Somerset
NHS Foundation Trust

Annual Report and Accounts

2021/22

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Annual Report and Accounts 2021/22

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WELCOME FROM THE CHAIRMAN

When I wrote to you in last year's annual report we were in the middle of our fight back against the global Covid pandemic, rolling out vaccines but still facing lockdowns and major uncertainties. A huge amount has been achieved in 2021/22 reflecting the efforts of scientists worldwide and the absolute dedication of our colleagues throughout Somerset NHS Foundation Trust. In particular:

- We were honoured to be named Mental Health Trust of the Year in the prestigious Health Service Journal Awards in November for the work we have done alongside our partners in the third sector and council to develop and deliver Somerset's Open Mental Health approach
- We completed the roll out of the vaccination programme, both doses plus booster, and are now administering a further booster to specific at risk groups. This programme has been highly successful in curbing the virulence of Covid (though infection rates remain high).
- At the same time, we moved forward on our long-term investment programme in new facilities as described below, making substantial progress on our new theatres and critical care block and opening a new dedicated standalone diagnostic centre in Taunton. Musgrove Park Hospital is included in the government's new hospital programme and we submitted our strategic case for Treasury approval during the year.
- We made further good progress in our proposed merger with Yeovil District Hospital NHS Foundation Trust (YDH) putting in place a single executive team across both trusts. This merger is designed to give properly integrated patient centred care throughout Somerset, minimising the need for patients to be 'handed over' from one organisation to another, and is expected also to realise significant financial savings.

Despite all the above, very major challenges remain including:

- a very large backlog of care which is causing such distress for many;
- a long term shortage of trained doctors and nurses throughout the UK which the Covid-19 pandemic has only served to highlight;
- strains in social care which currently mean up to 30% of our hospital beds are occupied by patients who are medically fit to discharge but who for various reasons are unable to find the required support in the community. This has an immediate impact on our ability to eat into our backlog of care;
- an increasingly stretched primary care sector.

The Health and Social Care Bill, which has received Royal Assent, will replace Clinical Commissioning Groups with Integrated Care Boards and establish Integrated Care Partnerships, to which SFT will belong. A key role of these new bodies will be to address the pressures facing social care and primary care provision. Parliament is also focussed on the need for a proper long-term people plan for the NHS.

In short, the success of our Covid-19 vaccination programme means that coronavirus no longer has the devastating impact that it had before. However, it continues to have a massive impact on how we run our NHS services, on how we care for patients and our ability to discharge them when they are medically fit, on our waiting lists as patients' treatment has been delayed as a result of the pandemic, and on the staffing of our services as our colleagues inevitably also become ill with Covid-19.

Our Strategy

During 2021/22 my focus, that of my non-executive director and executive director colleagues, and of the Trust Board, has been to ensure that we have the strategic building blocks in place for Somerset NHS Foundation Trust and our valued colleagues to go from strength to strength and deliver on our mission to get it right for our patients, carers, colleagues, and communities through an inclusive culture of partnership, learning and continuous improvement.

The pandemic has emphasised the need to, and importance of, working together. Somerset FT's response to the pandemic has been strengthened because we are an organisation that provides acute, community and mental health services and are able to manage our response across those interdependent areas for the benefit of our patients and colleagues. As we look to the future, and the development of the Integrated Care System in Somerset, we are building on the success of our organisation by planning to merge with Yeovil District Hospital NHS Foundation Trust. This will bring together acute services in Somerset at both Yeovil Hospital and Musgrove Park Hospital; community services, mental health and learning disability services across the county, and a proportion of Somerset's GP practices into one organisation.

We are aiming to merge our two trusts because we believe that we will be better able to support the health and care needs of the people of Somerset, and to provide consistent and accessible services across the county, as one merged organisation. We will further integrate community, mental health and acute services and integrate acute services from Yeovil District Hospital and Musgrove Park Hospital in Taunton to provide equitable services across the county. In March 2021 we submitted our strategic case to our regulator for review and we are now working on the more detailed business case which we plan to submit in October 2022. In September 2021, Peter Lewis was appointed Chief Executive of both Trusts and since January 2022 a single executive team has been in place. This is an important step as we prepare to merge, building on the best from both organisations.

During 2021/22 we have done our absolute best to support our more than 9,000 colleagues who care for our patients. Our aim is to be a nurturing organisation that values and embraces diversity, supports colleagues to do well and progress in their roles, and supports them to maintain their physical and emotional wellbeing.
The results of the latest NHS Staff Survey were published at the end of March 2022, and we have paid them very close attention. At Somerset FT and at YDH, the latest results provide many positive areas and a very good platform on which to bring our organisations together. As you would expect, considering the challenges that the global pandemic has brought, morale has decreased slightly, but feedback from both

trusts is overwhelmingly more positive than for our comparators and YDH's results are particularly strong. I am particularly pleased that results from both trusts show that team working is strong and that our line managers are interested in their teams' wellbeing. Areas where we need to do better include colleagues have an annual appraisal and reducing and ultimately eliminating harassment.

Ensuring our patients have access to the services they need is a huge focus nationally and within the NHS in Somerset. Waiting lists for treatment have grown as a result of the global pandemic and our colleagues balance the needs of patients needing emergency care and those who need planned care. In 2021/22, Somerset FT made a number of significant changes that give our patients to access services more quickly than before.

In September 2021, the community diagnostic centre opened in Taunton. The state-of-the-art diagnostic centre was the first community diagnostics hub of its kind in England and provides Magnetic Resonance Imaging (MRI), Computed Tomography (CT), Ultrasound and X-Ray to our NHS patients.

Even before the pandemic, it was vital for us to increase our diagnostic imaging capacity. We were therefore delighted to have this centre in Taunton that gives NHS patients in Somerset increased access to diagnostic imaging at the community diagnostic hub. At the end of January 2022, the percentage of patients waiting less than six weeks for their diagnostic test had increased to 66.5%. This was less than 50% prior to the centre opening in September.

We are also increasing access to diagnostics and care for our ophthalmic patients. During the year a new £4.4 million eye care unit opened at Musgrove Park Hospital. The new unit means eye surgery can continue even when the hospital is at its busiest – which previously could have led to the postponement of planned surgery. This new eye unit is in addition to the new outpatient macular and glaucoma hub at Chard Hospital, which together will help patients get the eye care they need, in a timely way.

In addition, building work is in full swing on two new ophthalmic diagnostic centres which will open in the spring. Between them they will have the capacity to see over 20,000 patients a year in a "one stop shop" where they will be able to have tests and images taken in the same appointment. Ophthalmology is the highest volume outpatient specialty in the NHS and demand is expected to rise. Operating these centres will help to tackle growing waiting lists and reduce the delays patients have experienced over the last two years as a result of the pandemic. It will also help to meet the challenge of the expected future demand on the service.

The quality of care that we provide, and our wish to do our best for patients, is what unites all colleagues, no matter where they work and what their role. During 2021/22 colleagues made some significant changes to services or received recognition for their work:

- A new acute frailty unit opened at Musgrove Park Hospital to assess people over 65 for signs of frailty when they arrive in the Emergency Department (ED). With the hospital seeing increasing numbers of frail patients in Somerset, often with complex conditions, it can be difficult to get all the necessary assessments

done in ED within a limited time frame. Clinicians felt that introducing an acute frailty unit was the best way to enable a team of specialists, with an understanding of the health needs of frail older people, to provide patients with a comprehensive geriatric assessment.

- We have introduced a specialist dementia nurse role to provide clinicians at our community hospitals and at Musgrove Park Hospital with additional support when caring for patients with dementia and delirium.
- Global humanitarian charity UNICEF awarded our trust with gold standard 'Baby Friendly Accreditation' for the third year in a row. Baby Friendly accreditation is a nationally recognised mark of quality care for babies and mothers. We are the only trust in the South West that has consistently achieved the gold standard.
- Psychiatric liaison services at Musgrove Park and Yeovil Hospital both achieved an award for being a "sustainable service that's fit for the future" during a visit to the hospitals by the Psychiatric Liaison Accreditation Network team. They also successfully met 98 and 95 percent of the national standards.

Our focus is to provide the very best care we can to the people of Somerset, but we also want to ensure that we have state-of-the-art buildings and facilities that support our colleagues to further improve the care they provide to our patients. Some of our buildings at Musgrove Park Hospital date back to the second world war and our Musgrove 2030 programme aims to transform the hospital's facilities.

We are one of 21 organisations expected to benefit from the Department of Health and Social Care's hospital building programme, with potential funding of £450m. The trust has an exciting vision to transform Musgrove Park Hospital, of which this is part. In 2020/21, we completed our strategic case.

Other progress on the overall programme – called Musgrove 2030 – are set out below:

- A new extension to the critical care unit opened, replacing an older theatre in the Old Building, and increasing the number of critical care beds from 12 to 16.
- A new purpose-built therapies centre opened, housing the hospital's inpatient occupational therapy, physiotherapy and orthotics teams and services in one place.
- Musgrove Park Hospital's Bracken birthing centre opened after undergoing a £300k upgrade, funded by the League of Friends, to give parents-to-be in Taunton and Somerset access to modern, state-of-the-art birthing facilities.
- Work began to develop a new £12.5 million multi-specialty acute assessment hub. The development involves moving the hospital's current surgical assessment unit closer to the emergency and X-Ray departments, which will enable patients to be assessed by surgical teams more rapidly to determine whether they require emergency surgery or can be discharged home.

Thank you to all our colleagues and partners

It is a privilege to be chairman of Somerset FT and I am extremely proud of our colleagues' achievements. I am particularly delighted that our joint work with recovery partners, NHS, social care and the voluntary sector to transform mental health services in Somerset was recognised on the national stage during 2021/22. First Open Mental Health, the alliance made up of voluntary organisations, the NHS and social care, was shortlisted for a Health Service Journal Value award for our work to break down barriers, support and enable prevention, early intervention, and holistic support for those with mental health difficulties. Then, in November 2021, Somerset FT was named the Health Service Journal's Mental Health Trust of the Year. This is a huge honour and testament to the ground-breaking work that colleagues have done to transform mental health services in Somerset.

I want to finish by thanking my colleagues at Somerset FT, the over 9,000 people who deliver or support our patient services and continue to do so - and continuously look for opportunities to improve - in the face of the significant challenges of the Covid-19 pandemic. My thanks also go out to our governors, charities, patients, carers, and members of the public wo have continued to support us during 2022/23.

Signed

COLIN DRUMMOND OBE DL **17 June 2022**
Chairman

PERFORMANCE REPORT

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

Purpose and activities of the Trust

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

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

The impetus for our merger came from colleagues who saw the improvements that we can make if these services work together differently. Our clinical strategy is built from the ground up, based on the experience of our colleagues and services, and our knowledge of the growing needs of our population.

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

The Trust provides acute services from Musgrove Park Hospital (MPH) in Taunton, which has around 700 inpatient beds. We also operate 13 community hospitals (with 190 beds), providing inpatient, outpatient and diagnostic services, and seven Minor Injuries Units.

The Community Dental Service provides dental care to a caseload of 6,000 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. During the Covid-19 pandemic the Community Dental Service were also asked to provide urgent dental care for the general population. Urgent care work has continued into 2022 for Somerset and will return to general dental services from May 2022. 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 and diabetic eye screening. These services are provided in a range of settings including community team facilities, GP surgeries, local clinics, and patients' homes.

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

Somerset NHS Foundation Trust cares for some people from neighbouring counties who live close to the county border. In 2021/22, the Trust treated around 17,400 people in total from across north Somerset, Devon, Bristol and Bath & North East Somerset (BANES), Wiltshire, Swindon, and South Gloucestershire.

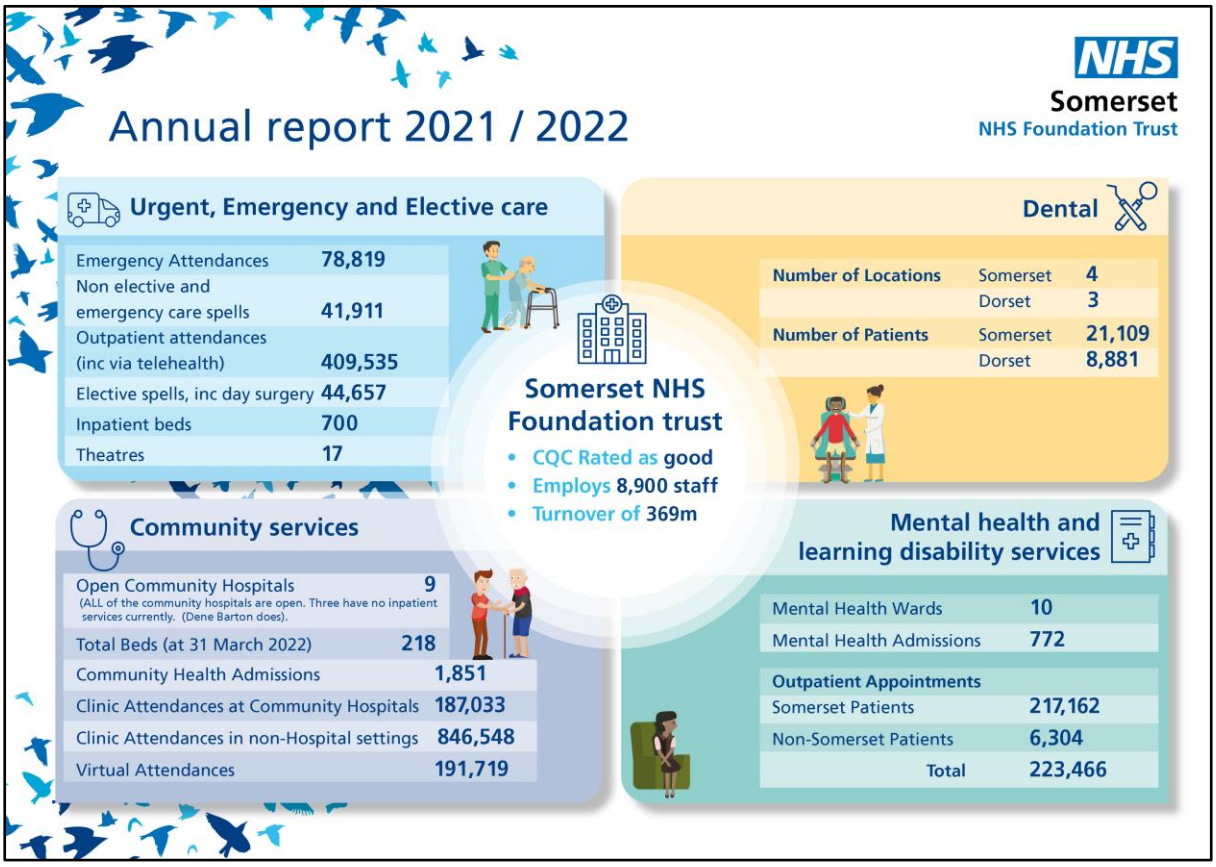
We are privileged to work with over 9,000 colleagues who deliver or support our patient services. From therapists to nurses, doctors, researchers, scientists, porters, cleaners, kitchen staff, accountants, those who teach the next generation of

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

The Trust's general services are commissioned by the local clinical commissioning groups while specialist services are nationally commissioned.

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

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



The NHS Annual Staff Survey is now aligned to the People Promises, meaning there are nine themes. Seven themes reflect the People Promises, with the additional themes being 'Staff Engagement' and 'Morale'. We scored well across the board in the 2021 Staff Survey, with eight out of the nine themes scoring better than average and the remaining theme being equal to the average. The themes that scored particularly well include the People Promise themes of 'We are compassionate and inclusive', 'We have a voice that counts' and 'Staff Engagement'.

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

Equality of service delivery

Work we have undertaken during 2021/22 to ensure equality of service delivery includes:

- We have signed up for a three-year project, “Advancing Mental Health Equalities” (AMHE), which is supported by the Royal College of Psychiatry. This project is underway, and we have committed to focus on three communities of identity. We have Experts by Experience involved in the overarching project group as well as the subgroups.
- Our Open Mental Health Services were co-produced and developed with service users to improve access among all groups. Open Mental Health, alongside public health, have secured fixed-term funding to develop a project to support access for underserved communities. This project is in its early stages and will be led by SPARK (Somerset’s Voluntary, Community and Social Enterprise [VCSE] infrastructure organisation). We are mindful to ensure that it complements the AMHE project and there is good cross-over at the project group level.
- We continue to have a thriving approach to co-production, with Recovery Partners (Experts by Experience) involved in many aspects of patient participation as well as co-producing projects and service developments. The rollout of ‘Attend Anywhere’ clinics across Somerset has been successfully adopted within most outpatient services, enabling the continued delivery of care to patients across Somerset during the pandemic.
- We have had the first iteration of the Somerset System Peri-operative Service funded. As this service develops in 2022/23 it will target GP referrals coming from council wards in Somerset with the highest levels of social deprivation. The aim is to prepare patients for surgery in a more targeted way, particularly those with poorly controlled diabetes, poor diet, anaemia and other chronic health care issues which are more prevalent in those areas.
- We have developed the Neurodevelopmental team partnership, to provide an equitable and consistent pathway approach to Autism referrals across the county, as part of the wider special educational needs and disabilities (SEND) work.
- The Somerset School Aged Immunisation Nursing Team (SAINT) is supporting the ongoing Covid-19 programme, supported by the wider vaccination team, in order to reach more children and young people across the county.
- Self-referral into Child and Adolescent Mental Health Service (CAMHS) for 15–17-year-olds started in September / October 2021. This is to be expanded and will be for young people aged 12 years+ from April 2022, supported by a promotional campaign in schools.
- Interpretation services have been adapted to remote working through virtual and telephone appointments, and take-up has remained high.
- The Homeless and Rough Sleepers Nursing Service is now a permanent service. Four nurses and four health link workers make up the team along with a Clinical Lead working across the somerset footprint, engaging and taking health care to with anyone who does not have a permanent home, and who has

a health need. The team visits hostels, YMCAs, ‘sofa surfers’ and the homeless in temporary accommodation. This has included prison releases, care leavers, gypsies, and traveling communities. We deliver nurse-led drop-in clinics with GP support at various locations across the county. The team also works closely with the Dual Diagnosis team, Mental Health services, the Police, the prison service and the probation service, including Julian house, the residential temporary accommodation for homeless prison releases, as this has been highlighted as an area that has a gap in health care. The team delivers clinical health care, advice and signposting to rough sleepers on the street, in hostels and drop-in centres, and multiple services across Somerset. They have formed strong partnerships with the council rough sleeper initiative, GPs, Minor Injury Units and hospitals. They have also supported Covid-19 vaccinations of this client group. Working in close collaboration with Public Health this year they are looking at training in dental care awareness for the team, also working on a video for Health Equalities Partnership to showcase their development to date and beginning to scope more work with Gypsy and Traveller Communities. The service is new, exciting, and evolving, and over time may need to expand to accommodate the ever-increasing numbers of homeless clients.

- As part of the integration business case, bringing together Somerset NHS Foundation Trust (SFT) and Yeovil District Hospital NHS Foundation Trust (YDH), we are looking at the pathways across the two acute hospitals for the homeless and rough sleepers. There has already been some work with Somerset Primary Link to ensure direct access to ambulatory emergency care in YDH and same day emergency care at Musgrove Park Hospital. The aim is to ensure that homeless and rough sleepers along with other affected groups like gypsies and travellers are supported to access clinical support when traditionally services struggle to meet their needs because of organisational barriers.
- With Somerset being one of the most rural counties across England, there are a high number of people who live and work in the rural farming community who are particularly susceptible to poor health and wellbeing, partly driven by the wide demands impacting on farmers across a range of social and economic factors. They often work long and anti-social hours, which can lead to social isolation and often difficulty accessing traditional health care services. In addition, often due to stress and social isolation, this community has a high proportion of mental health issues, often made worse because the individual simply does not raise this with anyone and can lead to consequent higher levels of male suicide. In 2018, the Derek Mead Health clinic was set up at the auction centre Junction 24, to provide physical health checks and emotional health & wellbeing advice on the second and fourth Saturdays of the month. Following the success of this clinic, two further clinics at Frome’s Standerwick Market, and Cutcombe Market on Exmoor commenced in November 2021 and all three clinics are now funded by Somerset Clinical Commissioning Group. The clinics were originally set up monthly but from April 2022 will run twice a month, in line with Market dates. In January 2022, a pilot was commenced, funded by Junction 24 to provide a monthly health and wellbeing clinic for heavy goods vehicle (HGV) drivers who stay overnight at the centre. This pilot is in the process of being reviewed, with the offer of continued funding supported by Wincanton Logistics.

- The Covid-19 vaccination programme has continued to ensure wide accessibility to people across Somerset. At risk, clinically vulnerable people in the homeless population were identified by the Public Health team at Somerset County Council. Vaccinations were supported by the Homeless Outreach teams and venues for vaccinations were flexible to ensure accessibility, including at YMCA hostels. Clinical teams in each mental health ward engaged their patients to seek consent and consider Best Interest decisions prior to vaccination visits. A roving team was supported by Primary Care Network doctors.
- In response to Covid-19 and the impact that it continues to have on people living with dementia and their carers, we are working in partnership with Somerset Clinical Commissioning Group, the Local Authority and the voluntary sector to develop the Somerset Dementia Wellbeing Model. We want to enhance community provision and support for people living with dementia and their carers to enable people to live healthy independent lives, to prevent the onset of avoidable illness and support active self-management. We are co-producing this model with our 'Sounding Board' group of people living with dementia and carers and all VCSE and statutory dementia providers across the Somerset to ensure safe, sustainable, effective, high quality, person-centred support in the most appropriate setting. The model will provide support in neighbourhood areas with an emphasis on self-management and prevention by putting people across the county in touch with a Dementia Support Worker from the moment they receive a diagnosis who will help to support them with local dementia expertise and access to localised trusted health information co-produced across the Somerset system. It will value all people alike and give equal priority to physical and mental health, particularly regarding cascading lifestyle advice around true dementia prevention and early support to our general population as well as providing advice on living well with dementia for people who have received a diagnosis. We hope that this innovative new approach will improve outcomes for people through personalised, co-ordinated support for the entire duration of their time living well with dementia. Our goal is to include all parties involved in dementia care in Somerset in this work to ensure that our approach is joined up, has a seamless "no wrong door" approach for people with dementia and their carers and generally operates using an Integrated Care System (ICS) approach that is similar to our Somerset Open Mental Health service.

A summary of the principal risks faced and how these have affected the delivery of objective

Inevitably the most significant issue affecting the Trust this year, like the whole of the NHS, the country and all parts of the world, has continued to be the global pandemic.

Across the year, we saw around 1,600 patients admitted to our wards with Covid-19, of whom sadly, around 130 died. We reconfigured our acute and community hospital services and our mental health inpatient wards to respond to the demands of the pandemic. This involved rapid redesign of services to release capacity for treating patients with Covid-19. This included postponing planned treatment, shifting appointments online where possible and redeploying colleagues across different settings. We also maintained our year-round emergency planning response to

oversee and co-ordinate the activities and changes, as well as respond to the guidance, policy and information requests issued during 2021/22.

The Trust continues to be the lead organisation, working with system partners, to deliver the Somerset Covid-19 Vaccination Programme. The Trust Vaccination teams at our Mass Vaccination Sites provide one third of the programme's capacity alongside colleagues in primary care and community pharmacies.

The programme delivered over 1.4 million vaccinations from its start in December 2020 to the end of March 2022. This includes a period before Christmas 2021 where, as part of a national surge to get as many people vaccinated as possible, the programme delivered over 63,000 vaccines in just one week. The Trust supported this surge, releasing staff to help the system effort.

The Somerset system has performed well in comparison to other areas of the country and is above average in all cohorts for first doses, and a total of 6% above the national average combined. The system is 2% above the national average for the booster programme and is the best performing in the country for boosters for immunosuppressed people. 100% of self-declared carers have been vaccinated, and we are the best-performing system in the South West for the delivery of vaccinations to housebound people with 97% having received at least one dose, and 94.3% having received a booster. In addition, 95.8% of care home residents have received at least one dose, and 94.9% received a booster. We are the third best system in the country for 1st dose uptake in people aged 12-15 at 71.2% compared to a national average of 60.7%

The Trust vaccination teams in the mass vaccination centres have developed an outreach model, vaccinating in pop up clinics across the county including centres in local communities, existing health sites, workplaces, and shopping centres, working closely with Public Health colleagues to ensure that any areas of low uptake are identified, and targeted communications and specific approaches are taken to improve this to reduce areas of inequality. The teams also go into people's homes if housebound or have additional needs and support delivery into care homes alongside colleagues in primary care. This work will continue as we move forward with the programme, and individuals will be able to continue to come forward for vaccination through our Evergreen offer.

