the Trust has not been able to demonstrate sufficient action within the period. The Trust should continue to maintain the current level of focus and direct resources to improve the level of services provided by the maternity services at the Trust based on the Section 29A warning notice and the "Must Do" actions of the full CQC report.*	The Trust has established a Maternity and Neonatal Action Group (MNAG) , jointly chaired by the Chief Nurse and Chief Operating Officer, to oversee the response to the CQC inspection reports and delivery of the actions in relation to the s29A warning notice. As identified in this report, the Trust has submitted action plans in respect of the s29A notice and also in respect of the CQC inspection reports Must and Should Do recommendations and has established liaison meetings with the CQC to inform and update on the delivery of these. MNAG meets twice a month and reports monthly to the Trust's Quality and Governance Assurance Committee which reports directly to the Board at each of its public board meetings. These arrangements will continue until the action plans are completed and/or a further CQC inspection of maternity services is undertaken.	**Closed** The Trust has continued to report progress against the action plan developed in response to the maternity CQC inspection. This has included the establishment of the Maternity & Neonatal Group. Significant progress has been made in completing the actions within the CQC inspection, as noted within the action plan status reported to the 26 March 2025 Quality and Governance Assurance Committee, where it was noted that the plan was 76% complete. A further report in April 2025, provided to the Maternity and Neonatal Governance Meeting demonstrated further progress, with the plan now showing 92% completion.

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Somerset
NHS Foundation Trust

Report from the Lead Governor for 2024-2025

We have continued to develop the Council of Governors in line with the continued collaboration between the acute hospitals, mental health, community services, and primary care services, to ensure that patients throughout Somerset have their needs listened to.

Communication across the Trust remains one of the biggest challenges for the Governors. We have continued to hold our working group meetings online, which has limited the ability to have general and often informative conversations, but it does allow Governors from across the county to attend and remain fully informed of developments within in the Trust.

We have continued to hold our informal Governors meetings monthly, and this has enabled Governors to raise questions and queries, which the Lead and Deputy Lead Governor can feed back to the relevant person or department and build relationships in an informal environment.

Our Council of Governors' quarterly meetings and our development days have been face-to-face, but again this has proven a challenge, as Somerset is a large county and therefore finding venues to suit all has meant some Governors have been unable to attend. However, I would like to thank all those Governors who, throughout the year, have attended and made such a valuable contribution, ensuring the statutory duties of the Governors have been adhered to.

Our Governor Development Days have enabled us to stay abreast of specific areas of interest across the Trust, and we remain amazed at the dedication shown by the staff in ensuring the best delivery of health care to the people of Somerset. An example of this is, as referred to in the Quality Accounts, the work being done on the reduction of pressure sores. The Governors noted that over the year, pressure sores on the risk register remained high, and at all meetings this was raised. This meant the Trust collaborated with a small group of Governors to ensure the work being undertaken was reducing the incidence of pressure sores, and they remained fully informed.

Our Governor working groups ensure all areas of the Trust come under the scrutiny of the Governors. These are: Quality and Patient Experience; People; Strategy and Planning; Membership, Involvement and Communication; and Nomination and Remuneration. The Nomination and Remuneration Group have had a busy year with the resignation of Colin Drummond, who had reached the end of his period of office. We also had three NEDs who had reached the end of their term with the Trust. The Governors presented Colin with a painting of Exmoor in gratitude for the time and effort he had given to the Trust. The Trust has been fortunate to appoint Rima Makarem, who has a wealth of experience and will lead the Trust in its next stage of transformation. Four NEDs, including an Associate NED, have been appointed with

special interests in community, workforce, training, and IT. This will ensure the Trust is held to account in all areas.

The role of the Governors is to ensure the NEDs hold the Board to account. Below are the differing ways in which we ensure this is undertaken:

- Governors attend the Board meetings on a rotational basis. The Lead and Deputy also attend the confidential Board meeting, which allows the Governors to be reassured the NEDs challenge the executives on a regular basis.
- The Non-Executive Directors have resumed their attendance by rotation at the Governor Development Days; this has allowed the Governors to directly challenge the NEDs. They also attend the Council of Governors.