As we move into 2022/23, the pandemic remains the most significant risk for the Trust, as it does for all of the NHS. While we have a restoration plan for our elective surgery and diagnostic procedures, the level of the backlog, the need to manage in a continuing Covid-19 secure environment, the pressure and impact on colleagues from the last year of living with the pandemic and the potential for further surges add significant risk to achieving our objectives.

We will also be continuing to develop during 2022/23 our preparations for merger with Yeovil District Hospital NHS Foundation Trust. Any period of organisational change brings with it a number of risks and we will seek to ensure that our focus on delivering outstanding care and supporting our colleague wellbeing remain at the centre of activities in the coming year.

PERFORMANCE REPORT ANALYSIS

During 2021/22 Somerset NHS Foundation Trust continued to maintain performance across a broad range of indicators linked to the delivery of high-quality care to patients.

Review of Trust Strategy and Business Model

2021/22 was the second full year of Somerset NHS Foundation Trust following the merger of Somerset Partnership and Taunton and Somerset NHS Foundation Trusts. As well as continuing to strive to deliver high quality care in line with our vision and values, we have focused much of our work over the last year on managing the impact of Covid-19 during the year and progressing the Covid-19 recovery and the subsequent impact on services that has grown during the pandemic.

Mission, Vision and Values

At Somerset NHS Foundation Trust we share a mission to deliver outstanding care through an inclusive culture of listening, learning and continuous improvement.

Our vision is to be an organisation that gets it right for our patients, carers, colleagues and communities through an inclusive culture of partnership, learning and continuous improvement.

The way that we work and our vision for our organisation is underpinned by our values – Outstanding care, Working together, Listening and leading. Our colleagues across all parts of our trust helped to develop these values and we use them in our work every day. Our values are at the heart of service planning, recruitment and the operational running of services for patients.

Our clinical objectives set out what we aim to achieve. We aim to:

- To enable people to live healthy independent lives, to prevent the onset of avoidable illness and support active self-management
- Provide safe, effective, high quality, person-centred care in the most appropriate setting.
- To provide support in neighbourhood areas with an emphasis on self-management and prevention.
- To value all people alike, addressing inequalities and giving equal priority to physical and mental health
- Improve outcomes for people through personalised, co-ordinated care.

Our corporate objectives are to get it right for our communities by:

- To develop our inclusive culture of learning, research and continuous improvement to improve safety, outcomes, efficiency and effectiveness.

- To work in collaboration with our partners in Somerset to develop an Integrated Care System and deliver the Fit for My Future strategy
- Achieving long term financial sustainability, enabling investment in the delivery of outstanding care.
- To develop a workforce that is:
    - Resourced appropriately, flexible and agile to support seven-day working and the provision of care in the right place.
    - Diverse, engaged, rewarded and resilient, demonstrating the values and the behaviours we expect.
    - Safe, confident and competent, to enable innovation and the provision of quality service.

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

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

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

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

Delivering our vision

The delivery of our vision and is spearheaded by five flagship programmes of work that form the heart of our clinical model. Our flagship programmes are:

- **Last 1,000 days**: valuing people's precious time in the last chapter of life

- **Independent Lives**: helping older people to live as they wish, giving them time to do what is important to them
- **Stolen years**: helping people with mental health conditions to live longer lives
- **Connecting us**: using time well, by working together, to focus on what matters to adults with complex needs
- **Function first**: improving life chances for children by increasing their time in school.

Implementation of our clinical model is supported by our people, estates and digital strategies. The objectives within those strategies are:

- To develop our inclusive culture of learning, research and continuous improvement to improve safety, outcomes, efficiency and effectiveness
- To work in collaboration with our partners in Somerset to develop an Integrated Care System and deliver the Fit for My Future strategy
- To develop a workforce that is:
    - Safe, with the skills and expertise needed to enable innovation and provision of a high quality service
    - Diverse, engaged, motivated and resilient, demonstrating the values and behaviours we expect
    - Resourced appropriately, flexible and agile to support outstanding care in the most appropriate setting
- To deliver levels of performance that are in line with our operational plans, system ambitions and can demonstrate progress towards the delivery of outstanding care
- To achieve financial sustainability, enabling appropriate investment in the delivery of outstanding care

New and Enhanced Services

During the year we have continued to rise to the challenge of Covid-19 by changing the way that our services have operated – improving electronic communication for patients, creating more virtual appointments and moving to fully-flexible remote working for colleagues. We have furthered the development of intermediate care services with Somerset County Council and the voluntary sector and have continued the implementation of the Open Mental Health service. Some of the new and enhanced services delivered this year include:

- **Vaccination programme** - The Trust worked with partners to develop and deliver the biggest vaccination programme in the history of the NHS in Somerset. We delivered hundreds of thousands of vaccinations from county-wide vaccination hubs in Taunton and Shepton Mallet, as well as at dozens of community venues and via roving teams of vaccinators. The success of the roll out to date has been due to the engagement of all parts of the Somerset Health and Care system, including primary care, Yeovil District Hospital, Somerset County Council and the voluntary sector.

- **Mental Health services** – The Trust has continued to work hard to innovate and deliver new, high quality mental health services. We were recognised as Mental Health Trust of the year at this year's Health Service Journal awards, with specific commendation for our work in innovation, co-production and delivery. We are continuing to invest in Open Mental Health, and there are additional schemes now in place including Crisis Safe Space for people in the community, and Next Steps transition support to help people out of inpatient care. We have also invested in more perinatal mental health services, talking therapies, and individual placement support.

- **Community services** – We have continued to embed our Neighbourhood teams. In North Sedgemoor for example, we have brought all stakeholders together to consider how we can improve collaborative working, including a Community Investigation Hub. The themes that have been developed there will be rolled out across the county in 2022/23. We have also worked to develop Health on the High Street, including at Taunton Library, and have developed a more multi-disciplinary approach to complex patients in the community. We have developed a Homeless and Rough Sleeper service to help this under-served part of the population, and we have widened our offer to more frail patients including additional therapy support. Older People's Mental Health services have been further developed including more psychology support. We have also developed more "virtual ward" services including pulse oximetry.

- **Elective care investment** – We continue to develop better facilities for the delivery of care. This year we have funded a new ophthalmic theatre suite on the Musgrove site, which has greatly increased our capacity to deliver ophthalmic surgery in a high-quality facility. We have also invested in more critical care capacity ahead of the opening of the new purpose-built critical care facilities in the coming years. The new critical care pod that has been developed this year increases capacity in a way which helps manage peaks in demand, whilst providing more modern facilities for the delivery of complex care.

Commercial and Business Development

The Trust has been successful in attracting funding for services which link health, care and the voluntary sectors together in supporting the communities across Somerset. These include:

- Volunteers services fund at both SFT and YDH
- Volunteers to careers funded by Health Education England and the Burdett Trust for Nursing
- Roald Dahl Charity supporting a specialist Epilepsy Nurse for Children and Young People

In addition, the Trust was successful in retaining the Public Health Safeguarding support and training services for Somerset County Council.

Rutherford Diagnostic Centre

We have also seen the successful opening of the Rutherford Diagnostic Centre (RDC), which was the first Community Diagnostic Centre of its type, operating as a partnership between the NHS and the independent sector. The RDC was opened on 24 September 2021 by Professor Sir Mike Richards CBE, former National Cancer Director in the Department of Health and author of an independent review of NHS diagnostics capacity, *Diagnostics: Recovery and Renewal*, which outlines why major expansion and reform of diagnostic services is needed to facilitate recovery from the pandemic and to meet rising demand.

The RDC delivers on one of the report's key recommendations to provide community diagnostic hubs away from acute hospital sites, with an integrated staffing model where NHS and Rutherford staff work side by side and decisions on service delivery and quality are jointly managed between the two organisations.

The RDC is seen as a national exemplar for the way that partnerships have been developed. The Trust and Rutherfords were one of the finalists for the HSJ Partnership Awards in 2022. The RDC has already increased capacity for both MRI and CT scanning by 25%, leading to improvements in waiting times for patients.

Further work is ongoing to develop a similar diagnostic Hub in Yeovil alongside other specialist centres.

Other developments

We provide support to colleagues within the Trust to develop new ideas for improving how we deliver services. This year, for example, one of our midwives developed the ERA Maternity System, to find a better way of responding to emergencies within the delivery rooms of the hospital. We supported a successful funding application to Health Education England, and the system is now being tested within the Trust with a view to being used trust-wide ahead of a potential NHS-wide rollout.

Key issues and risks to the achievement of Trust objectives

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

- **Covid-19** - The impact of the coronavirus pandemic meant that the Trust, in partnership with all partner agencies locally, regionally and nationally has had to manage unprecedented levels of pressure on services. Our acute, community, mental health and corporate services have continued to respond to the coronavirus pandemic by refocusing services, standing some up and stepping others down, to ensure that we can care for the people who need our support.
- **Staffing Pressures** - The Trust has continued to identify risks in a number of services around staffing pressures arising from vacancies, sickness absence and increasing levels of demand. This has led to the temporary closure or

reduction of some services specifically within community hospital services and ongoing pressures within our acute hospital wards.

- **Finance** - The Trust achieved a financial surplus in 2021/22, however, the system-wide pressures and financial risks have also been significant during the year but have been managed within the overall funding allocated to Somerset. The ongoing impact of Covid-19 on services, sustained pressure on urgent and community services, and a focus on recovering performance in planned care also exacerbated by inflationary pressures means that the Trust and system have a planned deficit for 2022/23.

- **Waiting Times** – During the year the impact of Covid-19 has further deteriorated the waiting times for planned care and the length of time patients are waiting. This is reflected across our acute services in diagnostics, surgery and also a number of our community-based services including Podiatry and dental services. The restoration and managing the resultant backlog will be a key focus during 2022/23.

KEY PERFORMANCE MEASURES

Oversight Framework targets

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

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge*	95%	88.4%	82.3%	78.8%	78.9%	82.2%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway**	92%	64.0%	63.0%	61.0%	59.0%	-
Number of patients waiting over 52 weeks from referral to treatment (RTT)	Zero (year-end)	1,959	1,669	1,742	1,741	-
Children and Young Persons Eating Disorder ***: urgent referral to be seen with 24 hours of referral	95%	82.9%	86.2%	85.7%	83.9%	-
Children and Young Persons Eating Disorder ***: routine referrals to be seen with 24 hours of referral	95%	67.0%	63.8%	69.7%	75.2%	-
Early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE-approved care package within two weeks of referral	56%	88.9%	53.8%	65.2%	67.7%	-

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
Improving access to psychological therapies (IAPT): • people with common mental health conditions referred to the IAPT programme will be treated within 6 weeks of referral • people with common mental health conditions referred to the IAPT programme will be treated within 18 weeks of referral	75% 95%	91.5% 99.6%	91.0% 100%	86.3% 98.4%	70.4% 98.5%	84.6% 99.1%
Cancer 62 Day Waits for first treatment****: • urgent GP referral for suspected cancer • NHS cancer screening service referral	85% 90%	66.5% 67.8%	70.9% 82.0%	75.1% 82.6%	68.3% 84.7%	70.3% 78.5%
6-week diagnostic wait	99%	57.9%	62.2%	62.9%	71.7%	-
Clostridium difficile (all cases including community associated)	24	10	12	12	12	46
MRSA (Trust apportioned cases)	0	1	1	1	1	4
Improving Access to Psychological Therapies (IAPT)/talking therapies: Percentage of people completing a course of IAPT treatment moving to recovery	50%	65.8%	63.1%	62.9%	59.2%	62.7%
The percentage of patients on Care Programme Approach who were followed up within 7 days after discharge from psychiatric inpatient care during the reporting period	95%	98.6%	98.6%	97.2%	99.2%	98.4%

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
Inappropriate out-of-area placements for adult mental health services (cumulative numbers shown)	0	11	34	105	52	202
Data Quality Maturity Index (DQMI) – MHSDS dataset score	95%	96.6%	96.5%	96.6%	96.1%	96.5%
Admissions to adult facilities of patients under 16 years old	0	0	0	0	0	0
Mental health scores from Friends and Family Test – % positive	85%	100%	78.3%	93.9%	92.0%	92.1%
Community health scores from Friends and Family Test – % positive	95%	98.5%	97.7%	97.4%	97.7%	97.9%

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

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

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

More detailed analysis and explanation of the development and performance during the year

Whilst the direct pressure on services from the Covid-19 pandemic started to ease during 2021/22, there have been significant challenges in restoring capacity back up to pre-Covid levels. Significant focus has been maintained on ensuring patients are appropriately triaged and monitored whilst they were waiting for treatment. National clinical prioritisations processes were adopted early in the first wave of Covid-19 and have remained in place to support the prioritisation of patients whilst routine waiting list backlogs are reduced. The Trust has continued to prioritise emergency, urgent and cancer care, but has also made sure as far as possible that patients who are most at risk of their condition deteriorating are reviewed. This has included writing to the longer-waiting patients who have not been seen recently, and who do not have a date to be seen in the next few weeks, to check whether their condition has worsened. Those patients reporting worsening symptoms are then reviewed and, if their consultant feels it is appropriate, the date for their outpatient appointment or surgery is brought forward.

There continues to be a direct impact of Covid-19 on available clinical capacity. This includes changes to capacity because of the infection prevention and control measures put in to reduce the risk of Covid-19 transmission between patients. In particular in the last quarter of the year, clinicians isolating or being off sick with Covid-19 had a significant impact on service delivery. Similarly, there continues to be a direct impact of Covid-19 on patients, with infected patients in some instances choosing to delay outpatient appointments, diagnostic tests or surgery. Decisions continue to be taken on an individual case by case basis with patients as to the right next steps, balancing the relative risks and benefits.

Referral levels grew steadily across 2020/21 and by the start of 2021/22 were close to pre-Covid-19 levels. However, during the first half of 2021/22 in particular, capacity continued to be significantly affected by Covid-19. The Trust was down one operating theatre until October 2021, when the new Ophthalmology Theatre Suite opened to replace the theatre which had been converted into additional critical care capacity. The Trust successfully bid for capital funding in 2021/22, to enable one of the existing theatres to be refurbished to make it more suitable for the specialties which now use it, but also to procure a range of theatre equipment to enable more work to be undertaken as day-cases and provide more flexibility in terms of the theatre sessions which can be run at any one time. The availability of inpatient beds for elective operating was significantly curtailed during the majority of 2021/22. This related to the very high volumes of medically fit patients continuing to reside in hospital beds because of severely reduced capacity within the Intermediate Care service and in particular the lack of domiciliary care to support the management of patients at home. Work continues with the wider care system to try to increase capacity for supported discharge. However, the Trust is also developing plans to open an additional ward by retaining a clinical area which was due to be closed as part of the redevelopment work for the new Surgical Centre. The aim is to have this additional ward open in July 2022.

Outpatient capacity was also affected by Covid-19, due to the need to ensure patients were socially distanced in waiting areas, but also to allow for cleaning of

areas between patients. One of the Trust's main Outpatient Departments has also been used during parts of 2021/22 as a Discharge Lounge to support timely discharge of patients from wards. The Discharge Lounge will be relocated to a modular building in April 2022, which will free-up outpatient capacity but also provide greater capacity for the Discharge Lounge itself, enabling more beds to be freed-up earlier in the day. Despite these challenges for outpatient services, the level of outpatient capacity has been restored to pre-Covid-19 levels through the increased use of telephone and video-based consultations and the greater use of community hospitals as a site for face-to-face appointments.

The Trust's performance against the 18-week referral to treatment (RTT) standard remained well below the national 92% standard and was heavily affected by Covid-19. The focus in 2021/22 was on trying to stabilise the waiting list as much as much as possible, whilst starting to reduce the numbers of longest-waiting patients. The total number of patients waiting on an RTT pathway increased by over 5,000 but the number of over 52-week waiters has reduced by around 1,000. The number of patients waiting over 104 weeks for treatment peaked in February at 145 patients. However, the Trust met its year-end trajectory of 88 patients, reporting 86 over 104-week waiters at the end of March 2022. Around a third of all the patients who will breach 104 weeks at the end of June 2022, which is the next national target to be met, already have dates booked or pencilled-in within target.

Two of the national cancer waiting times standards were met during the year, which were the 31-day wait for drug treatment (eg. chemotherapy) and the 31-day wait for radiotherapy, as a follow-up treatment for cancer or for a recurrence of cancer. The other national cancer waiting times standards were not met, mainly due to high levels of demand and/or reduced service capacity. Demand for several cancer services rose to unprecedented levels. An example of this was the breast service, where two-week wait referrals during the second half of the year were between 20% and 40% above pre-Covid-19 levels. This, in combination with changes in service capacity due to a resignation, resulted in a significant reduction in performance against the two-week wait standard.

During 2021/22 a significant amount of cancer pathway redesign work was undertaken. This included the establishment of a Somerset-wide hub for patients referred by GPs with non-specific symptoms of cancer or a significant benign condition, and the establishment of a colorectal referral hub to support GPs in the diagnostic work-up of potential two-week wait referrals. Last year also saw the piloting of an Artificial Intelligence project, to support the identification of lung abnormalities on chest x-rays in real-time, to enable patients to have their CTs booked before leaving the Radiology department, and the piloting of a one-stop outpatients and MRI clinic for patients with a suspected prostate cancer. This and other redesign work on the diagnostic phase of cancer pathways will continue into 2022/23, to support the achievement of the 28-day Faster Diagnosis standard for at least 75% of patients. This standard is already being met in some months, but further work is needed for some of the higher volume pathways to enable the standard to be met on a consistent basis.

The number of patients waiting over six weeks for a diagnostic test rose during the first half of 2021/22. The majority of patients waiting over six weeks were waiting for

an echo or an MRI scan. The increase in longer waiters was a result of high demand in the case of MRI, driven by inpatient and cancer referrals. For echo the increase in the waiting list was due to a significant reduction in service, with two resignations, one member of the team on long-term sick leave, and one on maternity leave. The number of long waiters peaked in August 2021, with overall performance of 54% against the six-week wait diagnostic standard. Additional MRI capacity was established through the opening of the Rutherford Diagnostic Centre in September 2021, but also through mobile scanning van capacity and outsourcing to local providers. Three additional members of the echo team were appointed and came into post in November 2021. This, in combination with the use of two insourcing providers and waiting list initiative sessions by the core team, has provided additional capacity to start to address the six-week wait backlogs but also reduce overdue follow-up scans. Performance at the end of February 2022 was 73% against the six-week wait standard, which puts the Trust and Somerset system in a good position for early achievement of the 75% South West regional ambition for the six-week wait standard, by March 2023.

Trust performance against the target of treating all patients within four hours of their arrival at A&E was below the national target during the year. 2021/22 continued to be challenging as a result of Covid-19. The national vaccination programme helped to reduce the acuity of Covid-19 presentations, and with changes to infection control measurements, management of patients and patient flow within the Emergency Department helped improve previous Covid-related workforce and capacity pressures. Attendance at our Emergency Department during the first quarter of the year remained low, similar to that of the previous year as a result of Covid-19 and lockdown restrictions, with the 4-hour performance in this period showing continued improvement.

Activity rose rapidly in late summer, matching activity levels experienced pre-Covid-19 with a further increase over the winter period, with attendances significantly exceeding pre-Covid levels. By the late winter presentations of Covid-19, although less severe in clinical presentation, were much higher than experienced in the previous year, as was the acuity of general emergency admissions. Emergency Department performance experienced a decline in relation to the 4-hour target, however a strong performance by our Minor Injury units has seen overall performance remain strong in relation to the overall national picture. Despite an increase in time to ward admission reducing the capacity within the department, SFT remains one of the higher-performing Trusts in relation ambulance handover times in the southwest. 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.

As part of our arrangements to keep patients safe and ensure that our services were accessible, our community-based physical and mental health services continued to offer patients, where appropriate, appointments via telephone and a virtual video clinic ‘Attend Anywhere’. This enabled patients to continue to receive advice and support throughout the pandemic and was instrumental in ensuring that we met the national waiting times standards relating to Improving access to psychological therapies and early intervention in psychosis. All of our mental health services

continued to operate during the whole of the pandemic and we did not close or suspend any services. The expansion of services also continued during this period, including our Community Mental Health Service Transformation work, Open Mental Health. Appointment outcomes remained favourable, with the standard for the percentage of people completing a course of IAPT 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 2021/22. Referrals to our community mental health services were 16.7% higher in 2021/22 than in 2020/21 and were 37.3% higher than in 2019/20. Increases occurred across a range of mental health services for adults, and children & young people. Attendances for community mental health services in 2021/22 increased by 4.2% when compared to 2020/21 and were 39.8% higher than in 2019/20.

Direct referrals to our community physical health services in 2021/22 increased by 22.5% compared to 2020/21 and were 0.2% higher than in 2019/20. Attendances during 2021/22 increased by 11.8% compared to 2020/21 and were 2.5% above levels seen in 2019/20.

Waiting times for our community physical health services and mental health services were largely maintained at a low level throughout the year. Over 90% of people waiting to be seen for the first time by our learning disabilities service had waited less than six weeks at the month-end in every month throughout the year, and the same was true of people waiting to be seen for the first time by our children and young people's mental health service. Over 90% of people waiting to be seen for the first time by our mental health service for older adults had waited less than six weeks at the month end in all months except April and May 2021, and over 90% of people waiting to be seen for the first time by our mental health service for adults had waited less than six weeks at the month end in all months except May/June 2021 and January 2022. The latest available data from the NHS Benchmarking Network shows that our waiting times for adults with learning disabilities and mental health services for adults, older adults and children & young people all compare favourably with peer providers nationally.

For Child and Adolescent Mental Health Eating Disorders Services (CEDS), at least 95% of urgent referrals should be seen within one week and at least 95% of routine referrals should be seen within four weeks, based on performance across a rolling 12 months. In 2021/22, of 31 urgent referrals to our CEDS, five patients were seen outside of the reporting standard (83.9% compliance, compared to national average performance of 59.0% as at 31 December 2021 – the latest national data available), and of 113 routine referrals, a total of 28 patients were seen outside of the four week reporting standard (75.2% compliance, compared to national average performance of 66.4% as at 31 December 2021 – the latest national data available). Over the 12 month reporting period the main reasons for breaches were a shortfall of capacity in the team, and patient / family delays. The service currently has one vacancy and is working to recruit to this position, although it is proving difficult to find appropriately qualified candidates, which is a national issue.

Good performance was maintained throughout the year, in respect of patients on the Care Programme Approach being followed up within 7 days after discharge from psychiatric inpatient care, with compliance of 98.4% being achieved against a required standard of at least 95%.

Performance was maintained throughout the year in respect of the 18-week national waiting time standard for Improving Access to Psychological Therapies (IAPT). Performance was also maintained in relation to the six-week waiting time standard for the majority of the year but fell below the 75% national standard in February 2022. The fall in compliance was primarily due to rising levels of demand and a shortfall in capacity within the service. During 2021/22 referrals into the service increased by 26.7% compared to 2020/21 and by 17.1% compared to 2019/20. The service has a high level of vacancies, which is an issue for IAPT services nationally, and recruitment to vacant positions continues to be challenging.

For Early Intervention in Psychosis (EIP), the requirement that at least 60% of people should begin treatment with a NICE-recommended care package within two weeks of referral was met for the majority of the year. Performance fell below the standard in August and September 2021, due to delays in the referral of patients to the EIP service, but performance was restored in October 2021 and has been maintained since.

Our numbers of inappropriate out-of-area placements for adult mental health services remained amongst the lowest nationally. With only 10 Psychiatric Intensive Care Unit (PICU) beds available, there are occasions when, due to clinical acuity or gender, it would be unsafe to admit a patient. During Covid-19, maintaining the required isolation arrangements increased the possibility that a patient would need to be placed out of county. When any patient is so placed, a key worker is immediately assigned to maintain daily 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. A number of episodes related to patients awaiting transfer to secure services. Working closely with other NHS providers, we are exploring opportunities to ease such transfers and cohort such patients.

We also had no admissions to adult facilities of patients under 16 years old in 2021/22.

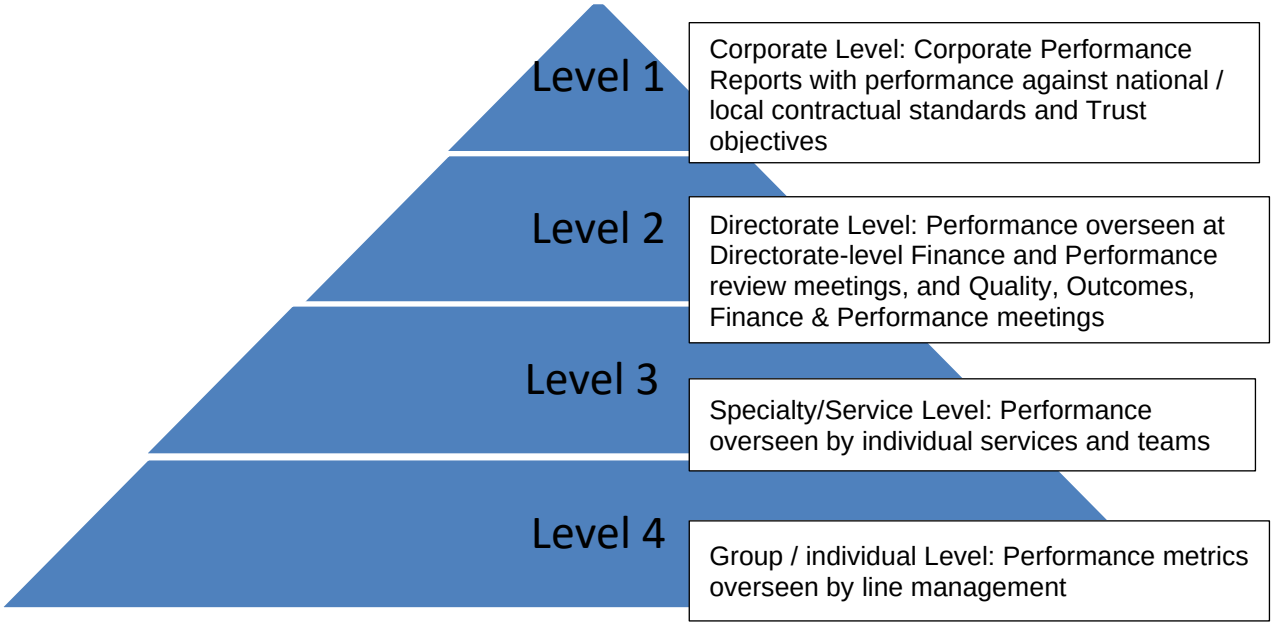
The Trust had four cases of MRSA bloodstream infection in 2021/22, with lapses in care identified in two, relating to peripheral vascular cannula. Forty-six Clostridium difficile cases were recorded during the year, which is higher than the threshold for the year of 24. All Trust associated cases are 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. The final Post Infection Reviews are in progress but of those completed, lapses in care were identified in nine, relating to antimicrobial prescribing, hand hygiene and environmental cleanliness.

Monitoring Performance, Improvements in Quality and Meeting National Targets

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

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

Figure 3: Performance Management System Hierarchy



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

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

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

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

The monthly Quality and Performance Report and accompanying dashboards assist the Board in its assessment of the achievement of our strategic and annual objectives and key targets, and all of the measures are linked to the five Care Quality Commission themes.

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

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

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

Our Quality and Governance 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 Committee receives a range of detailed tabulated and graphical performance information, at the level of individual service / ward, together with other key performance information and also requests, as necessary, focused information on particular aspects of service delivery and patient safety.

In addition to our Quality and Performance report and corporate balanced scorecard, we also maintain directorate-level performance dashboards for each of our six

operational service directorates, and our Estates and Facilities service. Each directorate dashboard sets out the performance of the service directorate, in relation to key targets relating to the services managed within that directorate. This allows our key corporate performance measures to be managed at a more granular level, and to identify any areas of concern which may lie below an overall incidence of underperformance, or even areas of concern which are component elements of an aggregate level of performance which meets the required corporate level standard.

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

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

The key purposes of these meetings include:

- undertaking detailed scrutiny of performance against key indicators and agreeing:
    - actions as necessary to address underperformance
    - recovery trajectories as necessary to restore or achieve compliance against performance standards
- undertaking detailed scrutiny of trends and incidence levels of patient safety and quality measures and outcomes, and agreeing actions as necessary to address any identified issues
- reviewing data and other feedback in relation to patient experience, and agreeing any actions as necessary in the light of notable positive or adverse areas
- monitoring activity levels, identifying variances against plans and the underlying causes, and agreeing actions as necessary to address variances
- providing support and challenge to teams, in relation to their performance position and to gain assurance that performance issues are being addressed effectively.
- assessing risks to future delivery and agree mitigation plans.
- identifying and agreeing future performance management arrangements.

- rewarding directorates which perform well, by reducing the degree of performance management involvement.
- identifying the contributory issues behind any declines in performance and to have a clear escalation and de-escalation process.
- focusing on early performance management intervention, where directorates might be at risk of failing to meet required standards.

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

Commissioning for Quality and Innovation (CQUIN) Targets

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

In 2020/21 CQUIN was suspended, due to the impact of Covid-19. It is expected that arrangements will recommence in 2022/23.

ENVIRONMENTAL SUSTAINABILITY

Introduction

Climate change is becoming increasingly important as an issue for modern society and the impact that climate change will have on people's health was highlighted at the COP26 climate change conference, in Glasgow 2021. The World Health Organisation (WHO) presented a report on healthcare and climate change and held sessions that link the climate change and healthcare agenda creating recognition in the countries represented at the conference, that improving sustainability through climate change mitigation, adaptation and reversing biodiversity loss has benefits for people's health in many ways.

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

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

The impact of climate change on Somerset NHS Foundation Trust sites and the population of Somerset is likely to include the following:

1. our buildings have the potential to be sources of heat stress during heat waves, possibly increasing the length of stay of patients and impacting the wellbeing of colleagues.
2. flooding or the potential of flooding and its impact on people's homes, livelihoods, and communities, will cause anxiety and stress. These events may also put additional pressure on our ability to grow food locally, an important part of the economy in our area.
3. burning of fossil fuels in buildings and vehicles leads to poor air quality. Our sites should provide a haven of good air quality to allow people to get better in an environment that helps their wellbeing. This has a co-benefit for the wellbeing of colleagues. Linked to increases in green spaces and access to biodiversity at our sites.

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

The Green Plan

The appointment of the Head of Sustainability, Energy and Carbon was made in September 2021. The role provides the necessary senior leadership and focus to achieve the ambitious targets on net zero and sustainability provided by the government across the Somerset NHS system.

The Green Plan has been developed and approved by the Trust Board. The Green Plan brings together the sustainability objectives of Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust. The Green Plan includes a vision for sustainability in the Trust:

> *'To allow the people of Somerset to live well for longer, we must undertake to minimise our impact on the local and global environment. Our Green Plan will provide buildings that utilise zero carbon energy, our services will minimise the use of resources and we will improve ecology and biodiversity on our sites to provide a haven of wellbeing for our patients, colleagues and visitors.*
>
> *Our colleagues will be the driving force of changes in our clinical practice to improve sustainability. Colleague engagement activities will promote sustainable change with links to quality improvement processes and other change programmes at the Trust, to drive sustainable decision making.'*

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

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

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

Challenges

The Trust does not currently purchase all electricity from renewable sources due to the cost pressures that this would incur on the energy that the Trust uses. This will

be examined again in the 22/23 year and the Trust will seek to move over to solely use renewable energy generated electricity.

The Covid-19 pandemic has led to increased use of energy and increased waste volumes in many areas of the Trust's services, due to advice from Infection Control to reduce the risk of spreading the virus.

Achievements

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

- Recruited to the Head of Sustainability, Energy and Carbon post to take strategic lead on improving sustainability at the Trust.
- Green Plan has been developed and approved by the Trust boards for Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust.
- Successful application to the Public Sector Decarbonisation Scheme for approx. £1million of funding to replace oil fired heating at Wincanton hospital with a hybrid air source heat pump and gas fired boiler solution as part of a longer-term decarbonisation strategy for the site. The funding will also replace gas fired heating at Priorswood Medical Records with air source heat pumps and will install substantial solar arrays on both buildings to reduce carbon emissions and save on the cost of energy.
- The Trust has continued to reduce the use of desflurane anaesthetic gas, the most damaging to the environment, of the anaesthetic gases commonly used.
- LED external lighting has been installed at Minehead, Bridgwater and Dene Barton community hospitals, reducing energy consumption, carbon emissions and replacement.
- Expanded the range of items that are recycled at the acute hospital site to reduce volume of waste going for disposal.
- The reusable sharps container system that was introduced last year has successfully introduced metal reclamation process from the waste stream, reducing the impact of incineration of the waste.
- Trees have been planted at 12 sites across the Trust to celebrate the Queen's Platinum Jubilee. The trees have been selected to improve biodiversity and provide maximum ecological value on the sites.
- A survey of the steam distribution system at the acute site has identified improvements for efficiency of the system that will be considered for investment in 2022/23.
- Automatic meter reading technology has been installed on water meters on the highest consuming sites in the Trust. This will enable identification of high consumption and potential leaks to reduce costs and water wastage.
- Additional covered bicycle storage has been installed at the acute site.

- The Trust's first electric vehicle charging point for Trust vehicles has been installed at the acute site as part of a trial of electric vehicles in Estates and Facilities that is commencing in 2022/23.

2022/23 Plan

Specific actions that have been set from the development of the Green Plan in the next 12 months. These actions will be progressed alongside work to continue to improve sustainability across all of the aims of the Green Plan:

- we will undertake a Travel Survey across the organisation to understand the travel associated with our work and of our patients and visitors to all of our sites, including the acute hospitals, community hospitals, mental health services and primary care services that we deliver.
- An Energy Strategy will be developed for the acute sites of Musgrove Park Hospital and Yeovil District Hospital. For our other sites, energy strategy principles will be developed to set a trajectory for decarbonisation aligned to planned replacement of systems or planned major refurbishment of buildings.
- The decarbonisation of our buildings will be assessed with the carbon footprint calculations to provide a timeline to net zero carbon of our Scope 1 and 2 emissions, the emissions we are directly responsible for.
- A series of engagement events will be undertaken across the Trust to recruit colleagues as Sustainability Facilitators within the organisation. Training will be developed to provide our colleagues with the necessary skills to help the Green Plan to be implemented. They will be enablers and points of contact to alert the Sustainability Team to actions that could be taken to improve sustainability. Directors and Senior Management teams will be provided with training to aid their decision making to reflect the ambitions of the Green Plan.
- We will use Greener NHS tools to develop our Trust level carbon footprint and carbon footprint plus. We will use this tool and the baseline to develop key performance indicators of sustainability.

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.

Going Concern

On 1 April 2023, the Trust is due to merge with Yeovil District Hospital (YDH) and there is a reasonable expectation that YDH has adequate resources to continue in operational existence for the next 12 months

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care consistent with the revised funding arrangements in response to the COVID-19 pandemic. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due; and will be accessed through the nationally agreed process published by NHS Improvement and the Department of Health and Social Care.

There has been no application to the Secretary of State for the dissolution of the Trust and following the preparation of detailed financial plans for 2022/23, 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.

Financial Instruments

It is Trust policy to avoid the use of financial instruments, when possible, thus minimising financial risk to the Trust. This means that the Trust's exposure to risks created by financial instruments is much lower than commercial organisations of the same size. The accounts state the Trust's accounting policies (note 1.14) and the nature and value of the risk that the Trust faces (note 29).

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

Signed

PETER LEWIS **17 June 2022**
Chief Executive

FINANCIAL OVERVIEW AND REVIEW

Overview

Somerset NHS Foundation NHS Trust was established on 1 April 2020. In the final weeks of preparations to merge our two predecessor organisations (Somerset Partnership NHS Foundation Trust and Taunton & Somerset NHS Foundation Trust), a global pandemic was declared and we came together as one organisation to respond, caring for patients with Covid-19 in our mental health, community and acute services and changing how we care for our non-Covid-19 patients.

2021/22 was another challenging year for everyone and our services have been under huge pressure as a result of the pandemic. The business as usual financial and contracting frameworks were suspended to reduce the burden on NHS organisations and allow them to focus their efforts on responding to the pandemic.

Revised financial frameworks continued to be in place throughout 2021/22, ensuring the Trust had sufficient financial resources to continue to deliver safe and high-quality services.

In 2021/22 we delivered an operational surplus of £1.9 million (before the impact of technical adjustments arising from the annual revaluation of its estate, see page 27; note 2 annual accounts (2021/21: £0.9million). The Trust investment in capital infrastructure and equipment totalled over £64million in year (2020/21: £53million) and will ensure the Trust has the buildings, equipment and IT to continue to deliver high quality services for its patients.

The Trust financial performance is also assessed by NHS England and Improvement (NHS E&I) on a control total basis. The Trust exceeded the breakeven control total set out by NHS E&I by recording a surplus (on a control total basis) of £1.7million (2020/21: £0.026million).

The delivery of the financial plan becomes increasingly more difficult with each passing year. The financial challenges for the Trust will continue in 2022/23 as the NHS focuses on restoring activity to pre-pandemic levels, improving efficiency and productivity all while delivering a challenging savings programme to achieve financial sustainability. To help to do this, the Trust will need to be more radical in its approach to the delivery of services, working closely with all the health and social care organisations in Somerset to ensure the services are delivered as efficiently as possible.

Regulatory Ratings

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

- Quality of Care
- Finance and Use of Resources

- Operational Performance
- Strategic Change
- Leadership and improvement capability

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

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

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

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

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

Internal Audit

The Trust engaged BDO to provide an internal audit function during 2021/22 in order to review, evaluate and help to continually improve the effectiveness of our risk management and internal control processes.

External Audit

The financial statements were reviewed by the Trust's external auditors, KPMG, who issued an unqualified opinion, and the statements were approved by the Board of Directors on 17 June 2022.

Statutory audit costs for 2021/22 were £142,800 with no audit-related assurance services. (2020/21: £133,200 for statutory audit). The costs include unrecoverable vat.

Income Disclosure

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. In 2021/22 the Trust has not received any income for goods and services not related to the health service and there are no plans to do so within the next 12 months.

Directors' Responsibilities Statement

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

Political Donations

Somerset NHS Foundation Trust has not made any political or charitable donations in 2021/22.

Better Payments Practice Code

The Better Payments Practice Code requires the Trust to aim to pay all undisputed invoices by the due date, or within 30 days of receipt of goods or receipt of invoice, or from the invoice date, whichever is the later. The results against this target for the financial year 2021/22 are shown below.

	Number	£000
Total non-NHS trade invoices paid in period	129,914	348,419
Total non-NHS trade invoices paid within target	117,818	324,279
Percentage of non-NHS trade invoice paid within target	90.7%	93.1%
Total NHS trade invoices paid in period	2,343	45,113
Total NHS trade invoices paid within target	2,116	40,663
Percentage of NHS trade invoices paid within target	90.3%	90.1%

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 Improvement, and are designed to show a true and fair view of the Trust's financial activities. The accounting policies used comply with the NHS Foundation Trust Annual Reporting Manual and form the basis on which the financial statements have been compiled.

Signed

PETER LEWIS **17 June 2022**
Chief Executive

REMUNERATION AND STAFF REPORT

Remuneration Report

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

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

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

Nomination and Remuneration Committee

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

The Committee met three times in the financial year 2021/22 with attendance as follows:

✓ **– in attendance** X **– not in attendance** **Members**		**4 May 2021**	**15 September 2021**	**24 November 2021**
Colin Drummond	Chairman	✓	✓	✓
Barbara Clift	Non-Executive Director	✓	✓	
David Allen	Non-Executive Director	✓		
Barbara Gregory	Non-Executive Director	✓	✓	✓
Jan Hull (Deputy Chairman)	Non-Executive Director	✓	✓	✓

✓ **– in attendance** X **– not in attendance** **Members**		**4 May 2021**	**15 September 2021**	**24 November 2021**
Kate Fallon	Non-Executive Director	✓	✓	✓
Stephen Harrison	Non-Executive Director	✓	✓	✓
Alexander Priest	Non-Executive Director	✓	✓	✓
Sube Banerjee	Non-Executive Director	X	X	X
Martyn Scrivens	Non-Executive Director		✓	✓

The Remuneration Committee's meetings covered the following items:

- **4 May 2021 –** proposed adjustments to salaries of two Executive Directors for taking on additional duties outside of the Trust.

- **15 September 2021** – update on the executive structure consultation process; approval of the appointment of the joint Chief Executive; approval of the appointment of the Chief Officer – Collaboration and Partnerships; approval of the secondment agreements for the joint Chief Executive and the joint Chief officer – Collaboration and Partnerships; approval of the remuneration of the joint Chief Executive and approval of the remuneration for the joint executive director roles.

- **24 November 2021** - approval of the appointment of the Executive Team.

There was no requirement for the Director of People and Organisational Development to attend any of these meetings to provide further advice.

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

The pay policy for Executive Director remuneration aims to deliver the main principles for director remuneration under Section E of the NHS Foundation Trust Code of Governance.

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

The Trust will set executive remuneration taking account of data on pay available elsewhere for each particular role within the benchmark data. The benchmark data will be reviewed annually and will be based on the Hay scores. The principal benchmark will be the national public sector and the foundation trusts with an annual

turnover of £125-£150 million will be used as a secondary benchmark. Additional factors, as defined by the Nomination and Remuneration Committee, will also be taken into account.

Remuneration packages for Non-Executive Directors

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

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

Remuneration packages and any changes made to it for Executive Directors

Element	Rationale
Salary	The Board approved the Trust Strategy. These are delivered by the Directors. This success measure is one of the ways in which the Directors performance is monitored. All executive director remuneration is subject to satisfactory performance of duties in line with their employment and monitored through regular 1:1 with the Chief Executive and annual appraisal. The Chief Executive performance review is led by the Trust Chairman. There is no performance related pay and Directors receive 100% of their salary subject to the relevant deductions. Salary is benchmarked and there are no automatic rises for executive directors.
Taxable Benefits	Any taxable benefit is agreed by the Nomination and Remuneration Committee. This forms part of the recruitment and retention of executive directors by ensuring that the Trust remains competitive. There is no maximum amount payable.
Bonus	No bonus scheme operates at the Trust therefore the maximum that could be paid is £0.
Pension	Standard pension arrangements are in place for 2021/22.

The Chairman of the Nomination and Remuneration Committee confirms that for the 2021/22 financial year changes were made to Executive Directors' remuneration, but no new components of the remuneration package were introduced in 2021/22. The changes to remuneration were as a result of the appointment of a joint executive team from January 2022 and part of the remuneration costs are recharged to Yeovil District Hospital NHS Foundation Trust. One of the Executive Directors received an increase of 10.4% whilst all other increases were below 10% of basic salary.

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

Expenditure on consultancy

A total of £311,174 was spent on consultancy in 2021/22 (2020/21: £374,359).

Off payroll arrangements

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

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

Payments for Loss of Office

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

Statement on remuneration levels higher than the British Prime Minister

Following guidance from the Secretary of State the Trust is required to disclose the steps it has taken to satisfy itself that the remuneration is reasonable in cases where senior managers are paid more than £150,000 p.a. There are 2 (2019/20: 1) senior managers currently employed by the Trust who were paid more than £150,000 p.a. (the Chief Executive and the Chief Medical Officer). The salaries for these posts have been benchmarked and are commensurate with national, regional and local comparator roles within the NHS, reflecting the very high levels of responsibility associated with the posts.

Employment Conditions of Other Employees

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

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

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

Council of Governors remuneration

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

There was no remuneration paid to governors. During 2021/22 there were no travel expenses submitted by any governors (2020/21: £1,000). Details of the governors are shown on page 102.

Contracts of Employment

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

Executive Directors allowed to work elsewhere as a Non-Executive

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

Pensions and retirement benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.5 to the accounts and details of senior employees' remuneration can be found on page 50 of this report.

Salaries and Pensions Entitlements of Senior Managers

The following sections provide details of the remuneration, pensions of the Directors for the period ended 31 March 2022, median pay, staff costs and WTE and reporting of compensation schemes have been audited.

Total remuneration 2021/22	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges Taxable Benefits ***	**Recharges Pension**	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**		**£000**	**£000**
Peter Lewis, Chief Executive	1	205-210	100	50 – 52.5	255 – 260	(30 – 35)	0	(15 – 17.5)	205 – 210
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)	2	140 – 145	0	115 – 117.5	255 – 260	(40 – 45)	0	(35 – 37.5)	180 – 185
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)	3	130 – 135	0	32.5 – 35	165 – 170	(5 – 10)	0	(7.5 – 10)	145 – 150
Phil Brice, Director of Governance and Corporate Development	3	110 – 115	0	20 – 22.5	130 – 135	(5 – 10)	0	(7.5 – 10)	115 – 120
Pippa Moger, Director of Finance	3	130 – 135	0	0	130 – 135	(5 – 10)	0	0	120 – 125
Hayley Peters, Chief Nurse	3	120 – 125	200	0	120 – 125	(5 – 10)	100	0	115 - 120
David Shannon, Director of Strategic Development & Improvement	3	130 – 135	100	30 – 32.5	160 – 165	(5 – 10)	100	(7.5 – 10)	140 – 145
Isobel Clements, Director of People and Organisational Development	3	125 – 130	200	40 – 42.5	165 – 170	(5 – 10)	100	(10 – 12.5)	145 – 150

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

Notes

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

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

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

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

The equivalent disclosures for 2020/21 were as follows:

Total remuneration 2020/21	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges Pension**	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**	**£000**
Peter Lewis, Chief Executive		190-195	0	55 – 57.5	245 – 250	n/a	n/a	245-250
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)		130 – 135	100	32.5 – 35	160 – 165	n/a	n/a	160 – 165
Phil Brice, Director of Governance and Corporate Development		110 – 115	0	65 – 67.5	175 – 180	n/a	n/a	175 – 180
Pippa Moger, Director of Finance		135 – 140	0	25 – 27.5	160 – 165	n/a	n/a	160 – 165
Hayley Peters, Chief Nurse	4	95 – 100	0	50 – 52.5	145 – 150	n/a	n/a	145 - 150
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)	1	125 – 130	0	35 – 37.5	165 – 170	(5 – 10)	(7.5 – 10)	150 – 155
David Shannon, Director of Strategic Development & Improvement		125 – 130	0	30 – 32.5	155 – 160	n/a	n/a	155 – 160
Isobel Clements, Director of People and Organisational Development		120 – 125	0	30 – 32.5	150 – 155	n/a	n/a	150 – 155

Total remuneration 2020/21 (continued)	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**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)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**	**£000**
Daniel Meron, Chief Medical Care Officer	2	200 – 205	0	175 – 177.5	375 – 380	n/a	n/a	375 – 380
Alison Wootton, Acting Chief Nurse	3	25 – 30	100	25 – 27.5	50 – 55	n/a	n/a	50 – 55
Colin Drummond, Chairman		50 – 55	0	n/a	50 – 55	n/a	n/a	50 – 55
Barbara Clift, Non-Executive Director		10 – 15	0	n/a	10 – 15	n/a	n/a	10 – 15
David Allen, Non-Executive Director		10 – 15	0	n/a	10 – 15	n/a	n/a	10 – 15
Jan Hull, Non-Executive Director		15 – 20	100	n/a	15 – 20	n/a	n/a	15 – 20
Barbara Gregory, Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	15 – 20
Kate Fallon, Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	n/a	15 – 20
Stephen Harrison, Non-Executive Director		10 – 15	0	n/a	10 – 15	n/a	n/a	10 – 15
Alexander Priest, Non-Executive Director		5 – 10	0	n/a	5 – 10	n/a	n/a	5 – 10

Notes

1. Part of Yeovil District Hospital Board as Chief Operating Officer from 1 Jan 2021.
2. £96k of the salary for the Medical Director relates to their clinical role.
3. From 5 Apr to 10 Jul 2020.