- Governors are invited to join the walkarounds across the acute, community and mental health wards; these are undertaken by an executive, NED and Governor.

- The group talk to staff and patients, and this allows any problems, and examples of good practice to be observed. This also allows the Governors to see the NEDs working and provide them with reassurance that they are holding the Executives to account.

- The Lead and Deputy Lead Governors have monthly meetings with the Chair, the Deputy Chair, and the Senior Independent Director. This provides an excellent conduit for information to pass between Governors and Executives, ensuring the Governors are kept informed of developments within the Trust.

- A Governor representative attends the following committees: Finance and Audit Quality and Governance, and People Committee. It is hoped that over the next year two Governors will be able to attend as observers on a rotational basis.

The relationship that Governors have with their constituents is increasingly important. Governors are now holding Governor surgeries throughout the Trust. They have attended Musgrove, Yeovil, South Petherton, Shepton Mallet, Minehead and others.

This allows our constituents to ask questions and gain an understanding of the Governor role. It is also a good way of encouraging membership of the Trust, which allows people to gain more knowledge of the Trust and how it ensures it meets the needs of the people of Somerset.

We have held walkarounds in the other community hospitals throughout 2025.

Our Staff Governors are a very important part of the Council, and we are very grateful for the time they give to us in their very busy work schedule. Their input is

invaluable, as they give the Governors a unique perspective on their working lives and the stresses they have to overcome in an increasingly challenging health environment.

Our Executive team have continued throughout this year to ensure that the Governors have benefited from the open and inclusive culture which is Somerset Foundation Trust, and we look forward to working together during what will be another challenging year.

I would like to thank my Deputy Lead Governor for his wise and helpful assistance during the last year, and I look forward to the next year.

The governors would also like to thank all our support staff who have worked tirelessly for us over the last year, without whom we would not be able to perform our duties.

Kate Butler
Lead Governor

Somerset
NHS Foundation Trust

PROGRESS IN RELATION TO THE MEMBERSHIP STRATEGY

We recognise the importance of having a strong and engaged membership. With circa 26,000 members (public and staff combined), the Trust has access to the local population, interaction with which helps to improve services.

The Membership Strategy for 2023-26 came into effect from 1 April 2023. 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, including the implementation of the Membership Strategy action plan, is monitored via the Governor led Membership, Involvement and Communications working group.

The Membership, Involvement and Communications group have develop a membership workshop to discuss, review and formulate a plan for meaningful engagement. The group agreed on re-introducing Governor Surgeries, Medicine for Members, and governor attendance at other events out in the communities. These sessions were re-introduced in 2024.

The Trust's membership is broadly representative of the population it serves. According to national 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, Involvement and Communications 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.

The Membership Strategy draws on the FT Code of Governance and best practice identified nationally. The agreed objectives for 2023 to 2026 are:

- To build an engaged membership that is representative of the communities we service, with a strong focus on the recruitment of younger members and members from the South Somerset, Dorset and Taunton areas.
- To improve engagement with members.
- To effectively communicate with members.

CHANGES IN GOVERNORS

The Council of Governors is required to report on any changes which have taken place since the last annual meeting and below an overview of the changes over the period 24 September 2024 to 29 September 2025.

Appointed Governors

The organisations eligible to nominate Appointed Governors are set out in the Constitution. Between 24 September 2024 to 29 September 2025 there have been the following changes to the governors:

- For the Somerset Council, one appointed Governor was removed due to non-attendance:
  - Adam Dance

- For the Somerset Council, one new appointed governor joined the Council on the 8 January 2025:
  - Val Keitch.