4. From 1 Apr to 4 Apr and from 11 Jul to 31 Mar 2021.

*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	Note	Real increase in pension at age 60	Lump sum at age 60 related to real increase in pension	Total accrued pension at age 60 at 31 March 2021	Lump sum at age 60 related to accrued pension at 31 March 2021	Cash equivalent transfer value at 31 March 2021	Cash equivalent transfer value at 31 March 2020	Real increase in cash equivalent transfer value	Employer's contribution to stakeholder pension
Name and Title		**(Bands of £2,500) £000**	**(Bands of £2,500) £000**	**(Bands of £5,000) £000**	**(Bands of £5,000) £000**	**£000**	**£000**	**£000**	**£000**
Peter Lewis, Chief Executive	1&2	2.5 – 5	0 – 2.5	80 – 85	175 – 180	1454	1369	62	n/a
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)	1	2.5 - 5	0 – 2.5	40 – 45	65 – 70	807	748	36	n/a
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)	1	5 – 7.5	10 – 12.5	50 – 55	100 – 105	819	699	97	n/a
Phil Brice, Director of Governance and Corporate Development	1	0 – 2.5	0	30 – 35	65 – 70	671	629	23	n/a
Pippa Moger, Director of Finance	1	0 – 2.5	0	45 – 50	80 – 85	755	738	0	n/a
Hayley Peters, Chief Nurse	1	0	0	45 – 50	90 – 95	803	802	0	n/a
David Shannon, Director of Strategic development & Improvement	1	0 – 2.5	0	40 – 45	75 – 80	662	617	23	n/a
Isobel Clements, Director of People and Organisational Development	1	2.5 – 5	0 – 2.5	50 – 55	115 – 120	966	902	41	n/a
Daniel Meron Chief Medical Care Officer	1	5 – 7.5	2.5 – 5	55 – 60	140 – 145	1315	1192	88	n/a

Notes

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

2 Opted out of the NHS Pension Scheme 1 November 2021.

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

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

Median pay

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

The banded remuneration of the highest paid director in the financial year 2021/22 was £170-175k (2020-21, £200-205k). Gross of recharges to Yeovil District Hospital is £205-210k which is a change between years of 3%. [From 2022/23, a prior year comparative of the percentage change will be required.]

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

For employees of the Trust as a whole, the range of remuneration in 2021-22 was from £125 to £317,355 (2020-21 £230 to £233,767). The percentage change in average employee remuneration (based on total Remuneration for all employees (Salary on an annualised FTE basis) divided by full time equivalent number of employees) between years is 4.2%. [From 2022/23, a prior year comparative of the percentage change will be required.]

25 employees received remuneration in excess of the highest-paid director (net of recharges) in 2021-22. [Prior year comparative will be added in 2022/23 requirements.] Gross of recharges to Yeovil District Hospital NHS Foundation Trust, 3 employees received remuneration in excess of the highest paid director.

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	£20,330 (2020/21: £19,737)	£25,655 (2020/21: £24,907)	£35,281 (2020/21; £33,779)
Total pay and benefits excluding pension benefits	£23,029	£31,534 (2020/21: £29,715)	£41,346
Pay and benefits excluding pension; pay ratio for highest paid director	7:1	5:1 (2020/21: 7:1)	4:1

The Group Accounting Manual requires temporary agency staff to be included within the above median pay disclosures. However, due to the lack of availability of the detailed information required to calculate a meaningful annualised cost per

temporary staff member (the amount received by the staff member), the trust has excluded temporary staff from the above calculations and comparative. The Trust will work with our agency providers to obtain this information such that temporary staff can be included within the disclosure in future years. Temporary agency staff costs equated to £19.9m in the year (2020-21: £15.1m).

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

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

Staff costs

	Permanent	Other	2021/22 Total	2020/21 Total
	£000	**£000**	**£000**	**£000**
Salaries and wages	308,145	8,487	**316,632**	**293,634**
Social security costs	30,697	0	**30,697**	**29,389**
Apprenticeship levy	1,640	0	**1,640**	**1,468**
Employer's contributions to NHS Pensions	40,684	417	**41,101**	**37,353**
Additional contribution 6.3%, paid by NHSE	17,546	179	**17,725**	**16,259**
Redundancy	86	0	**86**	**376**
Temporary staff (including agency)	0	42,687	**42,687**	**34,530**
Total staff costs	398,712	51,770	**450,482**	**412,632**
Costs capitalised as part of assets	**(2,715)**	**0**	**(2,715)**	**(2,547)**

Average number of employees (WTE basis)

	Permanent Number	Other Number	2021/22 Total Number	2020/21 Total Number
Medical and dental	754	39	**792**	**738**
Ambulance Staff	4	0	**4**	**3**
Administration and estates	2,209	107	**2,315**	**2,208**
Healthcare assistants & other support staff	1,761	248	**2,009**	**1,573**
Nursing, midwifery and health visiting staff	3,129	248	**3,377**	**2,467**
Scientific, therapeutic and technical staff	426	5	**431**	**1,292**
Healthcare science staff	73	6	**79**	**153**
Other	0	19	**19**	**28**
Total of which	**8,354**	**672**	**9,027**	**8,462**
Number of employees (WTE) engaged on capital projects	**48**	**0**	**48**	**46**

Retirements due to ill-health

During 2021/22 there were 4 early retirements from the Trust agreed on the grounds of ill-health (2020/21: 7 early retirements). The estimated pension liabilities of this ill-health retirement was £230,080 (2020/21: £364,997).

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

Directors' remuneration and other benefits

	31 March 2022 *	31 March 2021
	£000	£000
Salary	**1,185**	1,387
Employer's National Insurance contributions	**154**	179
Employer pension contributions	**156**	199
	1,495	1,765
Number of executive directors to whom pension benefits are accruing	**9**	9

Benefits are accruing under the NHS defined benefit pension scheme to 9 of the directors; (2020/21: 9). No benefits are accruing under any money purchase schemes.

**This includes the Director's recharge to/from Yeovil District Hospital where the Trust developed a closer working relationship during 2021/22. As a result, a single Executive/Management Team was formed.*

Reporting of compensation schemes - exit packages 2021/22

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

Reporting of compensation schemes - exit packages 2020/21

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
£10,001 - £25,000	**0**	**1**	**1**
£25,001 - £50,000	**0**	**2**	**2**
£50,001 - £100,000	**2**	**2**	**4**
	2	**5**	**7**
Total resource cost (£)	**154,597**	**221,734**	**376,331**

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

Signed

PETER LEWIS **17 June 2022**
Chief Executive

Trade Union Facility Time Disclosure

Union	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	TOTAL PAID HRS	Horuly rate with on-costs	Average Union Hours Per Week	Cost Per Week	Total Cost Per Year	FTE	Contracted Hours	% of Employers Cost	timein bands of a) 0%, b) 1-50%, c) 51-99% and d) 100%	Trade Union activities	union activities as a % of total paid facility time
RCN	0	0	0	0	0	0	0	0	0	16	16	16	48	£21.78	0.92	£ 20.10	£ 1,045.29	0.40	15.00	6%	B	0	0.00%
CSP	4	4	4	4	4	4	4	4	4	4	4	4	48	£21.78	0.92	£ 20.10	£ 1,045.29	1.00	37.50	2%	B	0	0.00%
RCN	50	50	55	65	50	60	60	60	50	60	50	50	660	£24.96	12.69	£ 316.79	£ 16,473.23	1.00	37.50	34%	B	96	14.55%
RCN	15	15	15	15	13	15	13	15	15	15	15	15	0	£29.42	-	£ -	£ -	0.61	23.00	0%	A	0	0.00%
RCN	4	5	4	5	4	4	4	5	5	5	5	4	54	£30.27	1.04	£ 31.43	£ 1,634.50	1.00	37.50	3%	B	0	0.00%
UNITE	4	4	4	4	4	4	4	4	4	4	4	4	48	£13.65	0.92	£ 12.60	£ 655.27	1.00	37.50	2%	B	0	0.00%
UNITE	65	65	65	60	65	60	65	60	60	35	60	60	720	£49.99	13.85	£ 692.15	£ 35,991.69	1.00	37.50	37%	B	75	10.42%
UNITE	10	10	10	10	10	10	10	10	10	10	10	10	120	£51.55	2.31	£ 12.73	£ 6,186.47	1.00	37.50	6%	B	20	16.67%
Unison	4	4	4	4	4	4	4	4	4	4	4	4	48	£15.69	0.92	£ 14.48	£ 752.97	0.80	30.00	3%	B	0	0.00%
RCN	15	15	15	13	15	15	13	15	15	15	15	15	176	£24.96	3.38	£ 84.48	£ 4,392.86	1.00	37.50	9%	B	0	0.00%
UNITE	12	12	10	10	12	12	12	12	12	12	12	12	140	£20.05	2.69	£ 53.97	£ 2,806.66	1.00	37.50	7%	B	24	17.14%
UNTIE	4	4	4	4	4	4	4	4	4	4	4	4	48	£17.59	0.92	£ 16.23	£ 844.16	0.80	30.00	3%	B	0	0.00%
RCN	14	14	14	12	12	14	14	15	15	4	0	0	128	£26.23	2.46	£ 64.57	£ 3,357.44	1.00	37.50	7%	B	0	0.00%
CSP	0	4	4	4	4	4	4	4	4	4	4	4	44	£20.55	0.85	£ 17.39	£ 904.36	1.00	37.50	2%	B	0	0.00%
BDA	3	3	3	3	3	3	3	3	3	3	3	3	36	£29.42	0.69	£ 20.37	£ 1,059.30	1.00	37.50	2%	B	0	0.00%
Unison	0	0	0	0	0	0	0	0	0	0	0	0	0	£24.96	-	£ -	£ -	1.00	37.50	0%	A	0	#DIV/0!
Unison	0	0	0	0	0	0	0	0	0	0	0	0	0	£24.96	-	£ -	£ -	0.61	23.00	0%	A	0	#DIV/0!
GMB	0	0	0	0	0	0	0	0	0	0	0	0	0	£29.42	-	£ -	£ -	1.00	37.50	0%	A	0	#DIV/0!
UNITE	12	12	10	10	15	12	10	12	12	8	12	15	140	£24.96	2.69	£ 67.20	£ 3,494.32	1.00	37.50	7%	B	200	0.00%
UNITE	0	0	0	0	0	0	0	0	0	0	0	0	0	£13.65	-	£ -	£ -	0.80	30.00	0%	A	0	0.00%
RCN	15	15	15	15	13	13	15	15	15	15	15	15	176	£13.65	3.38	£ 46.21	£ 2,402.67	1.00	37.50	9%	B	0	0.00%
RCN	13	13	15	15	15	15	15	15	15	15	15	15	176	£24.96	3.38	£ 84.48	£ 4,392.86	0.80	30.00	11%	B	0	0.00%
Unison	30	30	30	30	30	30	16	16	16	16	16	16	276	£20.05	5.31	£ 106.41	£ 5,533.12	1.00	37.50	14%	B	0	0.00%
GMB	4	4	4	4	4	4	4	4	4	4	4	4	48	£11.53	0.92	£ 10.65	£ 553.61	0.43	16.00	6%	B	0	0.00%
BMA	4	4	4	4	4	4	4	4	4	4	4	4	48	£58.14	0.92	£ 53.67	£ 2,790.72	1.00	37.50	2%	B	0	0.00%
Unison	0	0	0	0	0	0	0	0	0	0	0	0	0	£13.65	-	£ -	£ -	0.80	30.00	0%	A	0	0.00%
RCN	4	4	4	4	4	4	4	4	4	4	4	4	48	£12.70	0.92	£ 11.73	£ 609.74	1.00	37.50	2%	B	0	0.00%
Society of Radiographers	8	8	8	8	8	8	8	8	8	8	8	8	96	£29.42	1.85	£ 54.32	£ 2,824.79	1.00	37.50	5%	B	0	0.00%
Unison	16	16	16	16	16	16	90	90	90	90	90	0	546	£20.05	10.50	£ 210.50	£ 10,945.96	0.80	30.00	35%	B	0	0.00%
												Trust Wide Totals	3872		74.46	£ 2,022.55	£ 110,697.29		969.50	8%	B	415	10.72%

Total Pay Bill	£ 435,010,644

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

TRUST WORKFORCE REPORT

The Trust has a workforce of 12,044 employees working in a range of inpatient, outpatient, community and mental health team settings across a wide range of geographical locations. The information provided is drawn from the national ESR (NHS Electronic Staff Record) system and provided in a way that will be recognisable to all, using national guidelines for Staff Group and using our known Trust Workforce Directorate naming convention.

Colleagues in post at 31 March 2022

Type	Headcount	FTE (Full Time Equivalent)
Contracted Employees	10,047	8,625.7
Bank/Zero Hours Employees	1,997	0
Grand Total	**12,044**	**8,625.7**

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

Trainee Clinical Psychologist	Headcount	FTE
	243	241.5

Workforce Information by Directorate

Directorate	Headcount	FTE
Clinical Support & Specialist	1,023	879.6
Corporate Support Services	1,557	1,423.7
Families Care Directorate	983	781
Integrated and Urgent Care	2,070	1,734.5
Maternity Pay	240	210.4
Mental Health and LD	1,125	995.9
Operational Management	250	190.3
Primary Care & Neighbourhoods	951	789.8
Surgical Care	1,848	1,620.5
Grand Total	**10,047**	**8,625.7**

Contracted and Bank/Zero Hours by Directorate

Directorate	Headcount		FTE	
	Bank/ Zero Hours	Contracted	Bank/ Zero Hours	Contracted
Bank	1,609	0	0.0	0.0

Directorate	Headcount		FTE	
	Bank/ Zero Hours	Contracted	Bank/ Zero Hours	Contracted
Clinical Support & Specialist	4	1,023	0.0	879.6
Corporate Support Services	0	1,557	0.0	1,423.7
Families Care Directorate	32	983	0.0	781
Integrated and Urgent Care	7	2,070	0.0	1,734.5
Maternity Pay	5	240	0.0	210.4
Mental Health and LD	4	1,125	0.0	995.9
Operational Management	313	250	0.0	190.3
Primary Care & Neighbourhoods	6	951	0.0	789.8
Surgical Care	17	1,848	0.0	1,620.5
Grand Total	**1,997**	**10,047**	**0.0**	**8,625.7**

Workforce Information by Staff Group

Staff Group	Headcount	FTE
Add Prof Scientific and Technic	789	675.4
Additional Clinical Services	3,094	1,932.2
Administrative and Clerical	2,211	1,638.1
Allied Health Professionals	874	666.1
Estates and Ancillary	843	590.2
Healthcare Scientists	85	72.3
Medical and Dental	1,027	720.2
Nursing and Midwifery Registered	3,121	2,331.2
Grand Total	**12,044**	**8,625.7**

Contracted and Bank/Zero Hours by Staff Group

Staff Group	Headcount		FTE	
	Bank/ Zero Hours	Contracted	Bank/ Zero Hours	Contracted
Add Prof Scientific and Technic	44	789	0.0	675.4
Additional Clinical Services	806	3,094	0.0	1,932.2
Administrative and Clerical	273	2,211	0.0	1,638.1
Allied Health Professionals	70	874	0.0	666.1
Estates and Ancillary	135	843	0.0	590.2
Healthcare Scientists	4	85	0.0	72.3
Medical and Dental	222	1,027	0.0	720.2
Nursing & Midwifery Registered	443	3,121	0.0	2,331.2
Grand Total	**1,997**	**12,044**	**0.0**	**8,625.7**

Staff Group by Gender

Staff Group	Headcount		FTE	
	Female	Male	Female	Male
Add Prof Scientific and Technic	615	174	526.2	149.2

Staff Group	Headcount		FTE	
	Female	Male	Female	Male
Additional Clinical Services	2,682	412	1,534.1	398.1
Administrative and Clerical	1,844	367	1,336.7	301.4
Allied Health Professionals	709	165	526.2	139.9
Estates and Ancillary	460	383	305.5	284.7
Healthcare Scientists	61	24	51.1	21.2
Medical and Dental	600	427	381.7	338.5
Nursing and Midwifery Registered	2,808	313	2,101.7	229.5
Grand Total	**9,779**	**2,265**	**6,763.2**	**1,862.5**

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

	Male	Female
Executive	6	4
Non-executive	5	3
Total	11	7

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

	Male	Female
Medical consultants & GPs	215	266
Senior managers (all band 8+ staff)	144	350

Other employees

	Male	Female
Medical (training and career grade)	161	267
All other staff	1,445	7,463

Gender pay gap

The Trust's gender pay gap report for 2020/21 was the first report for Somerset NHS Foundation Trust with the report being based on a snapshot of data as at 31 March 2020. Previous reports were reported as separate reports for the legacy organisations. The gender pay gap shows the median and mean pay gap and provides an analysis of the difference between medical and non-medical roles.

In line with national guidance, the data is published on the Trust's website at: https://www.somersetft.nhs.uk/wp-content/uploads/2022/04/Gender-Pay-Gap-Report_2020-21.pdf

The information can also be found on the Cabinet Office website https://gender-pay-gap.service.gov.uk/

Staff Sickness Absence

Figures Converted by DH to Best Estimates of Required Data Items		Statistics Published by NHS Digital from ESR Data Warehouse		
Average FTE 2021	Adjusted FTE days lost to Cabinet Office definitions	FTE-Days Available	FTE-Days lost to Sickness Absence	Average Sick Days per FTE
8,292	94,843	3,026,592	153,857	11.4

Source: NHS Digital - Sickness Absence and Workforce Publications - based on data from the ESR Data Warehouse Period covered: January to December 2021

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

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

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

- The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by Average FTE.

Staff Turnover as at 31 March 2022

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

Directorate	March 2021
Clinical Support and Specialist	11.6%
Corporate Support Services	13.1%
Families Care Directorate	11.3%
Integrated and Urgent Care	10.8%

Directorate	March 2021
Mental Health and Learning Disabilities	13.4%
Operational Management	20.8%
Primary Care & Neighbourhoods	18.8%
Surgical Care	9.41%
Grand Total including Maternity Pay	13.6%

Employees with disabilities

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

The data shows the workforce representation as a whole and the board representation against this alongside the experience of colleagues with a disability. This report outlines progress made to date, areas for improvement, and an action plan for the next 12 months.

The Trust is committed to having a representative workforce and takes appropriate steps to support the attendance of colleagues with a disability, making reasonable adjustments as necessary to help colleagues with a disability remain in work. The Trust has signed up to the government's 'Disability Confident' scheme – as part of this we have committed to provide reasonable adjustments to employees living with a disability and adopt the guaranteed interview scheme – where candidates with a disability are invited to interview if they meet the criteria for an advertised role. This scheme is outlined in our recruitment policy.

The Trust launched the NHS Health Passport for colleagues. This editable health passport has been designed for colleagues with a disability, long term health condition, mental health issue or learning disability/difficulty. It allows individuals to easily record information about their condition, any reasonable adjustments required and in place, and any difficulties they face. The passport is 'portable' and can be used with new line managers or with another NHS organisation.

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

The Trust Vision is to be an organisation that gets it right for patients, carers, colleagues and communities through an inclusive culture. This is underpinned by the value "working together."

The Trust aims to get it right for the diverse communities of Somerset and beyond – and wants services to serve, reflect and celebrate that diversity. The Trust wants

everyone to feel that they belong and services to be accessible to all who need them.

The Trust is signed up to the Somerset Equality Objectives which are shared with other health and social care organisations across Somerset. Alongside this the Trust has an Inclusion Strategy which sets out the following 7 key ambitions:

- Our colleagues, patients, carers and communities belong and are valued
- Colleagues are encouraged and enabled to speak up safely
- A representative workforce at all levels
- Working in partnership with and for our diverse communities
- An accessible organisation
- A networked organisation that works collaboratively
- An informed organisation that actively seeks out inequalities.

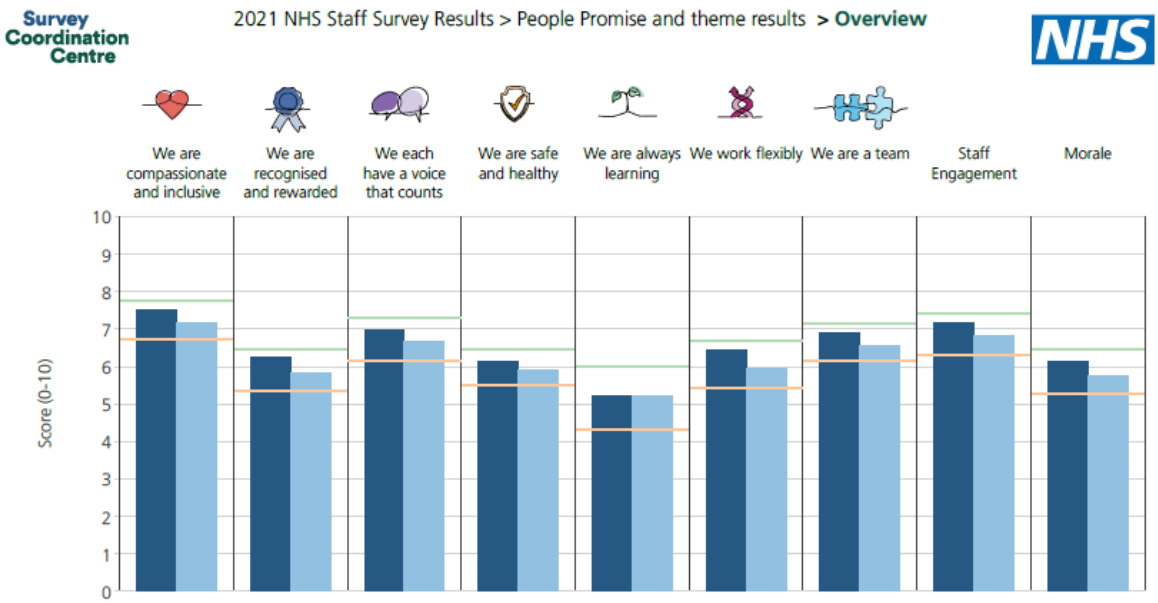
STAFF ENGAGEMENT

Staff Survey

The 2021 NHS Staff survey was completed between September and December 2021 with a 45% response rate which is a 4% decrease from the 2020 survey and 1% lower than the average for the comparator group nationally.

2021 has seen changes to the staff survey with the alignment of the themes in the survey to the 7 people promises set out in the NHS People Plan. In 2021 there are 9 themes in total, 7 aligned to the People promises and Staff Engagement and Morale as the two additional themes.

Overall, the 2021 Staff Survey results were positive with 8 of the 9 themes scoring better than the national average and 1 theme being in line with the national average. This can be seen in the table below.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.8	6.5	7.3	6.5	6.0	6.7	7.1	7.4	6.5
Your org	7.5	6.2	7.0	6.1	5.2	6.4	6.9	7.2	6.1
Average	7.2	5.8	6.7	5.9	5.2	5.9	6.6	6.8	5.7
Worst	6.7	5.3	6.1	5.5	4.3	5.4	6.2	6.3	5.3
Responses	4,310	4,303	4,285	4,300	4,066	4,282	4,300	4,315	4,315

The strongest themes for the Trust as well as nationally are the People Promise of, we are Compassionate and Inclusive, made up from 17 questions in the Staff Survey of which 10 are new questions for 2021 and in all 17 questions the Trust scores better than the national average. The other theme that is strong for the Trust is Staff Engagement, this is made up of 9 questions that are categorised by Motivation, Involvement and Advocacy and again in all 9 of these questions the Trust scores above the national average.

The areas of focus arising from the 2021 NHS Staff Survey are:

- **Appraisals** - This is an area of focus both in terms of number completed and value added for colleagues. Trust wide there is a programme of work in place to continue to build on the work started in late 2019 to improve the value and quality of conversations for colleagues during the appraisal process. The first phase was the introduction of Career Conversations, this was introduced in 2020 just before the pandemic and work around this had stalled. Career Conversations supported a move toward individual ownership of the conversation and a conversation about career development, whether that be in the current role in terms of stretch or further progression. Training has been provided both in terms of using the documentation and having the conversation. By introducing this conversation in place of the appraisal, enables the work to continue and lead into Talent Management as having reports that can help leaders identify the teams progression potential, enables the development of local succession plans and in turn feeds into Trust wide plans and Talent management programmes. The focus on this has now recommenced and will also be supported by the People Promise Manager, appointed to SFT due to SFT being an exemplar site. The work in this space has identified that Talent Management is a key focus and there is now a plan to review the Career Conversation work and develop this further to support Talent Management. Alongside this development there will also be an independent audit commencing in June 2022, specifically around appraisals that will also support the work to improve the quality and value add moving forward.

- **Violence and Aggression** - The aim is to reduce is Violence and Aggression toward colleagues from patients/service users, colleagues and managers. This piece of work started in March with a leadership conversation taking place where Directorate managers came together to present to a wider leadership team feedback from their areas around this topic. This information is now being used to inform a Trust wide strategy.

- **From a Directorate perspective** - as well as feeding into the Trust wide actions, leaders have been supported in the development of areas of focus following the directorate breakdown of the NHS Staff Survey and these will be addressed at the local level.

Future priorities for the Trust are the development of a new People Strategy as SFT and YDH come together. The feedback received in the 2021 NHS Staff Survey will form the baseline from which we will build on and this will be alongside other data available such as the recommendations from the Cultural Maturity audits and the National Quarterly People Pulse data.

Work is underway to develop Colleague Experience Metrics supporting the tracking of progress of initiatives implemented to support colleagues within the Trust. At a local level the People Services teams will work alongside leaders to develop their own people plans aligned to the Trust People Strategy and the Values and Vision of the Trust.

Another key focus around colleague feedback for 2022 is the programme of activity for the Engagement Champions. Each month the champions come together in a forum where they can share their thoughts and views around how things are feeling

within the local areas. This provides a forum for these individuals to hear direct from members of the Executive Team as well as the opportunity to share and learn from others across the Trust. The feedback from these events will also be used to inform future work.

Overall Staff Engagement

The work on colleague wellbeing has continued to be a strong focus in 2021. This year the focus has been on embedding a lot of what was put in place for 2020 and to continue to work alongside all colleagues to ensure they get the appropriate support to deliver the patient care required in these continued challenging times.

In addition to the colleague's support line set up in 2020 the service now offers interventions including Compassion Circles, Thinking Pitstops and React 90 training. These interventions are in line with the stepped care model approach developed at the beginning of 2020.

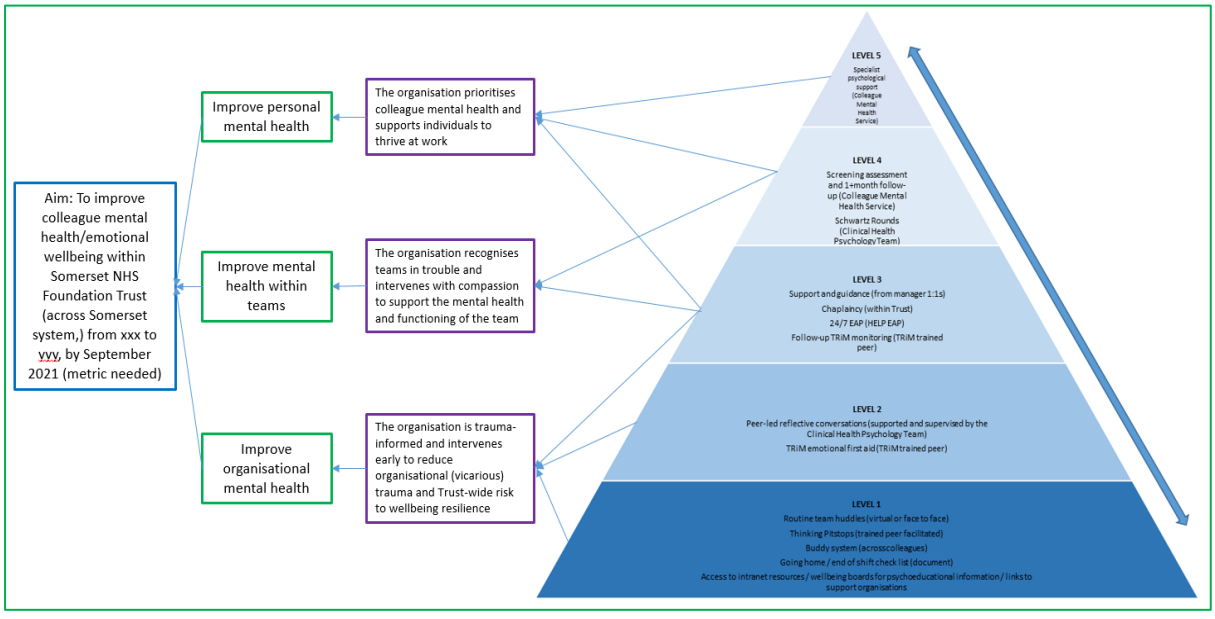
Compassion Circles – these are aimed at teams and enable teams to come together in a safe space with a facilitator who listens and helps them reflect, process, and make sense of what is happening.

Thinking Pitstops – aimed at individuals providing a facilitated space to take a short time out to stop and reflect.

REACT 90 Training – Training provided for managers to develop active listening skills to enable them to identify, engage with and support people in their teams who may be struggling with their mental health.

In 2021 the Colleague Support Service telephone line expanded beyond the Trust and is now available to all colleagues in Somerset working in a Health and Social care role.

Stepped Care Model for SFT



In addition to the focus on colleague wellbeing other work has taken place including: The Leadership and OD team have developed offerings including:

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

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

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

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

These are some of the interventions that have been offered alongside the wellbeing offers.

Communication and sharing information with colleagues continue to be key in 2021 and the Trust have continued to use several channels to ensure that colleagues are kept informed about what is happening. This has been achieved using the channels below:

Staff News - This a weekly news bulletin that is sent electronically to all colleagues within SFT to inform them of things that are taking place in the landscape of the NHS and the impact of this on SFT and this comes through the message from the Chief Executive which is the front page of the Staff News. This bulletin also enables colleagues to send in and celebrate successes from across the Trust as well as inform colleagues about what the Trust is doing to meet our values of outstanding care and listening and leading through the getting it right sections.

Winter Briefing – This is sent out weekly with the purpose to inform colleagues of the operational status of the Trust and also inform colleagues about the support available and to remind them what is available and how to access the support.

Live Virtual Team Brief – This takes place every 3 weeks and is an opportunity to share information from the executive team as well as hear stories from other teams within the trust of successes. This forum also provides an opportunity for colleagues to ask questions.

Senior Managers continue to meet regularly with Executive Team members to discuss financial, performance, operational and other issues of importance at Senior Management Operational Team Meeting.

The Somerset Operational Partnership meeting takes place monthly which is a forum where Trade Union colleagues and Senior Managers from SFT meet.

HEALTH AND SAFETY

There continues to be a positive health and safety culture within the organisation and this is recognised by external regulators such as the Health and Safety Executive. The Trust's Health and Safety Committee and the Safety Environment and Advisors Group (SEAG) are effective meetings that ensure structures and processes are in place to manage health and safety successfully. Safety topic leads report to SEAG either directly or via specialist safety meetings such as the Fire Safety Committee. SEAG is chaired by the head of health, safety and risk who 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 it. This includes policy consultation, development and approval, monitoring of policy implementation plans, policy monitoring and action plan updates. This work schedule aligns with the Integrated Quality Assurance Board (IQAB).

Incidents reported to the HSE under RIDDOR

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 2013 (RIDDOR) requires the Trust to report deaths, certain types of injury, specified occupational diseases and dangerous occurrences that 'arise out of or in connection with their work'. An annual RIDDOR report is prepared and shared widely for consideration / action. All RIDDORs are fully investigated and monitored. An overview of all RIDDORs is a standing agenda item on the safety committees. During 2021/22 the Trust reported 57 incidents to the Health and Safety Executive as detailed in the table below. This is an increase on 2020/21 (44) – The most notable increases identified have been reporting around Slips, Trips and Falls and Moving and Handling. Both Topic Leads have been approached and are undertaking a deeper dive into these. Of the 57 incidents, ten were classified in the HSE 'major' category due to the nature of injuries that were sustained (fractures / loss of consciousness).

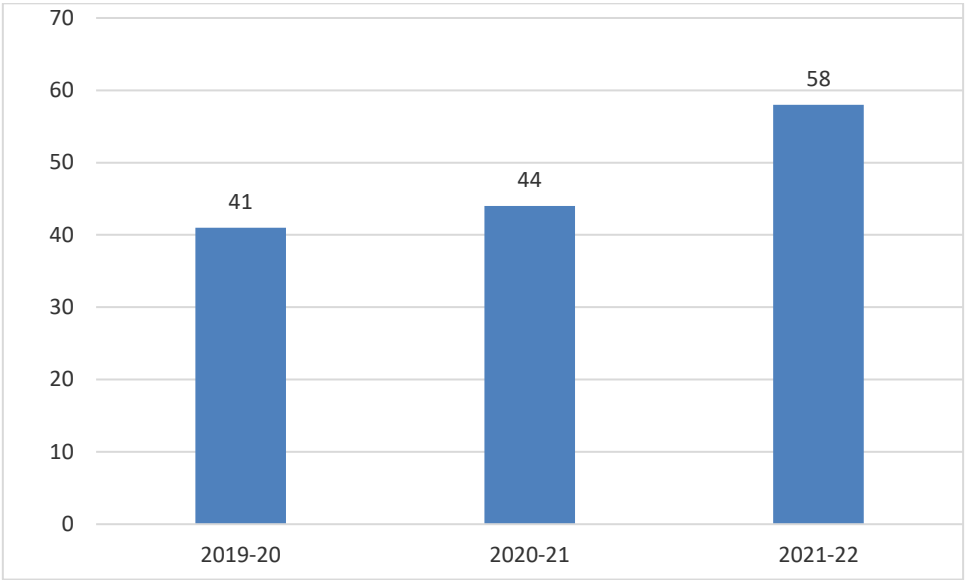
Covid-19 RIDDORs:

This period has seen a continuation of previous HSE guidance in relation to the reporting under RIDDOR where an individual has either been exposed to or contracted Covid-19 as a direct result of their work. For an occupational exposure to be judged as the likely cause of the disease, it should be more likely than not that the person's work was the source of exposure to coronavirus as opposed to general societal exposure. The HSE more recently revised the guidance recognising that reporting will only appropriate in extremely limited cases.

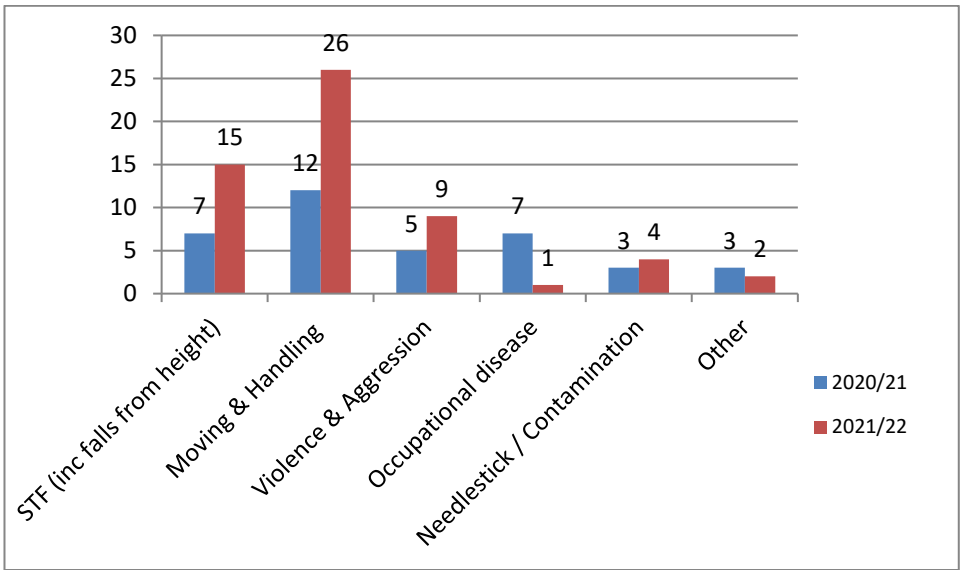
A robust process has continued in place with close links between Health and Safety, Infection Prevention and Control and the Track and Trace Teams. No cases were identified as being RIDDOR reportable during this period.

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

Number of RIDDOR reports made to the Health and Safety Executive – 2019/20 to 2021/22.



Number of RIDDOR reports by cause - 2020/21-2021/22



COUNTER FRAUD

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

Somerset NHS Foundation Trust supports the NHS Counter Fraud Authority strategy that aims to reduce fraud, bribery and corruption within the NHS. We are committed to the prevention, detection and investigation of any such allegations and will seek to apply criminal, disciplinary, regulatory and civil sanctions where allegations are

upheld. This includes the recovery of identified financial losses to ensure that NHS resources are used for their intended purpose - the delivery of patient care.

We expect all organisations / contractors instructed by our organisation to demonstrate a comparable commitment in order to do business with us. This enables us to reassure our patients, members and stakeholders that public funds are protected and safeguarded.

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

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

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

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 Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, 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, total recognised gains and losses and cash flows for the financial year.

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

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

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

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

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

Signed

PETER LEWIS
Chief Executive **17 June 2022**

ACCOUNTABILITY REPORT

Directors' Report

Board of Directors

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

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

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

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

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

Membership of the Board as at 31 March 2022

A full list of directors who were in post on 31 March 2022 and details of changes during the year is set out below together with details of the number of meetings of the Board and Board Nomination and Remuneration Committee attended in-year.

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

Non-Executive Directors

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

Appointed: 1 April 2020
Term Expires: 31 March 2023

Board Attendance: 10/10
Board Nomination/Remuneration Committee Attendance: 3/3

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

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

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

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

Jan Hull +

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

(Deputy Chairman)
Chair of the Quality and Governance Committee Planning Meetings. Chair of the formal Committee meetings from 1 July 2021
Joint Chair of the People Committee

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

Board Attendance: 9/10
Board Nomination/Remuneration Committee Attendance: 3/3

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

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

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

Dr Kate Fallon +

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

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

Board Attendance: 10/10
Nomination/Remuneration Committee Attendance: 3/3

Kate came to the Trust with great experience in the strategic direction and transformation of services within the NHS. She established a new NHS Trust in

2010, which trebled in size in 2011 and became the first community trust to be licensed by Monitor as a Foundation Trust in November 2014.

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

Barbara Gregory *+

Non-Executive Director
Chair of the Audit Committee

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

Board Attendance: 10/10
Board Nomination/Remuneration Committee Attendance: 3/3

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

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

Stephen Harrison *+

Non-Executive Director
Joint Chair of the People Committee

Appointed: 29 May 2018
Re-Appointed: 29 May 2021
Term Expires: at the date of a merger with Yeovil District Hospital NHS Foundation Trust or 28 May 2024 whichever date is first.

Board Attendance: 10/10

Stephen has lived in Wookey for nearly 40 years after joining Clarks Shoes for his main career. On leaving Clarks, Stephen developed a portfolio of organisational development consultancy work and community activity, including being elected leader of Mendip District Council.

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

Alexander Priest +

Non-Executive Director
Chair of the Mental Health Act Committee (from 1 November 2021)

Appointed: 1 April 2020
Term Expires: 31 March 2023

Board Attendance: 10/10
Board Nomination/Remuneration Committee Attendance: 3/3

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

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

Professor Sube Banerjee +

Non-Executive Director
(Associate Non-Executive Director from 1 May 2021 and Non-Executive Director from 7 July 2021)

Appointed: 7 July 2021
Term expires: 6 July 2024

Board Attendance: 3/6
Board Nomination/Remuneration Committee Attendance: 0/2

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

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

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

Appointed: 1 October 2021
Term Expires: 31 March 2024

Board Attendance: 3/3
Board Nomination/Remuneration Committee Attendance: 1/1

Martyn is a Fellow of the Institute of Chartered Accountants and chairs the Institute's Internal Audit Advisory Panel. He has 40 years of experience in audit and risk management, operating at Board level with both the public and private sector.

Over the last 15 years he has led the internal audit functions first at a major UK bank and then at a global investment and wealth management bank. From 2010 to 2012, he was a board member of the East Kent Hospitals NHS Trust. Martyn chairs the Trust's Financial Resilience and Commercial Committee. Martyn is a joint non-executive director with Yeovil District Hospital NHS Foundation Trust.

David Allen (until 6 July 2021)+

Non-Executive Director
Chair of the formal meetings of the Quality and Governance Committee

Appointed: 1 May 2016
Re-Appointed: 1 May 2019
Appointment ended: 6 July 2021

Board Attendance: 4/4
Board Nomination/Remuneration Committee Attendance: 1/1

Barbara Clift (term expired 1 November 2021) *+

Non-Executive Director
Chair of the Mental Health Act Committee

Appointed: 1 November 2014
Re-Appointed: 1 November 2017
Re-Appointed: 1 November 2020
Term Expired: 1 November 2021

Board Attendance: 6/6
Board Nomination/Remuneration Committee Attendance: 2/2

Executive Directors

Peter Lewis

Chief Executive (Voting)

Joint Chief Executive (from September 2021)

Appointed: 4 November 2017

Board Attendance: 9/10

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

Peter joined Taunton and Somerset NHS Foundation Trust in 2005 as director of finance and performance. He then became deputy chief executive of the acute trust in 2008 and took on the responsibility of chief operating officer in 2010. Following the alliance between Taunton and Somerset NHS Foundation Trust and Somerset Partnership Foundation Trust in May 2017, Peter became chief executive of both organisations in November 2017.

Prior to joining Taunton and Somerset NHS Foundation Trust, Peter was director of performance at Dorset and Somerset Strategic Health Authority, and also worked in both commissioning and provider organisations in Somerset prior to that. Peter is also a fellow of the Chartered Institute of Management Accountants. Peter's previous role was chief executive of Somerset NHS Foundation Trust.

Andy Heron

Chief Operating Officer (Mental Health, Families and Neighbourhoods)/Deputy Chief Executive (voting)

Joint Chief Operating Officer at Yeovil District Hospital NHS Foundation Trust from 25 January 2021

Board Attendance: 6/10

Andy was appointed as the chief operating officer – neighbourhoods, mental health and families, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022.

Andy joined the NHS in Somerset in 2014 when he joined Somerset Partnership NHS Foundation Trust as chief operating officer. Having originally qualified as an occupational therapist, he worked in a number of clinical roles within mental health across the Southwest before moving into leadership roles during the 1990s. Andy played a role in the establishment of a new specialist NHS mental health trust serving the Avon and Wiltshire areas and became the general manager of mental health services for a seven-year period up to 2006. Following this Andy gained a broad range of experience in London and the Southwest in senior commissioning and provider roles in the NHS, and also in social care, with most of his work being focused on service modernisation.

Andy maintains a strong interest in care pathway redesign and service transformation and in recent years has taken on a number of system leadership roles within Somerset, centered on improving patient flow and working with partners in the development of successful community alternatives to hospital admission. Having worked closely with colleagues at YDH over a number of years, initially on the Somerset delayed transfers of care programme and more recently in system leadership roles for the vaccination programme and community oximetry.

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

Matthew Bryant

Chief Operating Officer (Hospital Services (voting)

Joint Chief Operating Officer at Yeovil District Hospital NHS Foundation Trust from 25 January 2021

Appointed: 1 October 2017

Board Attendance: 7/10

Matthew was appointed as the chief operating officer – hospital services, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022, following a previous joint role as chief operating officer for Hospital Services for both trusts since January 2021.

He was appointed as chief operating officer of Taunton and Somerset NHS Foundation Trust in 2015, and as chief operating officer (acute hospital services) on the joint executive team for Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in 2017 following the establishment of the alliance between the two trusts. Matthew is responsible for the day-to-day running of both Yeovil District Hospital, Musgrove Park Hospital and the community hospitals in Somerset.

Matthew has worked in the NHS in the South West since 1998. Prior to coming to Taunton, he managed medical and surgical services at the Royal Devon and Exeter Hospital for over a decade and was part of the management team when that trust became one of the country's first foundation hospitals. He led the trust's delivery of new models of care for older people, which included a strong focus on integration with services outside hospital. He helped establish the Peninsula Medical School in Exeter, of which he became an honorary fellow, teaching undergraduate medical students about healthcare management. He was also involved in the commissioning of specialist services and the development of joint working for health authorities across Devon and Cornwall. Matthew joined the NHS on the national general management training scheme, after graduating from Oxford University. He is a trustee of Hospiscare, the palliative care provider for Exeter, East and mid-Devon, and a visiting specialist at Plymouth University Medical School.

Pippa Moger

Director of Finance (voting)

Joint Chief Finance Officer from January 2022

Appointed: June 2013

Board Attendance: 8/10

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

Pippa has over 19 years of experience in NHS finance and over twelve years at deputy and director level. She has worked across regulator, commissioning and providers sectors during this period and has a broad perspective on NHS finances. Pippa joined Somerset Partnership NHS Foundation Trust in June 2013 as director of finance and business development. She was then appointed as director of finance for Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged to form Somerset NHS Foundation Trust in April 2020.

Pippa believes NHS resources must be used in the most efficient and effective way while ensuring patient safety is not compromised. Pippa is a fellow of the Association of Chartered Certified Accountants (ACCA). Pippa's previous role was director of finance, Somerset NHS Foundation Trust.

Dr Daniel Meron

Chief Medical Officer

Joint Chief Medical Officer (voting)

Appointed: 2 December 2019

Board Attendance: 7/10

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

Daniel joined Somerset NHS Foundation Trust in 2019 from his role of chief medical officer of Solent NHS Trust, which provides mental health, community and primary care services to people living in Southampton, Portsmouth and some parts of

Hampshire and the Isle of Wight. He was also deputy medical director at University Hospital Southampton Foundation Trust, a large teaching hospital providing secondary and tertiary acute services in Wessex.

Daniel combined senior leadership roles with active front-line clinical work as a consultant in liaison psychiatry in Southampton General Hospital, as well as being actively engaged in research at the School of Medicine, University of Southampton. Dan's previous role was chief medical officer, Somerset NHS Foundation Trust.

Hayley Peters

Chief Nurse

Joint Chief Nurse (voting)

Appointed: 2 October 2017

Board Attendance: 6/10

Hayley was appointed as the chief nurse, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022.

Hayley became the executive director of patient care at Musgrove Park Hospital in September 2015, having joined the trust as deputy director of nursing in July 2013. Hayley went on to become the chief nurse for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in November 2017 before the two trusts merged to form Somerset NHS Foundation Trust in April 2020.

Prior to becoming an executive, Hayley worked in senior clinical leadership roles in the South West, London and the South East. Hayley's early professional career centred in critical care, first as an intensive care nurse and later, following a period of training at Birmingham Medical School, as one of the very first physician's assistants to practise in the UK. As part of Hayley's role at Somerset NHS Foundation Trust, she has executive responsibility for safeguarding, patient safety and quality (jointly with the chief medical officer). Hayley is board safety champion for our armed forces, children, maternity and neonates.

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

Phil Brice

Director of Governance and Corporate Development (voting)

Joint Director of Corporate Services from January 2022

Appointed: January 2012

Board Attendance: 10/10

Phil was appointed as the director of corporate services, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022.

Phil joined Somerset Partnership NHS Foundation Trust in 2012, having worked in the NHS since 2000. He went on to become the director of governance and corporate development for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged in April 2020 to form Somerset NHS Foundation Trust. He worked for the Somerset Heath Authority before becoming director of corporate services for Taunton Deane Primary Care Trust and then director of corporate services and communications for NHS Somerset from 2006 – 2011.

He previously worked for the Treasury Solicitor's department, the Parliamentary and Health Service Ombudsman and AXA PPP healthcare. Phil's previous role was director of governance and corporate development, Somerset NHS Foundation Trust.

Isobel Clements

Director of People and Organisational Development (non-voting)

Joint Chief of People and Organisational Development from January 2022

Appointed: 1 November 2017

Board Attendance: 8/10

Isobel was appointed as the chief of people and organisational development, Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust in January 2022.

Isobel started her career at Musgrove Park Hospital in 1988 and held several senior human resources and organisational development management roles, including at associate and deputy level, until she was appointed director of people and organisational development in 2018 for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust before the two trusts merged to form Somerset NHS Foundation Trust in April 2020.

Isobel has played a key role in developing the Trust's system of distributed leadership, in ensuring that the organisation's values are brought to life in everyday behaviour. She has overseen a number of leadership development programmes that substantial numbers of our leaders have benefitted from. Isobel is a member of the Chartered Institute of Personnel and Development. Isobel's previous role was director of people and organisational development, Somerset NHS Foundation Trust.

David Shannon

Director of Strategic Development and Improvement (non-voting)

Joint Director of Strategy and Digital Development

Appointed: 24 October 2017

Board Attendance: 10/10

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

David first joined Musgrove Park Hospital in 2016 as director of finance and went on to become the director of strategic development and improvement for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged to form Somerset NHS Foundation Trust in April 2020.

David was previously director of operational finance at North Bristol NHS Trust from June 2014. Before that he spent six years at Nottingham University Hospitals NHS Trust, most of them as assistant director of finance. He originally joined the NHS in 1998 on its graduate financial management training scheme. David's previous role was director of strategic development and improvement, Somerset NHS Foundation Trust.

Shelagh Meldrum

Joint Chief Officer, Partnerships and Collaboration Somerset

Appointed: January 2022 to May 2022

Board Attendance: 3/3

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

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

Shelagh began her career in the NHS as a senior nurse working in acute medicine, and subsequently as a senior specialist nurse in neurology. She later became a clinical services lead, managing the six departments which formed the directorate of specialist medicine.

Following a 14-year career in the NHS Shelagh worked as Head of Clinical Services in various independent healthcare facilities and then became Hospital Director. She previously worked for Circle Healthcare and was registered manager/hospital Director at CircleBath Hospital and CircleReading Hospital. Shelagh's previous role was chief nurse, director of people and deputy chief executive, Yeovil District Hospital, NHS Foundation Trust.