Public and Staff Governors

Governor changes outside of elections and Governor elections May 2025

Following James Mochnacz's resignation partway through his term, a vacancy arose in Mendip. During the July 2024 elections, a third nominee had stood for election, and in December 2024, this individual was co-opted to fill the vacant seat.

- Utpal Barua joined the Trust as public governor for Mendip in December 2024 to finish the term.

In May, the trust held an election to fill:

- 1 x full term for Mendip Governor
- 3 x full terms for West Somerset and Taunton Governors
- 1 x 1 year term for West Somerset and Taunton Governor
- 4 x full terms for South Somerset Governors
- 1 x full term for Sedgemoor Governor
- 2 x full term for staff Governors
- 2 x 1 year term for staff Governor

The following new governors were elected:

- Jude Glide (Public Governor for Mendip for full term)
- Ray Tostevin (Public Governor for South Somerset for full term)
- Jessica Cross (Public Governor for South Somerset for full term)
- Stuart Goble (Public Governor for West Somerset and Taunton for full term)
- Howard Millington (Public Governor for West Somerset and Taunton for 1 year of a remaining term)
- Neil Thomas (Staff Governor for full term)
- Emmanuel Audu (Staff Governor for full term)
- Robert Williams (Staff Governor for 1 year of a remaining term)

The following governors were re-elected:

- Mick Beales (Public Governor for South Somerset for full term)
- Sue Steele (Public Governor for South Somerset for full term)
- Jeanette Keach (Public Governor for West Somerset and Taunton for full term)
- Kate Butler (Public Governor for West Somerset and Taunton for full term)
- Judith Goodchild (Public Governor for Sedgemoor for full term)
- Joseph Silsby (Staff Governor for 1 year of a remaining term)

The following Governors have left due to personal reasons during the year:

- Utpal Barua resigned from his position as Public Governor for Mendip on 29 August 2025.

- Martin Davidson resigned from his position as Public Governor for Sedgemoor on 29 March 2025.

- Paull Robathan resigned from his position as Public Governor for South Somerset in April 2025, ahead of the elections, and thus ended tenure as Deputy Lead Governor.

The Council of Governor held a vote to appoint an interim Deputy Lead Governor pending a full ballot at a later date.

- Jack Torr was voted in as interim Deputy Lead Governor to support Kate until after the governor elections and Non-Executives Directors had been appointed.

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COUNCIL OF GOVERNORS PROCEEDINGS COVERING THE PERIOD 1 SEPTEMBER 2024 TO 31 AUGUST 2025

SOMERSET NHS FOUNDATION TRUST

The Council of Governors met five times between 1 September 2024 and 31 August 2025.

The Council of Governors met on 24 September 2024, 22 October 2024, 17 December 2024, 19 March 2025 and 26 June 2025.

The standard agenda items for the scheduled meetings are:

- Minutes of the previous meeting and matters arising.
- Public Register of Council of Governors' Interests.
- Chairman Update; including Council of Governors meeting attendance and statutory duties of Governors 2024/25.
- Performance report from the Board of Directors.
- Feedback from working groups – Strategy and Planning Group; the People Group; the Quality and Patient Experience Group; Membership, Involvement and Communications Group; and the Nominations and Remuneration Committee.
- Feedback from Governors, including Staff Governors.

The remaining items discussed at the Council of Governors meetings are set out below:

24 September 2024

- 2023/24 annual accounts for SFT, including the external audit opinion on the accounts, annual report and quality account, including the quality report.

22 October 2025 - EO Confidential Meeting

- To approve the External Audit Contract.
- To approve the chair appointment.

17 December 2025

- Governor Election Update
- Constitution and Standing Orders Review
- Update from the ICB

19 March 2025

- Non-Executive Director appointment extension
- Recruitment of Non-Executive Director Process
- Update from the Care Co-Pilot

26 June 2025

- Appointment of the non-executive directors
- Introduction to New Governors.
- Update on Paediatric Service and temporary closure of maternity services
- Update on Community Hospitals and Community Services