Jonathan Higman

Joint Chief Officer, Partnerships and Collaboration Somerset

Appointed: October 2021 to 1 January 2022

Board Attendance: 1/1

Board effectiveness

On the basis of the expertise and experience described above and the Board skills mix analysis carried out in 2019, and subsequently as part of the Non-Executive Director's appointment process, the Trust is confident that the necessary range of knowledge and skills exists within the Board of Directors and that its balance, completeness and appropriateness to the requirements of the NHS Foundation Trust constitute a high performing and effective Board. No company directorships or other material interests in companies are held by any Board members where those companies or related parties are likely to do business, or are possibly seeking to do business, with the Trust. The Chairman has held no other significant commitments during 2021/22. A register of interests of Board members is available from the Secretary to the Trust and is also included in the Board papers published on the Trust's website. Declarations can also be accessed through the publicly available Conflict of Interest system.

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

Non-Executive Directors are subject to regular and annual appraisals by the Chairman; unsatisfactory appraisals could result in termination of their appointment. The decision to remove Non-Executive Directors rests with the Council of Governors. During 2021/22 a 360-degree appraisal of the Chairman's performance was undertaken and feedback from the appraisal process was presented to the Nomination and Remuneration Committee and to the Council of Governors. The Chairman's appraisal process is agreed with the Council of Governors on an annual basis.

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

The Board considers that during 2021/22 all the Non-Executive Directors, including the Non-Executive Director who was in her seventh year as a Non-Executive Director and left on 1 November 2021, 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 person's 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
- Finance and Use of Resources
- Operational Performance

- Strategic Change
- Leadership and improvement capability

Our performance against these is set out in the Financial Overview and Review section of this report. In 2021/22, Somerset NHS Foundation Trust was in segment 2.

Monitor (NHS Improvement) Foundation Trust Code of Governance

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

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

Managing Conflicts of Interest in the NHS

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

Significant interests held by directors

Interests held by directors which may conflict with their management responsibilities are declared at each Board meeting. Board papers which include these disclosures are available on the Trust's website. Transactions related to those interests are shown in page 50, note 35 of the accounts.

Directors' disclosure to auditors' statement

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

Quality and Governance Committee

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

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

Attendance at the formal Quality and Governance Committee meetings

Name	Formal Quality and Performance Committee meetings attended	
	Possible	Actual
David Allen (Chairman until 1 July 2021))	3	3
Stephen Harrison	6	6
Kate Fallon	6	5
Barbara Clift	3	3
Jan Hull (Chairman from 1 July 2021)	6	5
Phil Brice	6	6
Hayley Peters	6	5
Isobel Clements	6	6
Daniel Meron	6	6
Andy Heron	6	2
Matthew Bryant	6	5

Finance Committee

The Committee is a Board Committee and acts in an advisory capacity. The Finance Committee met 13 times during the year to focus on investigating the progress made in the delivery of financial plans and carry out an in-depth analysis of the financial performance of the Trust. The Chief Executive and other executive directors have a standing invitation to attend this committee.

Attendance at Finance Committee

Name	Finance Committee meetings attended	
	Possible	Actual
Kate Fallon (Chairman)	14	14
Barbara Clift	8	8
Barbara Gregory	14	13
Pippa Moger	14	13
David Shannon	14	13
Alexander Priest	14	12
Matthew Bryant	14	5

Name	Finance Committee meetings attended	
	Possible	Actual
Stephen Harrison	14	7
Andy Heron	14	0
Shelagh Meldrum	3	2

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

Audit Committee

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

The role of the Audit Committee is:

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

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

Attendance at Audit Committee meetings

Name	Audit Committee meetings attended	
	Possible	Actual
Barbara Gregory (Chairman)	5	5
Stephen Harrison	5	5
Barbara Clift (until 1 November 2021)	4	3
David Allen (until 1 July 2021)	2	2
Pippa Moger	5	4

Directors' Responsibility for Trust Annual Report and Accounts

The directors have responsibility for preparing the annual report and accounts. They consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess Somerset NHS Foundation Trust's performance, business model and strategy.

Significant Issues considered by the Audit Committee

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

- Valuation of land and buildings
- Expenditure recognition
- Management override of controls

Modern Slavery and Human Trafficking Act 2015 Policy Statement

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

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

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

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

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

We will:

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

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

Procurement staff will:

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

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

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2020.

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

Signed

PETER LEWIS **17 June 2022**
Chief Executive

COUNCIL OF GOVERNORS

The Council of Governors is made up of 33 elected governors, ten of whom are staff Governors. In addition to the Nominations and Remuneration Committee, the Council has the following working groups: People Group; Quality and Patient Experience Group; and Strategy and Planning Group.

The Council meets every quarter in public. Meetings are advertised on the Trust's website and at our headquarters. No business can be transacted at a meeting unless at least half of the governors are present, and of these, not less than half must be governors elected by the public or appointed by non-health service bodies. In view of the Covid-19 pandemic, meetings during 2021/22 have taken place virtually but the link to the meetings have been made publicly available.

The responsibilities of the Council of Governors are:

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

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

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

All governors are required to disclose details of company directorships or other material interests in companies where those companies or related parties are likely to do business, or are possibly seeking to do business, with the Trust. No such company directorships or other material interests in companies are held by any governors. A register of the interests of governors is published and updated at each public meeting of the Council of Governors and is available on our website at www.somersetft.nhs.uk or can be obtained from the Secretary to the Trust.

Disagreements between Council of Governors and Trust Board

Where any disagreements between the Council of Governors and the Trust Board occur, the Trust policy "Policy and Procedure for Council of Governors: Raising Concerns" details the process by which these disagreements are resolved. This policy was last reviewed and approved in 2020. A copy of the policy can be found on the website.

Nominations and Remuneration Committee (Council of Governors)

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

The role of the Committee is:

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

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

The Committee met twice during the year on 7 June 2021 and 15 September 2021 to discuss:

- Feedback from the Non-Executive Directors appraisals
- Chairman's 360-degree appraisal feedback
- Chairman's objectives and appraisal process for 2021/22
- Appointment of a Joint Non-Executive Director

The Committee's attendance is set out below:

Nomination and Remuneration Committee – Attendance at meetings		
	Possible	**Actual**
Ian Hawkins (Chairman)	2	2
Richard Brown	2	2

Nomination and Remuneration Committee – Attendance at meetings		
	Possible	**Actual**
Jeanette Keech	2	2
Kate Butler	2	2
Lynn Pearson	1	0

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

The Committee discussed feedback from the 360-degree Chairman's performance review process and agreed that the Chairman's performance during 2020/21 had been excellent.

The Committee further discussed the Chairman objectives for 2021/22 and recommended the approval of the objectives as well as the appraisal process for 2021/22 to the Council of Governors.

The Committee did not carry out any recruitment campaigns during 2021/22. Professor Sube Banerjee was appointed as Non-Executive Director from 1 May 2021 for a three-year period but the recruitment for this post was undertaken during the 2020/21 financial year.

The Committee recommended the approval of a joint Non-Executive Director with Yeovil District Hospital NHS Foundation Trust with effect from 1 October 2021 (without voting rights) and from 1 November 2021 (with voting rights). The recommendation to appoint a joint Non-Executive Director was supported by a review of appraisals covering a two-year period. The appointment of Martyn Scrivens was approved by the Council of Governors at its meeting held on 29 September 2021.

The Committee did not undertake a review of remuneration during 2021-22 but will undertake a review during 2021/22 as part of the establishment of a single Board for the merged organisation.

Council of Governors elections

No elections took place during 2021/22.

An overview of Governors in place on 31 March 2022, including Council of Governor meeting attendance, is set out below:

Governor	**Constituency**	**Governor in place on 1 April 2021**	**Term of Office**		**Meetings**	
			From	**To**	**Possible**	**Actual**
Erica Adams	Public – Somerset West and Taunton	Erica Adams	1 April 2020	31 March 2023	4	5

Governor	Constituency	Governor in place on 1 April 2021	Term of Office		Meetings	
			From	To	Possible	Actual
Ian Aldridge	Public – Somerset West and Taunton	Ian Aldridge	1 May 2019	30 April 2022	4	4
Margaret Worth	Public – Somerset West and Taunton	Margaret Worth	1 May 2019	30 April 2022	4	4
Kate Butler	Public – Somerset West and Taunton	Kate Butler	1 May 2019	30 April 2022	4	4
5Helen (Judy) Cottrell	Public – Somerset West and Taunton	Helen (Judy) Cottrell	1 May 2019	30 April 2022	4	2
Sumitar Young	Public – Somerset West and Taunton	Sumitar Young	1 May 2020	30 April 2023	4	4
Jane Armstrong	Public – Somerset West and Taunton	Jane Armstrong	1 May 2020	30 April 2023	4	4
Melanie Devine	Public – Somerset West and Taunton	Melanie Devine	1 May 2020	30 April 2023	4	4
Jeanette Keech	Public – Somerset West and Taunton	Jeanette Keech	1 May 2019	30 April 2022	4	4
Timothy Slattery	Public – Somerset West and Taunton	Tim Slattery	1 April 2020	31 March 2023	4	3
Stephen Fowler	Public – Mendip	Stephen Fowler	1 May 2020	30 April 2023	4	2
Richard Brown	Public – Mendip	Richard Brown	1 May 2020	31 December 2021	3	3
Vacancy	Public – Mendip	Richard Brown	1 January 2022	30 April 2022	-	-
Bob Champion	Public – Mendip	Bob Champion	1 May 2019	30 April 2022	4	4
Philip Jackson	Public – Mendip	Philip Jackson	1 May 2020	30 April 2023	4	2
Mike Hodgson	Public – Sedgemoor	Mike Hodgson	1 May 2020	27 September 2021	2	1
Dave Gudge	Public – Sedgemoor	Mike Hodgson	28 September 2021	30 April 2023	3	2
Judith Goodchild	Public – Sedgemoor	Judith Goodchild	1 May 2019	30 April 2022	4	4
Eddie Nicolas	Public – Sedgemoor	Eddie Nicolas	1 May 2020	30 April 2023	4	4
Martin Davidson	Public – Sedgemoor	Martin Davidson	11 February 2021	31 August 2021	2	2
Jack Torr	Public – Sedgemoor	Martin Davidson	1 September 2021	31 March 2023	3	2
Gillian Waldron	Public – South Somerset	Gilliam Waldron	1 May 2019	30 April 2022	4	4

Governor	Constituency	Governor in place on 1 April 2021	Term of Office		Meetings	
			From	To	Possible	Actual
Paddy Ashe	Public – South Somerset	Paddy Ashe	1 May 2020	30 April 2023	4	1
Ian Hawkins	Public – South Somerset	Ian Hawkins	1 May 2020	30 April 2023	4	4
Sue Steele	Public – South Somerset	Sue Steele	1 May 2020	30 April 2023	4	4
Alan Peak	Public –Outside Somerset	Alan Peak	1 May 2019	30 April 2022	4	4
Julie Vale	Staff	Julie Vale	1 April 2020	20 January 2022	3	2
Vacancy	Staff	Julia Vale	21 January 2022	31 March 2023	-	-
Manuel Blanco-Guzman	Staff	Manuel Blanco-Guzman	1 April 2020	31 March 2023	4	4
Paul Aldwinckle	Staff	Paul Aldwinckle	1 May 2019	30 April 2022	4	3
Polly Maguire	Staff	Polly Maguire	1 May 2019	30 April 2022	4	2
Phil Hodgson	Staff	Phil Hodgson	1 April 2020	31 March 2023	4	4
Owen Howell	Staff	Owen Howell	1 May 2020	30 April 2023	4	4
Julie Jones	Staff	Julie Jones	1 April 2020	31 March 2022	4	1
Lynn Pearson	Staff	Lynn Pearson	1 April 2020	31 March 2023	4	4
Julius Ndlovu	Staff	Julius Ndlovu	1 April 2021	30 April 2023	4	2
Neil Thomas	Staff	Neil Thomas	1 April 2020	31 March 2023	4	1
Cllr Heather Shearer	District Councils	Cllr Heather Shearer	All appointed organisations were appointed on 1 May 2008 for an unlimited period.		4	4
Vacancy	District Councils	Vacancy			-	-
Rod Williams	Somerset County Council	Cllr Rod Williams			4	4
Dr Jayne Chidgey-Clark (until November 2021)	Somerset Clinical Commissioning Group	Dr Jayne Chidgey Clark			2	1
Vacancy (from December 2021)	Somerset Clinical Commissioning Group	Dre Jayne Chidgey Clark			-	-
Robert Cornes	Taunton Samaritans (permanently appointed from 23 May 2017)	Robert Cornes	1 May 2020	30 April 2023	4	4
Caroline Toll	Care UK	Caroline Toll	-	-	4	4

Governor	Constituency	Governor in place on 1 April 2021	Term of Office		Meetings	
			From	To	Possible	Actual
	(permanently appointed from 23 May 2017)					
Jos Latour	Universities	Jos Latour	18 May 2020	17 May 2023	4	4
Vacancy	Somerset GP Board	Vacancy	-	-	-	-

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

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

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

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

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

During the year, three Governor Development sessions have been held. These development sessions covered*:* the role of the Mental Health Act Committee and understanding of Section 136; presentation by a member of staff on overseas recruitment and their experience of the process and working in the Trust as an overseas colleague; nursing degree and APH courses at Bridgwater and Taunton College; and Q&A session with the Board. A further joint development session was held jointly with the Board and this session covered a presentation on the Somerset Support and Care Strategy (Post Covid-19 and links to the ICS structures) including clinical strategic priorities and update on the development of the ICS.

In addition, three Governor Development sessions were held jointly with the Yeovil District Hospital NHS Foundation Trust Governors. These sessions covered: the

role of the Governors in relation to significant transactions; the development of the full business case for merger; updates on the merger; and an update on the Mental Health/Open Mental Health project.

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

Board Member Attendance at Council of Governors Meetings

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

		Meetings	
		Possible	Actual
Shelagh Meldrum	Chief Operating Officer – Partnerships and Collaboration	1	0

Governor Involvement in Business Planning

Since becoming a foundation trust, we have encouraged governors and members to participate in the Trust's annual business planning process and the Governors were invited to and attended a joint Board/Council of Governors Away Day on 1 December 2020 to discuss the key priorities for 2021/22. A further joint board/Council of Governors Away Day was held on 8 December 2021 to discuss the strategic priorities for 2022/23.

Governors have also been involved in setting the Quality Account priorities and the Quality Account priorities for 2021/22 were approved at the September 2021 Council of Governors meeting.

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

Engagement with members

We recognise the importance of having a strong and engaged membership. With circa 20,235 members (public and staff combined), the Trust has access to the local population, interaction with which helps to improve services.

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

Engagement with members during 2021/22 has, in view of the Covid-19 pandemic, been mainly through virtual means but regular Members' Briefings have been produced and emailed to Members for whom an email address is on their record. A hard copy of a Members' briefing was also posted to members without an email. Members have been invited to take part in a number of online surveys.

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

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

Membership as at 31 March 2022

Public membership

Constituency	Number of Members 31.03.2022	Number of Members 01.04.2021	increase/ decrease over year
Public	8,175	8,139	+ 36*

**this number is made up of 1,025 new members and 989 members who have left, mainly as a result of a change in address.*

Staff membership

Constituency	Number of Members 31.03.22	Number of Members 01.04.2021	increase/ decrease over year
Staff	12,224	11,931	+ 293

How to Become a Member of the Trust

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

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

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

Membership Office Tel: **01278 432167**

Email: foundationtrust@somersetft.nhs.uk

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

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

Trust Board Contact Details

All Board members can be contacted at the following address:

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

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

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

Council of Governors Contact Details

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

or write care of the Musgrove Park Hospital address above.

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Somerset NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Somerset NHS Foundation Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

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

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

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

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

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

In 2021/22, an internal review, led by the Head of Risk, and partners at Yeovil District Hospital, was commenced to ensure that the risk reporting arrangements remained adequate and identify if any further improvements could be made in light of the integration between Yeovil District Hospital and Somerset NHS Foundation Trust. This included the review of the reporting of risk, the risk categories, the risk scoring guidelines, risk matrix and Risk Appetite for the two organisations. This was considered in a joint Board seminar session in April 2022.

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

The risk and control framework

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

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

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

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

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

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

During part of the financial year, in line with the national guidance *Reducing burden and releasing capacity at NHS providers and commissioners to manage the COVID-19 pandemic*, the Board agreed to adopt a simple, supportive and streamlined approach to governance and assurance during the period of the COVID-19 emergency, focusing its attention on the impacts and response to the pandemic together with urgent business determined by national or regional directives. However, all Board sub-committees continued to function during the period and the Board has continued to meet virtually.

Alongside these arrangements and in line with the Trust's Major Incident Plan, the Trust stood up its Strategic, Tactical and Operational command and control structures to direct and oversee the Trust's response to the pandemic.

The Trust continues to be the lead organisation, working with system partners, to deliver the Somerset Covid-19 Vaccination Programme. The Trust Vaccination teams at our Mass Vaccination Sites provide one third of the programme's capacity alongside colleagues in primary care and community pharmacies.

The effectiveness of the arrangements are overseen by the Quality and Governance Committee and reported regularly to the Trust Board.

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 assurance reports from its sub committees on business covered, risks identified and actions taken, based on the principle of exception reporting.

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

Membership of the Audit Committee comprises of Non-Executive Directors.

The Board's sub-committee for quality and patient safety is the **Quality and Governance Committee** (Q&GC).

The Q&GC receives reports covering three areas:

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

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

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

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

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

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

Issues and risks may be referred to the Audit Committee to request additional external assurance. The Q&GC monitors all reports on Care Quality Commission (CQC) inspections of the Trust services and any action plans arising from them; and will consider relevant reports of investigations undertaken by the Parliamentary and

Health Service Ombudsman, the Information Commissioner, HM Coroner and the Health and Safety Executive and all action plans arising from them.

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

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

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

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

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

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

The main methods for the identification of risk are:

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

- Information from external sources such as CQC inspections, audits and patient and staff surveys.

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

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

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

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

The Trust has had an Assurance Framework in place throughout 2021/22. The Assurance Framework is designed to provide the Trust with a method for the effective and focused management of the principal risks which may impact on the achievement of objectives.

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

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

The highest risks to the Trust are available for detailed scrutiny to both internal and external auditors. Action plans for the management of risks have been developed

and monitored through identified governance groups and overseen by the Audit Committee and the Board.

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

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

- **COVID-19** - Throughout the reporting period, the impact of the coronavirus pandemic meant that the Trust, working with all partner agencies locally, regionally and nationally has had to make unprecedented changes in a very short period of time. Our acute, community, mental health and corporate services have responded to the coronavirus pandemic by refocusing services, standing some up and stepping others down, to ensure that we can care for the people who need our support.

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

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

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

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

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

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. There are structured processes in place for incident reporting, and the investigation of Serious Incidents. The Trust Board,

through the risk management policy and incident reporting policy, promotes open and honest reporting of incidents, risks and hazards.

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

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.

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

Public engagement with risk management

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

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

- Involvement with local Patient Participation Groups.

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

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

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

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

The trust has undertaken risk assessments and has a sustainable development management plan in place which is being developed to take 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.

Quality Governance is a key element of the overall governance arrangements of the Trust. At the heart of the Trust's commitment to quality is a clearly defined system of quality performance management, and a clear risk management process.

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

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

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

The Trust has an integrated structure for monitoring quality and safety including a committee structure which has executive and non-executive representation.

The Board monitors quality through the following processes:

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

The Trust has a comprehensive clinical audit work plan covering both national and local audits. An annual review of clinical audits is reported to the Quality and Governance Committee and the outcomes of specific clinical audits considered as a key part of reporting to the IQAB.

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

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

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

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

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

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

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

- Scheme of Delegation and Reservation of Powers approved by the Board
- Standing Financial Instructions
- The monitoring of spend in year using budgets and variance analysis against actuals, with regular monthly financial monitoring reports produced for each operational unit or segment. An organisational report is produced monthly and reported to the Board, and discussed and reviewed in detail at the Finance Committee
- Robust competitive processes used for procuring non-staff expenditure items

- Cost improvement schemes, which are assessed for their impact on quality with local clinical ownership and accountability
- Strict controls on vacancy management and recruitment; and
- Contract monitoring arrangements with key commissioners which provide evidence that key requirements have been delivered.

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

A local counter fraud specialist and procedures are in place for work related to fraud and corruption as required by NHS Counter Fraud Authority.

The Trust Board gains assurance from the Finance Committee in respect of financial and budgetary management across the organisation and the Audit Committee, which receives reports regarding Losses and Special payments and the Write-Off of Bad Debts.

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

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

Information governance

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

The Trust will submit its return for the data security and protection toolkit in June 2022, with an expected achievement level of 'exceeds standards'.

During 2021/22, the Trust reported 5 incidents to the Information Commissioner. In all cases, the Information Commissioner was satisfied with the initial steps the Trust had taken and required no further actions.

Data quality and governance

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

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

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

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

The quality metrics relied on by the Board have been regularly reported through Trust governance structures, including the Quality and Governance Committee, Trust Board and Council of Governors where appropriate.

Data quality issues are addressed through the Trust's information governance systems in line with its relevant policies.

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

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is

also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee [and risk/clinical governance/quality committee, if appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by:

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

The Board is supported by the Quality and Performance Committee, Finance Committee, Mental Health Legislation Committee, People Committee and Audit Committee who routinely review the Trust's system of internal control and governance framework, together with the Trust's integrated approach to achieving compliance with the Care Quality Commission essential safety and quality standards.

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

The Finance Committee focus on investigating the progress made in the delivery of financial plans and to undertake an in-depth analysis of financial information.

Clinical Audit is given a high importance. The annual clinical audit plan reflects the priorities of the Board of Directors and national best practice, for example, NICE clinical guidelines, national confidential enquiries, NHS frameworks, high level enquiries and other nationally agreed guidance.

Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the Audit Committee. This has included a specific review of risk maturity and the implementation of a new risk management system. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management.

Four internal audits identified limited assurance in design or operational effectiveness as part of the review of trust services in year:

- Patient deterioration (operational effectiveness)
- Sickness management (operational effectiveness)
- Payroll – increments and banding (design)
- Safeguarding Children (operational effectiveness)

Action plans were developed to address the issues identified. Completion of the actions will be overseen by the Trust's Audit Committee.

The Head of Internal Audit Opinion was issued for 2021/2022 was issued at a level of Moderate assurance. The Opinion states:

The role of internal audit is to provide an opinion to the Board, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes
- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- Any reliance that is being placed upon third party assurances.
- Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust's objectives and that controls are being applied consistently. In forming our view we have taken into account that:
- Five reviews provided substantial assurance for design of controls, two of which also provided substantial assurance for operational effectiveness, including key financial systems (accounts receivable) and capital project governance.
- Overall, the majority of audits provided moderate or substantial assurance in the design of controls. Whilst one had limited assurance for design and three more were limited by operational effectiveness, we were specifically directed by management to review these areas to help them improve the control environment
- The Trust has a good record of implementing audit recommendations. We have closed all bar two 2020/21 audit recommendations and management are

proactive in discussing plans to address the risks identified in the 2021/22 audits

- The Trust is expected to break-even against its agreed control total.

Conclusion

The Annual Governance review has identified no significant control issues.

Signed

Chief Executive 17 **June 2022**

Appendix 1

SOMERSET NHS FOUNDATION TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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Foreword to the accounts

Somerset NHS FT

These accounts, for the year ended 31 March 2022, have been prepared by Somerset NHS FT 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 **17 June 2022**

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 2022 which comprise the Trust Statement of Comprehensive Income, Trust Statement of Financial Position, Trust Statement of Changes in Taxpayers Equity and Trust Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and the Department of Health and Social Care Group Accounting Manual 2021/22.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of management, the Audit Committee and internal audit as to the Trust's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance because of the need to achieve control totals delegated to the Trust by NHS Improvement
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the Trust's accounting policies.

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

As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the non-complex, fixed nature of the revenue, which limits the opportunities to fraudulently misstate revenue.

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

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected account pairings, high risk users, and material post-closing entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias
- Inspecting transactions in the period prior to 31 March 2022 to verify expenditure had been recognised in the correct accounting period.
- Evaluating accruals posted as at 31 March 2022 and verifying accruals are appropriate and accurately recorded.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.

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

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

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

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

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

The Trust is subject to laws and regulations that directly affect the financial statements, including the National Health Service Act 2006 and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

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

Other information in the Annual Report

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

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

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.
- in our opinion those reports have been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2021/22.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2021/22. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2021/22.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 65, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

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

We have nothing to report in this respect.

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

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

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

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

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

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if we refer a matter to the relevant NHS regulatory body under paragraph 6 of Schedule 10 of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure, or is about to take, or has taken, a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

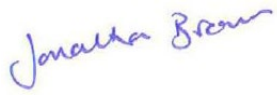
We have nothing to report in this respect.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Somerset NHS Foundation Trust for the year ended 31 March 2022 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.



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

21 June 2022

Statement of Comprehensive Income

	Note	2021/22 £000	2020/21 £000
Operating income from patient care activities	3	596,679	521,463
Other operating income	4	70,536	89,534
Operating expenses	6, 8	(669,673)	(617,500)
Operating (deficit) from continuing operations		**(2,458)**	**(6,503)**
Finance income	11	27	12
Finance expenses	12	(1,709)	(1,759)
PDC dividends payable		(7,103)	(5,666)
Net finance costs		**(8,785)**	**(7,413)**
Other (losses)	13	(244)	(551)
Share of profit of associates / joint arrangements	18	804	8
Gains arising from transfers by absorption	36	-	132,484
(Deficit)/Surplus for the year from continuing operations		**(10,683)**	**118,025**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(3,169)	(3,035)
Revaluations	17	11,545	6,696
Fair value (losses) on equity instruments designated at fair value through OCI	19	(2,325)	-
Other reserve movements		(2)	-
Total comprehensive income / (expense) for the period		**(4,634)**	**121,687**

Statement of Financial Position

	Note	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Intangible assets	14	20,339	19,346
Property, plant and equipment	15	323,891	287,959
Investments in associates and joint ventures	18	797	-
Other investments / financial assets	19	161	-
Receivables	21	2,669	1,505
Total non-current assets		**347,857**	**308,810**
Current assets			
Inventories	20	5,723	4,784
Receivables	21	21,212	25,425
Non-current assets for sale and assets in disposal groups	22	15	-
Cash and cash equivalents	23	58,729	75,392
Total current assets		**85,679**	**105,601**
Current liabilities			
Trade and other payables	24	(83,485)	(86,629)
Borrowings	26	(3,846)	(3,685)
Provisions	28	(850)	(240)
Other liabilities	25	(7,152)	(14,472)
Total current liabilities		**(95,333)**	**(105,026)**
Total assets less current liabilities		**338,203**	**309,385**
Non-current liabilities			
Borrowings	26	(22,736)	(26,046)
Provisions	28	(3,283)	(2,140)
Other liabilities	25	(2,200)	(2,458)
Total non-current liabilities		**(28,219)**	**(30,644)**
Total assets employed		**309,984**	**278,742**
Financed by			
Public dividend capital		212,589	176,712
Revaluation reserve		77,595	69,221
Financial assets reserve		(2,325)	-
Income and expenditure reserve		22,125	32,809
Total taxpayers' equity		**309,984**	**278,742**

The notes on pages 8 to 60 form part of these accounts.

Name **Peter Lewis**
Job title **Chief Executive**
Date **17 June 2022**

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

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

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**33,713**	**8,659**	**65,033**	**107,405**
Surplus for the year	-	-	118,025	**118,025**
Transfers by absorption: transfers between reserves	93,350	56,900	(150,250)	**-**
Impairments	-	3,661	-	**3,661**
Revaluations	-	1	-	**1**
Public dividend capital received	51,900	-	-	**51,900**
Public dividend capital repaid	(2,250)	-	-	**(2,250)**
Taxpayers' and others' equity at 31 March 2021	**176,713**	**69,221**	**32,808**	**278,742**

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 as the public dividend capital dividend.

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

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

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

Statement of Cash Flows

	Note	2021/22 £000	2020/21 £000
Cash flows from operating activities			
Operating (deficit)		(2,458)	(6,503)
Non-cash income and expense:			
Depreciation and amortisation	6	22,371	18,755
Net impairments	7	12,597	15,400
Income recognised in respect of capital donations	4	(1,428)	(1,779)
Amortisation of PFI deferred credit		(259)	(259)
Decrease in receivables and other assets		2,928	10,347
(Increase) / decrease in inventories		(939)	51
(Decrease)/Increase in payables and other liabilities		(18,655)	29,820
Increase in provisions		1,710	1,312
Other movements in operating cash flows		(2,486)	-
Net cash flows from operating activities		**13,381**	**67,144**
Cash flows from investing activities			
Interest received		27	12
Purchase of intangible assets		(5,888)	(5,737)
Purchase of PPE and investment property		(49,839)	(32,742)
Sales of PPE and investment property		-	22
Receipt of cash donations to purchase assets		1,437	300
Net cash flows (used in) investing activities		**(54,263)**	**(38,145)**
Cash flows from financing activities			
Public dividend capital received		35,876	51,900
Public dividend capital repaid		-	(2,250)
Movement on loans from DHSC		(848)	(25,765)
Capital element of finance lease rental payments		(810)	(755)
Capital element of PFI, LIFT and other service concession payments		(1,924)	(1,413)
Interest on loans		(168)	(258)
Interest paid on finance lease liabilities		(198)	(255)
Interest paid on PFI, LIFT and other service concession obligations		(1,337)	(1,219)
PDC dividend (paid)		(6,371)	(6,162)
Net cash flows from financing activities		**24,220**	**13,823**
(Decrease)/Increase in cash and cash equivalents		**(16,662)**	**42,822**
Cash and cash equivalents at 1 April - brought forward		**75,391**	**28,579**
Cash and cash equivalents transferred under absorption accounting	36	-	3,991
Cash and cash equivalents at 31 March	23	**58,729**	**75,391**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

Accounting convention

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

Note 1.2 Going concern

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

On 1 April 2023, the Trust is due to merge with Yeovil District Hospital (YDH) and there is a reasonable expectation that YDH has adequate resources to continue in operational existence for the next 12 months

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care consistent with the revised funding arrangements in response to the COVID-19 pandemic. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due; and will be accessed through the nationally agreed process published by NHS Improvement and the Department of Health and Social Care.

There has been no application to the Secretary of State for the dissolution of the Trust and following the preparation of detailed financial plans for 2022/23, no such application is planned.

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

Joint ventures

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

Note 1.3 Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at a Sustainability and Transformation Partnership level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset. The expected rate of non-recovery is 23.76%.

Note 1.4 Other forms of income

Grants and donations
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income
The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

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

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.
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 1.6 Discontinued operations
Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

Note 1.7 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure
Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

- Land and non-specialised 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.

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 2021/22, a desktop valuation exercise to update the latest carrying values as at 31 March 2022 was undertaken by Cushman & Wakefield DTZ.

The valuation exercise was carried out in March 2022 with a valuation date of 31 March 2022. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

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

An Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. This included recommendations for a new Building Regulations regime for residential buildings of 10 storeys (30m) or higher. The Government subsequently announced that Building Regulations would be amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. Due to the changes to the building regulations the ban will affect existing buildings undergoing major works or a change of use. On 20 January 2020 MHCLG published "Building safety advice for building owners, including fire doors" which consolidated the previously published advice notes including Advice Note 22. The advice note specifically deals with aluminium composite material panels, high pressure laminate panels, spandrel panels, balconies and external wall insulation systems as well as smoke control systems and fire doors. The advice note does not cover all types of wall systems for buildings below 18 metres but consideration is to be given to the spread of fire externally through the fire risk assessment taken into consideration the buildings occupancy and other factors which may result in remedial actions being required.

The Fire Safety Act 2021 came into force in May and aims to improve fire safety in multi-occupancy domestic premises. The Act requires responsible persons to assess, manage and reduce the fire risks posed by the structure and external walls of the buildings for which they are responsible (including cladding, balconies and windows). It applies to all multi-occupied residential buildings and is not dependent on the height of the building. The Act allows the Fire & Rescue Service to enforce against non–compliance in relation to the external walls and the individual doors opening onto the common parts of the premises, but the Act does not address remediation costs in relation to cladding or its replacement.

Market participants continue to be affected by details of construction, health and safety, and particularly fire prevention, mitigation and means of escape from buildings where people sleep. The Government's proposed legislation is far reaching and will provide a new regime for building regulations compliance. In the light of these circumstances, this valuation has been undertaken in the context of a changing regulatory environment and we would therefore recommend that it is kept under regular review.

A 1% change in the valuation would have a £2 million impact on the Statement of Financial Position with a nil change on the PDC dividend due to be paid next year and accrued in these financial statements.

Of the £213 million net book value of land and buildings subject to valuation, £208 million relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

The component elements of each property asset are depreciated individually where the value of the component parts are judged to be material in relation to the overall value of that asset and where the useful economic lives of the components are significantly different from that of the overall property asset. The component parts that are individually depreciated by the Trust are building structures, engineering elements and external works.

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

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.

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

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

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

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

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

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

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

De-recognition
Assets intended for disposal are reclassified as ‘held for sale’ once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their ‘fair value less costs to sell’. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

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

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

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

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

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset.

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

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

	Min life Years	Max life Years
Buildings, excluding dwellings	8	72
Dwellings	40	62
Plant & machinery	5	20
Transport equipment	3	10
Information technology	3	8
Furniture & fittings	3	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Intangible assets

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

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

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

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

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

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

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

	Min life Years	**Max life Years**
Development expenditure	2	10
Software licences	2	10

Note 1.9 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.

In 2020/21 and 2021/22, 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.

Note 1.10 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 1.11 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 finance leases 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 has irrevocably elected to measure the following equity instruments at fair value through other comprehensive income: -

Sensyne PLC shares

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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 1.12 Leases

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.

The trust as a lessee

Finance leases

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

The trust as a lessor

Finance leases

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

Operating leases

Rental income from operating leases is recognised on a straight-line 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 1.13 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2022:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	0.47%	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
Very long-term	Exceeding 40 years	0.66%	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

	Inflation rate	Prior year rate
Year 1	4.00%	1.20%
Year 2	2.60%	1.60%
Into perpetuity	2.00%	2.00%

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 27.1 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.14 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 28 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 28, 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 1.15 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the “pre-audit” version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.16 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 1.17 Corporation tax
The Trust is a Health Service Body within the meaning of s986 Corporation Taxes Act 2010. Accordingly it is not liable to corporation tax. The Trust is also exempt from tax on chargeable gains under s271(3) Taxation of Chargeable Gains Act 1992.There is, however, a power for HM Treasury to submit an order to Parliament which will dis-apply the corporation tax exemption in relation to particular activities of an NHS Foundation Trust (s987 Corporation Taxes Act 2010). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities to be specified in the order which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum. Until such an order is approved by Parliament, the Trust has no corporation tax liability.

Note 1.18 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 1.19 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 1.20 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 1.21 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 1.22 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 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

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

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	29,022
Additional lease obligations recognised for existing operating leases	(28,510)
Net impact on net assets on 1 April 2022	**512**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,321)
Additional finance costs on lease liabilities	(234)
Lease rentals no longer charged to operating expenditure	3,410
Estimated impact on surplus / deficit in 2022/23	**(145)**
Estimated increase in capital additions for new leases commencing in 2022/23	**21**

Other standards, amendments and interpretations

The Effective date for IFRS17 is now 1 April 2023. Work has not commenced understanding its impact in the Trust.

Note 1.25 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:

Sensyne shares
On 4 May 2021 the Trust received 1,428,571 of ordinary shares in Sensyne Plc. The agreement allows for the Trust to provide anonymised datasets, compliant to Information Commissioner Officer's standards, and to undertake jointly funded research across all parties. The share price at the Initial Price Offering (IPO) was 174p per share giving the Trust an investment value of £2,485,714 however the Trust is locked into holding the shares for up to 2 years. The Trust has made the decision to recognise the investment as Fair Value through other comprehensive income (FVOCI) given the equities are not held for trading and as part of a long term strategic relationship. The Trust has recognised the initial investment, under IFRS 15, fully as revenue in 2021/22 as the Trust has received the shares and satisfied all explicit performance obligations contained within the Strategic Relationship Agreement and continue to work in partnership with Sensyne Plc. The Trust will treat any subsequent gains or losses through the Financial Assets reserve.

Note 2 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions. The Somerset NHS Foundation Trust is managed by the Board of Directors, which is made up of both Executive and Non-Executive Directors. The Board is responsible for strategically and operationally leading the work of the Trust. The Non-Executive Directors bring external expertise to the organisation and provide advice and guidance to the Executive Directors. The Executive Directors take care of the day to day running of the Trust.

The Board is therefore considered to be the Chief Operating Decision Maker (CODM) of the Trust.

The monthly financial information presented to the Board includes a Trust level Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Cash flows and a number of other financial indicators including Covid-19 spend, capital expenditure, performance against cost improvement plans, agency spend and debt analysis. The segmental expenditure data is included by way of a separate note reporting achievement against planned expenditure inclusive of any directorate specific income and highlighting any variances. It is acknowledged that the analysis of figures included below is different to that used for the remainder of the financial statements. The detail includes current budget and year to date data, in each case comparing actual data to plan. The commentary also includes the Directorates' contribution to Trust wide initiatives, such as cost improvement programmes. Other information reported to the Board is specifically analysed for its purpose, for example trust pay spend against budget analysed by employee groups and income stream expectations by type (NHS Clinical, non NHS etc) compared to actual achieved. Information such as delivery of the savings plan is a trust wide position paper but detailed into the areas tasked with implementing savings.

The Trust has used three key factors in its identification of its reportable operating segments. The key factors are that the reportable operating segment:

a) engages in activities from which it earns revenues and incurs expenses;
b) reports financial results which are regularly reviewed by the Trust's Board of Directors to make decisions about allocation of resources to the segment and to assess its performance; and
c) has discrete financial information.

The Trust's reportable segments and services provided are:

Integrated and Urgent Care

The services provided by this operating segment include A&E, MIU, Cardiology, Care of the Elderly, Endocrinology, Neurology, Rehabilitation, Respiratory and Stroke and Community Hospitals.

Surgery

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

Clinical Support and Specialist 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 and other services

This segment provides corporate management for the Trust and includes the administrative aspects of governance and professional management of all clinical staff, the Trust Board, Finance, Information and IT, People Services, Organisational Development, Performance Management, Operational Management, Education and Training, central clinical functions of operational managers, clinical site managers, discharge coordination, patient transport and winter response actions.

Families Care Directorate

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

Mental Health and LD

The services provided by the mental health and LD segment include inpatient services for adult acute including Psychiatric Intensive Care Unit (PICU), Section 136 health based places of safety; rehabilitation and older peoples mental health inpatient, commissioned inpatient services of low secure and CAMHS Tier 4; Home Treatment/Crisis services; Perinatal; Psychiatric Liaison; Community mental health services including open mental health working in collaboration with voluntary VSC; forensic liaison services; Assertive Outreach; Talking Therapies and Learning Disability services.

Primary Care and Neighbourhoods

The services provided by this operating segment include District Nursing & Rehab services, provision of dementia and older peoples mental health services and the newly created Intermediate Care Model.

The table below summarises details reported to the Board

	Note	2021/22	2020/21
		£'000	£'000
Operating Income		596,860	545,478
Total Corporate Income		**596,860**	**545,478**
Expenditure less sundry income			
Primary Care and Neighbourhoods		(38,590)	(32,125)
Families Care Directorate		(49,358)	(45,248)
Mental Health and LD		(59,718)	(55,186)
Integrated and Urgent Care		(110,673)	(98,502)
Surgery		(107,285)	(94,017)
Clinical Support and Specialist Services		(84,646)	(80,457)
TOTAL OPERATING DIRECTORATES		**(450,270)**	**(405,535)**
Corporate and other services		(149,048)	(146,445)
TOTAL OTHER SERVICES		**(149,048)**	**(146,445)**
Total Operating Expenditure		**(599,318)**	**(551,980)**
Trust EBITDA		**(2,458)**	**(6,502)**
Net Finance Costs		(8,225)	(7,957)
Gains arising from transfers by absorption		-	132,484
(Deficit)/Surplus for the year from continuing operations		**(10,683)**	**118,025**
Remove Capital Donations/grants I&E impact		(45)	(915)
Remove Impairments		12,597	15,400
Remove gains arising from transfers by absorption		-	(132,484)
Performance on a control total basis		**1,869**	**26**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments		(3,169)	(3,035)
Revaluations		11,545	6,696
Fair value (losses) on equity instruments designated at fair value through OCI		(2,325)	-
Other recognised gains and losses		(2)	-
Total comprehensive income / (expense) for the period		**(4,634)**	**121,687**

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	2021/22	*Restated ** 2020/21
	£000	£000
Acute services		
Block contract / system envelope income (Note 1) *	318,898	303,767
High cost drugs income from commissioners (excluding pass-through costs)	37,451	31,677
Other NHS clinical income	3,718	2,740
Mental health services		
Block contract / system envelope income (Note 1)	104,801	69,773
Services delivered under a mental health collaborative	-	-
Clinical partnerships providing mandatory services (including S75 agreements)	-	609
Community services		
Block contract / system envelope income (Note 1) *	88,705	88,210
Income from other sources (e.g. local authorities)	2,765	2,760
All services		
Private patient income	1,819	858
Elective recovery fund	8,215	-
Additional pension contribution central funding (Note 2)	17,725	16,258
Other clinical income (Note 3)	12,582	4,811
Total income from activities	**596,679**	**521,463**

***** The Restatement to 2020/21 relates to a reclassification of Minor Injury Units income between Community Services and Acute Services to align with the National costing category.

Note 1

The year-on-year movement relates to re-basing the cost base of reference costs which would include Covid overheads; £23m for Mental Health and £22m for Acute Services. Mental Health Services includes investments in year of £7.5m**.**

Note 2

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

Note 3

Other clinical income includes Home Discharge Programme, Estates recharges, overseas income and consultant recharges.

Note 3.2 Income from patient care activities (by source)

	2021/22	2020/21
Income from patient care activities received from:	**£000**	**£000**
NHS England	97,604	101,911
Clinical commissioning groups	477,765	407,925
Department of Health and Social Care	142	20
Other NHS providers	5,662	2,740
NHS other	218	12
Local authorities	3,640	3,218
Non-NHS: private patients	1,819	858
Non-NHS: overseas patients (chargeable to patient)	108	190
Injury cost recovery scheme	742	336
Non NHS: other	8,979	4,253
Total income from activities	**596,679**	**521,463**
Of which:		
Related to continuing operations	596,679	521,463

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

	2021/22	2020/21
	£000	£000
Income recognised this year	108	190
Cash payments received in-year	63	51

Note 4 Other operating income

	2021/22			2020/21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,923	-	**2,923**	2,282	-	**2,282**
Education and training	26,068	-	**26,068**	19,005	-	**19,005**
Non-patient care services to other bodies	14,430		**14,430**	9,659		**9,659**
Reimbursement and top up funding	16,233		**16,233**	47,241		**47,241**
Income in respect of employee benefits accounted on a gross basis	2,317		**2,317**	2,416		**2,416**
Receipt of capital grants and donations		1,428	**1,428**		1,779	**1,779**
Charitable and other contributions to expenditure		1,541	**1,541**		6,308	**6,308**
Rental revenue from operating leases		293	**293**		105	**105**
Amortisation of PFI deferred income / credits		259	**259**		259	**259**
Other income *	5,044	-	**5,044**	480	-	**480**
Total other operating income	**67,015**	**3,521**	**70,536**	**81,083**	**8,451**	**89,534**
Of which:						
Related to continuing operations			70,536			89,534

*Other income includes £2.5m Sensyne share issue, £0.5m Somerset County Council Mental Health funding and £0.4m Undergraduate Medical Education.

Note 5 Transaction price allocated to remaining performance obligations

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.1 Income from activities arising from commissioner requested services

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

	2021/22	2020/21
	£000	£000
Income from services designated as commissioner requested services	581,988	509,836
Income from services not designated as commissioner requested services	85,046	101,161
Total	**667,034**	**610,997**

Note 6 Operating expenses

	2021/22	*Restated* 2020/21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	125	177
Purchase of healthcare from non-NHS and non-DHSC bodies	31,786	21,414
Staff and executive directors costs	447,681	412,058
Remuneration of non-executive directors	134	183
Supplies and services - clinical (excluding drugs costs)	33,893	34,878
Supplies and services - general (Note 1)	21,204	20,777
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	46,004	37,071
Consultancy costs	311	374
Establishment	7,342	6,887
Premises (Note 1)	13,381	13,863
Transport (including patient travel)	978	1,486
Depreciation on property, plant and equipment	17,498	15,089
Amortisation on intangible assets	4,873	3,666
Net impairments	12,597	15,400
Movement in credit loss allowance: contract receivables / contract assets	37	(31)
Movement in credit loss allowance: all other receivables and investments	521	17
Increase/(decrease) in other provisions	662	1,359
Change in provisions discount rate(s)	63	85
Fees payable to the external auditor		
audit services- statutory audit	119	111
Internal audit costs	110	126
Clinical negligence	14,209	13,297
Legal fees	1,116	532
Insurance	269	580
Research and development	-	7
Education and training	3,112	3,192
Rentals under operating leases	3,468	2,762
Redundancy	86	376
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	3,367	3,619
Car parking & security	65	168
Losses, ex gratia & special payments	586	765
Subscriptions	329	565
Interpreting costs	514	294
Other (Note 2)	3,233	6,353
Total	**669,673**	**617,500**
Of which:		
Related to continuing operations	669,673	617,500

Note 1
During 2021/22, a mapping exercise has taken place to re-categorise appropriate spend between supplies and services-general and premises.

Note 2
Other expenditure includes £0.4m Out of Area Named Patients (2020/21: £2.2m), £1.3m of Surgical services for the Independent Sector (2020/21: £1.8m), £1.0m HomeFirst/Packages of Care (2021/21: £0.8m).

2020/21: has been restated to re-categorise a mapping exercise of £3.8m between pay and other expenditure

Note 6.1 Limitation on auditor's liability
The limitation on auditor's liability for external audit work is £1 million (2020/21: £1 million).

Note 7 Impairment of assets

	2021/22	2020/21
	£000	£000
Net impairments charged to operating surplus resulting from:		
Changes in market price	12,597	14,993
Other	-	407
Total net impairments charged to operating surplus	**12,597**	**15,400**
Impairments charged to the revaluation reserve	3,169	3,034
Total net impairments	**15,766**	**18,434**

The Trust's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2022. The Trust's specialised buildings and associated land have been valued using the depreciated replacement cost method, based upon provision of a modern equivalent asset (MEA). A fundamental principle of MEA valuations is that a hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for the existing operations. The valuation of the Trust's specialised land and buildings has therefore been based upon the Trust hypothetically being located on a suitable alternative site away from the town centre, where the cost of the land would be significantly lower, but where the Trust would still be able to provide the same level of service but the location of providing the service would be delivered from the model.

Applying these MEA revaluations has resulted in a net overall decrease of £9,428,000 in the value of the Trust's estate (2020/21: net decrease of £11,741,000). This decrease in value of the Trust's estate is recorded in property, plant and equipment. £12,597,000 has been recognised as a net impairment charged to the Statement of Comprehensive Income. (2020/21:net impairment of £15,400,000) and the remaining £3,169,000 has been recognised as an impairment to the revaluation reserve (2020/21: £3,660,000).

Note 8 Employee benefits

	2021/22	*Note 1* *Restated* 2020/21
	Total	Total
	£000	£000
Salaries and wages	316,632	298,332
Social security costs	30,697	29,389
Apprenticeship levy	1,640	1,468
Employer's contributions to NHS pensions	58,826	53,611
Temporary staff (including agency)	42,687	34,530
Total gross staff costs	**450,482**	**417,330**
Of which		
Costs capitalised as part of assets	2,715	2,547

Note 1
2020/21 has been restated to re-categorise a mapping exercise of £3.8m between Salaries and Wages and other expenditure.

Note 8.1 Retirements due to ill-health
During 2021/22 there were 4 early retirements from the trust agreed on the grounds of ill-health (7 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is £230k (£365k in 2020/21).

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

Note 9 Pension costs

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

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 2021, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Note 10 Operating leases

Note 10.1 Somerset NHS FT as a lessor

This note discloses income generated in operating lease agreements where Somerset NHS FT is the lessor. Income is generated from catering concessions.

	2021/22 £000	2020/21 £000
Operating lease revenue		
Other	293	105
Total	**293**	**105**

	31 March 2022 £000	31 March 2021 £000
Future minimum lease receipts due:		
- not later than one year;	260	285
- later than one year and not later than five years;	334	333
Total	**594**	**618**

Note 10.2 Somerset NHS FT as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Somerset NHS FT is the lessee.

	2021/22 £000	2020/21 £000
Operating lease expense		
Minimum lease payments	3,468	2,762
Total	**3,468**	**2,762**

	31 March 2022 Note 1 £000	31 March 2021 £000
Future minimum lease payments due:		
- not later than one year;	3,468	2,639
- later than one year and not later than five years;	12,858	5,105
- later than five years.	13,209	2,114
Total	**29,535**	**9,858**

Note 1

31 March 2022- relates to the re-gearing of properties and additional leases during 2021/22.

Analysed by:		
- Buildings	29,279	9,695
- Other	256	163
Total	**29,535**	**9,858**

Note 11 Finance income

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

	2021/22	2020/21
	£000	£000
Interest on bank accounts	27	12
Total finance income	**27**	**12**

Note 12.1 Finance expenditure

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

	2021/22	2020/21
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	163	184
Finance leases	167	227
Main finance costs on PFI and LIFT schemes obligations	1,337	1,219
Total interest expense	**1,667**	**1,630**
Unwinding of discount on provisions	(21)	43
Other finance costs	63	87
Total finance costs	**1,709**	**1,760**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

The Trust has not incurred any interest arising from claims made under this legislation or paid any compensation to cover debt recovery costs in 2021/22 or 2020/21.

Note 13 Other gains / (losses)

	2021/22	2020/21
	£000	£000
Gains on disposal of assets	-	1
Losses on disposal of assets	(244)	(552)
Total gains / (losses) on disposal of assets	**(244)**	**(551)**

The loss on disposal relates to derecognised Covid Plant & Machinery assets that have been returned to the Department of Health and Social Care (DHSC), as agreed with the DHSC asset transfer team. £244k was returned leaving a remaining Net Book Value @ 31/3/2022 of £1,100k. During 2020/21, £1,479k was recognised as donated asset additions.

2020/21: Net loss on disposal arose from the disposal of Microsoft Software licences

Note 14 Intangible assets - 2021/22

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2021 - brought forward	**28,550**	**3,974**	**32,524**
Additions	1,554	4,335	**5,889**
Reclassifications	3,134	(3,134)	**(0)**
Valuation / gross cost at 31 March 2022	**33,238**	**5,175**	**38,413**
Amortisation at 1 April 2021 - brought forward	**13,178**	**-**	**13,178**
Provided during the year	4,873	-	**4,873**
Reclassifications	23	-	**23**
Amortisation at 31 March 2022	**18,074**	**-**	**18,074**
Net book value at 31 March 2022	**15,164**	**5,175**	**20,339**
Net book value at 1 April 2021	**15,372**	**3,974**	**19,346**

Note 14.1 Intangible assets - 2020/21

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	**5,855**	**-**	**5,855**
Transfers by absorption	18,484	3,775	**22,259**
Additions	2,825	2,912	**5,737**
Impairments	(407)	-	**(407)**
Reclassifications	2,713	(2,713)	**-**
Disposals / derecognition	(920)	-	**(920)**
Valuation / gross cost at 31 March 2021	**28,550**	**3,974**	**32,524**
Amortisation at 1 April 2020 - as previously stated	**2,991**	**-**	**2,991**
Transfers by absorption	6,889	-	**6,889**
Provided during the year	3,666	-	**3,666**
Disposals / derecognition	(368)	-	**(368)**
Amortisation at 31 March 2021	**13,178**	**-**	**13,178**
Net book value at 31 March 2021	**15,372**	**3,974**	**19,346**
Net book value at 1 April 2020	**2,864**	**-**	**2,864**

Note 15 Property, plant and equipment - 2021/22

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2021 - brought forward	**12,571**	**184,980**	**3,849**	**41,908**	**71,532**	**114**	**24,505**	**7,843**	**347,302**
Additions	-	7,565	-	45,681	3,525	-	1,115	-	**57,886**
Impairments	(321)	(32,206)	(124)	-	-	-	-	-	**(32,651)**
Reversals of impairments	400	11,422	-	-	-	-	-	-	**11,822**
Revaluations	81	8,712	271	-	-	-	-	-	**9,064**
Reclassifications	584	14,058	1,461	(24,007)	6,764	2	1,680	(542)	**0**
Transfers to / from assets held for sale	(14)	-	-	-	-	-	-	-	**(14)**
Disposals / derecognition	-	-	-	-	(257)	-	-	-	**(257)**
Valuation/gross cost at 31 March 2022	**13,301**	**194,531**	**5,457**	**63,582**	**81,564**	**116**	**27,300**	**7,301**	**393,152**
Accumulated depreciation at 1 April 2021 - brought forward	**-**	**9**	**-**	**-**	**38,289**	**50**	**16,529**	**4,463**	**59,340**
Provided during the year	-	6,769	159	-	6,458	11	3,004	1,097	**17,498**
Impairments	-	(4,248)	-	-	-	-	-	-	**(4,248)**
Reversals of impairments	-	(814)	-	-	-	-	-	-	**(814)**
Revaluations	-	(2,325)	(156)	-	-	-	-	-	**(2,481)**
Reclassifications	-	618	-	-	(397)	2	60	(306)	**(23)**
Disposals / derecognition	-	-	-	-	(13)	-	-	-	**(13)**
Accumulated depreciation at 31 March 2022	**-**	**9**	**3**	**-**	**44,337**	**63**	**19,593**	**5,254**	**69,259**
Net book value at 31 March 2022	**13,301**	**194,522**	**5,454**	**63,582**	**37,227**	**53**	**7,707**	**2,047**	**323,893**
Net book value at 1 April 2021	**12,571**	**184,971**	**3,849**	**41,908**	**33,243**	**64**	**7,976**	**3,380**	**287,963**

Note 15.1 Property, plant and equipment - 2020/21

	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 2020 - as previously stated	**4,578**	**73,750**	**845**	**258**	**8,226**	**7**	**9,935**	**2,315**	**99,914**
Transfers by absorption	8,036	122,426	3,011	16,331	51,613	63	11,575	5,229	**218,284**
Additions	-	3,882	105	34,054	7,227	25	2,062	255	**47,610**
Impairments	(216)	(30,629)	(206)	-	-	-	-	-	**(31,051)**
Reversals of impairments	-	5,874	-	-	-	-	-	-	**5,874**
Revaluations	173	6,112	412	-	-	-	-	-	**6,697**
Reclassifications	-	3,563	(318)	(8,735)	4,495	19	932	44	**-**
Disposals / derecognition	-	-	-	-	(29)	-	-	-	**(29)**
Valuation/gross cost at 31 March 2021	**12,571**	**184,980**	**3,849**	**41,908**	**71,532**	**114**	**24,505**	**7,843**	**347,302**
Accumulated depreciation at 1 April 2020 - restated	**-**	**8**	**-**	**-**	**4,858**	**3**	**6,567**	**1,388**	**12,824**
Transfers by absorption	-	-	-	-	28,709	37	7,321	2,513	**38,580**
Provided during the year	-	7,066	146	-	4,710	10	2,595	562	**15,089**
Impairments	-	(4,449)	(31)	-	-	-	-	-	**(4,480)**
Reversals of impairments	-	(2,553)	(115)	-	-	-	-	-	**(2,668)**
Revaluations	-	1	-	-	-	-	-	-	**1**
Reclassifications	-	(64)	-	-	18	-	46	-	**-**
Disposals / derecognition	-	-	-	-	(6)	-	-	-	**(6)**
Accumulated depreciation at 31 March 2021	**-**	**9**	**-**	**-**	**38,289**	**50**	**16,529**	**4,463**	**59,341**
Net book value at 31 March 2021	**12,571**	**184,971**	**3,849**	**41,908**	**33,243**	**64**	**7,976**	**3,380**	**287,962**
Net book value at 1 April 2020	**4,578**	**73,743**	**845**	**258**	**3,368**	**4**	**3,369**	**927**	**87,092**

Note 15.2 Property, plant and equipment financing - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2022									
Owned - purchased	13,301	172,955	5,454	63,582	25,377	38	7,290	1,583	**289,580**
Finance leased	-	-	-	-	3,513	-	-	55	**3,568**
On-SoFP PFI contracts and other service concession arrangements	-	18,788	-	-	4,798	-	413	-	**23,999**
Owned - donated/granted	-	2,777	-	-	3,539	15	4	409	**6,744**
NBV total at 31 March 2022	**13,301**	**194,520**	**5,454**	**63,582**	**37,227**	**53**	**7,707**	**2,047**	**323,891**

Note 15.3 Property, plant and equipment financing - 2020/21

	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
Net book value at 31 March 2021									
Owned - purchased	12,571	165,335	3,849	41,838	20,400	45	7,202	2,521	**253,761**
Finance leased	-	-	-	70	3,895	-	-	245	**4,210**
On-SoFP PFI contracts and other service concession arrangements	-	18,160	-	-	4,189	-	686	-	**23,035**
Owned - donated/granted	-	1,474	-	-	4,759	19	87	614	**6,953**
NBV total at 31 March 2021	**12,571**	**184,969**	**3,849**	**41,908**	**33,243**	**64**	**7,975**	**3,380**	**287,959**

Note 16 Donations of property, plant and equipment

During 2021/22, donations of £1,437,000 were donated to the Trust (2020/21: £1,779,000); £1,000,000 was donated by Plymouth University for redevelopment of the Academy, the balance relating to various equipment purchases. There were no restrictions on the use of donated assets.

Note 17 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 2021/22, a desktop valuation exercise to update the latest carrying values of Land, Buildings and Dwellings as at 31 March 2022 was undertaken by Cushman & Wakefield DTZ.

The valuation exercise was carried out in March 2022 with a valuation date of 31 March 2022. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Note 18 Investments in associates and joint ventures

	2021/22	2020/21
	£000	£000
Carrying value at 1 April - brought forward	**-**	**-**
Share of profit / (loss)	797	-
Carrying value at 31 March	**797**	**-**

The Trust holds a 51.4% share in each of Southwest Pathology Services LLP (SPS LLP), Southwest Path Services LLP (services LLP) and SPS Facilities LLP (LLP) .The joint venture, Southwest Pathology Services LLP (SPS LLP), was established to deliver and develop laboratory based pathology services throughout the region. Laboratory processing of tests is carried out by SPS LLP, whilst responsibility for the interpretation of the test results remains with the Trust. The Trust has retained customer contracts for the provision of a complete pathology service with GPs, independent sector providers and other third parties and SPS LLP charges the Trust for the cost of processing those tests. During 2013/14 the trust entered into another Joint Venture partnership with Integrated Pathology Partnerships Ltd and Yeovil District Hospital NHS Foundation Trust. This 'sister' joint venture, Southwest Path Services LLP, was established to deliver a range of additional testing services to Trusts, including point of care testing of patients' glucose levels. These entities are jointly controlled by the Trust, Yeovil District Hospital NHS FT and Integrated Pathology Partnership Ltd. The arrangements are treated as a joint venture and are accounted for using equity accounting, such that 51.4% of the surplus / (deficit) made is included in the Trust's SOCI and 51.4% of the net assets of the Joint Venture are included in the SOFP of the Trust. In 2014/15 SPS LLP was restructured to form SPS LLP and SPS Facilities LLP.

	SPS LLP (Services)		SPS Facilities LLP		Combined	
	2021/22	2020/21	**2021/22**	2020/21	**2021/22**	2020/21
	£000	£000	**£000**	£000	**£000**	£000
Profit and loss account						
Turnover	**14,704**	10,635	**13,592**	10,011	**28,296**	20,646
Cost of sales	**(13,507)**	(10,259)	**(12,534)**	(9,679)	**(26,041)**	(19,938)
Gross Profit	1,197	376	1,058	332	2,255	708
Operating Expenditure	**(362)**	(366)	**(326)**	(327)	**(688)**	(693)
Profit before tax	**835**	10	**732**	5	**1,567**	15
Trust's share of profit in Statement of Comprehensive Income	**429**	5	**376**	3	**804**	8
Statement of Financial Position						
Non current assets						
Current assets	**1,359**	540	**1,179**	657	**2,538**	1,197
	1,359	540	**1,179**	**657**	**2,538**	1,197
Payables: amounts due within one year	**(498)**	(512)	**(489)**	(698)	**(987)**	(1,210)
	(498)	(512)	**(489)**	(698)	**(987)**	(1,210)
Net Assets/(Liabilities)	**861**	28	**690**	(41)	**1,551**	(14)
Share of net assets recognised in the Statement Of Financial Position	**443**	14	**355**	(14)	**797**	(0)

Note 19 Other investments / financial assets (non-current)

	2021/22	2020/21
	£000	£000
Carrying value at 1 April - brought forward	**-**	**-**
Acquisitions in year	2,486	-
Movement in fair value through OCI	(2,325)	-
Carrying value at 31 March	**161**	**-**

Sensyne shares

On 4 May 2021 the Trust received 1,428,571 of ordinary shares in Sensyne Plc. The agreement allows for the Trust to provide anonymised datasets, compliant to Information Commissioner Officer's standards, and to undertake jointly funded research across all parties. The share price at the Initial Price Offering (IPO) was 174p per share giving the Trust an investment value of £2,485,714 however the Trust is locked into holding the shares for up to 2 years. The Trust has made the decision to recognise the investment as Fair Value through other comprehensive income (FVOCI) given the equities are not held for trading and as part of a long term strategic relationship. The Trust has recognised the initial investment, under IFRS 15, fully as revenue in 2021/22 as the Trust has received the shares and satisfied all explicit performance obligations contained within the Strategic Relationship Agreement and continue to work in partnership with Sensyne Plc. The Trust will treat any subsequent gains or losses through the Financial Assets reserve.

Note 20 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	1,890	1,545
Consumables	15	21
Energy	288	172
Other	3,530	3,046
Total inventories	**5,723**	**4,784**

Inventories recognised in expenses for the year were £57,185k (2020/21: £45,551k). Write-down of inventories recognised as expenses for the year were £0k (2020/21: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2021/22 the Trust received £1,454k of items purchased by DHSC (2020/21: £6,284k).

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 21 Receivables

	2022 £000	2021 £000
Current		
Contract receivables	15,859	19,812
Allowance for impaired contract receivables / assets	(104)	(79)
Allowance for other impaired receivables	(638)	(117)
Prepayments (non-PFI)	4,582	3,865
PDC dividend receivable	-	618
VAT receivable	1,134	1,285
Other receivables	379	41
Total current receivables	**21,212**	**25,425**
Non-current		
Contract receivables	1,880	1,940
Allowance for impaired contract receivables / assets	(447)	(435)
Other receivables	1,236	-
Total non-current receivables	**2,669**	**1,505**
Of which receivable from NHS and DHSC group bodies:		
Current	9,793	15,145
Non-current	1,236	-

Note 21.1 Allowances for credit losses

	2021/22		2020/21	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**514**	**117**	**154**	**22**
Transfers by absorption	-	-	495	100
New allowances arising	104	638	213	117
Changes in existing allowances	31	(117)	16	(100)
Reversals of allowances	(98)	-	(260)	-
Utilisation of allowances (write offs)	-	-	(104)	(22)
Allowances as at 31 Mar 2022	**551**	**638**	**514**	**117**

Note 22 Non-current assets held for sale and assets in disposal groups

	2021/22	2020/21
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April - restated	**-**	**-**
Assets classified as available for sale in the year	14	**-**
Assets sold in year	1	**-**
NBV of non-current assets for sale and assets in disposal groups at 31 March	**15**	**-**

During 2021/22, the decision was made to sell Glastonbury Dental Access Centre. There were limitations to the building meaning it was unfit for purpose and would not be able to provide the continued service provision in it's existing state. The asset is measured at the lower of carrying amount and fair value less costs to sell with the sale expected during Quarter 1 2022/23.

Note 23 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.

	2021/22	2020/21
	£000	£000
At 1 April	**75,392**	**28,579**
Transfers by absorption	-	3,991
Net change in year	(16,663)	42,822
At 31 March	**58,729**	**75,392**
Broken down into:		
Cash at commercial banks and in hand	111	1,607
Cash with the Government Banking Service	58,618	73,785
Total cash and cash equivalents as in SoFP	**58,729**	**75,392**

Note 23.1 Third party assets held by the trust

Somerset NHS FT held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2022	31 March 2021
	£000	£000
Bank balances	25	24
Total third party assets	**25**	**24**

Note 24 Trade and other payables

	31 March 2022	31 March 2021
	£000	£000
Current		
Trade payables	6,292	15,660
Capital payables	21,842	13,832
Accruals	35,693	45,720
Social security costs	8,642	7,732
PDC dividend payable	114	-
Other payables	10,902	3,685
Total current trade and other payables	**83,485**	**86,629**
Of which payables from NHS and DHSC group bodies:		
Current	3,671	4,891

Note 25 Other liabilities

	31 March 2022 £000	31 March 2021 £000
Current		
Deferred income: contract liabilities	6,893	14,214
Deferred PFI credits / income	259	258
Total other current liabilities	**7,152**	**14,472**
Non-current		
Deferred PFI credits / income	2,200	2,458
Total other non-current liabilities	**2,200**	**2,458**

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 26 Borrowings

	31 March 2022 £000	31 March 2021 £000
Current		
Loans from DHSC	890	895
Other loans *	892	-
Obligations under finance leases	47	929
Obligations under PFI, LIFT or other service concession contracts **	2,017	1,861
Total current borrowings	**3,846**	**3,685**
Non-current		
Loans from DHSC	5,820	6,668
Other loans *	893	-
Obligations under finance leases	4	1,813
Obligations under PFI, LIFT or other service concession contracts **	16,019	17,565
Total non-current borrowings	**22,736**	**26,046**

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

** Obligations under PFI, LIFT and other services are made up of 2 balances: Radiology Managed Equipment Service of £6,965,000 at an interest rate of 3.9% with final payment in June 2027 and The Beacon centre PFI of £12,460,000 at an interest rate of 8.5% with final payment in April 2040.

Note 26.1 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Other loans *	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2021	**7,563**	**-**	**2,742**	**19,426**	**29,731**
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	-	(810)	(1,924)	**(3,582)**
Financing cash flows - payments of interest	(168)	-	(198)	(1,337)	**(1,703)**
Non-cash movements:					
Additions	-	-	-	534	**534**
Application of effective interest rate	163	-	167	1,337	**1,667**
Other changes	-	1,785	(1,850)	-	**(65)**
Carrying value at 31 March 2022	**6,710**	**1,785**	**51**	**18,036**	**26,582**

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

Note 26.2 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2020	**905**	**139**	**-**	**1,044**
Cash movements:				
Financing cash flows - payments and receipts of principal	(25,765)	(755)	(1,413)	**(27,933)**
Financing cash flows - payments of interest	(258)	(255)	(1,219)	**(1,732)**
Non-cash movements:				
Transfers by absorption	32,498	3,317	16,302	**52,117**
Additions	-	68	4,518	**4,586**
Application of effective interest rate	184	227	1,219	**1,630**
Other changes	-	-	19	**19**
Carrying value at 31 March 2021	**7,563**	**2,742**	**19,426**	**29,731**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £24,981,000 (Interim loan principal £24,917,000 and interest accrual £64,000).

Note 27 Somerset NHS FT as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2022 £000	31 March 2021 £000
Gross lease liabilities	**52**	**3,058**
of which liabilities are due:		
- not later than one year;	48	937
- later than one year and not later than five years;	4	2,121
Finance charges allocated to future periods	(1)	(317)
Net lease liabilities	**51**	**2,741**
of which payable:		
- not later than one year;	47	928
- later than one year and not later than five years;	4	1,813

Leases for energy infrastructure:

During 2011/12, the Trust entered into a 12 year contract with a private sector partner, Schneider Electric, for the provision and installation of energy infrastructure assets. The total value of the contract was £7,867,000 and repayments commenced in December 2012 which are paid annually over the term of the lease (Finance lease funded through a third party Finance agreement). During 2020/21, the Trust received a settlement as a result of a commercial dispute, the lease was terminated with immediate affect. During 2021/22, the Trust transferred the remaining balance on the Finance agreement to borrowings which will be repaid annually with the final payment due September 2023.

The remaining low value leases relate to equipment leased over a five-year period.

Note 28 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2021	**776**	**1,527**	**77**	**-**	**2,380**
Change in the discount rate	13	50	-	-	**63**
Arising during the year	36	37	53	1,844	**1,970**
Utilised during the year	(75)	(82)	(30)	-	**(187)**
Reversed unused	(56)	-	(16)	-	**(72)**
Unwinding of discount	(7)	(14)	-	-	**(21)**
At 31 March 2022	**687**	**1,518**	**84**	**1,844**	**4,133**
Expected timing of cash flows:					
- not later than one year;	76	83	84	608	**851**
- later than one year and not later than five years;	311	345	-	87	**743**
- later than five years.	300	1,090	0	1,149	**2,539**
Total	**687**	**1,518**	**84**	**1,844**	**4,133**

Pensions: early departure costs

Pensions - early departure costs relate to Pre1995 early retirements. These are calculated on figures supplied by the NHS Pensions Agency and a significant amount of the payments are expected to be greater than one year.

Pensions: injury benefits

Injury Benefit provisions are based on figures supplied by the NHS Pensions Agency. A significant amount of the payments are expected to be for a period greater than 1 year.

Legal Claims

The provisions are based on the expected values and probabilities quantified by NHS Resolution. The outcome of these cases are inherently uncertain and the timing of payments is dependant on the progression of each case. The figures included in the summary are based purely on the Trust's excess reflecting the fact that the NHS Resolution makes the majority of payments direct. See also note 28.

Other

Provisions arising in year include HMRC commitments, clinical pension tax reimbursement (NHS England and the Government fully fund these payments) and potential workforce pension liabilities.

Note 28.1 Clinical negligence liabilities

At 31 March 2022, £437,271k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Somerset NHS FT (31 March 2021: £163,597k).

The year-on-year movement relates to the HM Treasury Public Expenditure System (PES) rates change in December 2021 which had a significant impact on the valuation of the provisions as at 31st March 2022.

Note 29 Contingent assets and liabilities

	31 March 2022 £000	31 March 2021 £000
Value of contingent liabilities		
NHS Resolution legal claims	(31)	(33)
Net value of contingent liabilities	**(31)**	**(33)**

Note 30 Contractual capital commitments

	31 March 2022 £000	31 March 2021 £000
Property, plant and equipment (Note 1)	49,641	21,823
Intangible assets	16	81
Total	**49,657**	**21,904**

Note 1
31 March 2022 relates to the building works to the Surgical centre, currently under construction on the Musgrove Park Hospital site.

Note 31 On-SoFP PFI, LIFT or other service concession arrangements

Note 31.1 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 2021/22 amounted to £3,894,387 (2020/21: £3,894,387) and for 2022/23 will be £3,894,387. The value of the liability at 31 March 2022 was £11,652,486 (31 March 2021: £12,462,297) and the net book value of the assets was £11,713,000 (31 March 2021: £11,463,000).

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 31.2 Provision of Multi-Storey Car Park

This is a public private partnership project (PPP). It relates to the building of a car park (completed in October 2006) and the provision of services for 25 years. The ownership of the building will pass to the Trust after the 25 year concession period. The residual value (assessed by professional valuation) is £4,468,000. Throughout this period, the operator pays an agreed proportion of the car parking fees to the Trust; no other financial transactions take place. Since 2009/10, this has been accounted for under International Financial Reporting Standards and the asset together with the outstanding liability is required to be accounted for in the Statement of Financial Position. The asset and liability are summarised below:

	31 March 2022	31 March 2021
	£000	£000
Net Book Value of asset (included in property, plant and equipment, note 15)	7,075	6,642
Liability (see deferred PFI income, note 21)	2,459	2,716

Note 31.3 Managed Equipment Solution for Diagnostic Imaging

On 20 July 2017 the Trust entered into a contract for the provision of a managed service contract within diagnostic imaging. The contract is for the following services:

-A Facilities Infrastructure Replacement Programme (FIRP), which includes the replacement, installation and decommissioning of all assets within the department along with an increase of modalities for ultrasound, MRI and CT scanning;

-The provision of a fully inclusive “Gold Standard” maintenance cover for the department, that includes all parts, durables and labour;

-The provision of a guaranteed uptime availability of the facility to perform diagnostic testing and reporting;

-A consumables management service;

-A full inventory management service;

-Technical training for all modalities;

-Professional training availability for radiographer reporting courses;

-Data collection and analysis to allow for patient level costing within the department;

-Market, professional, technical and analytical intelligence to work in partnership with the Trust, for the purposes of delivering continual improvement in quality and practice across the diagnostic imaging department;

The service provider receives payment in two elements:-

-A managed facility service paid for through a unitary payment fixed for the duration of the contract apart from annual RPI indexation, paid quarterly in advance.

-A consumables management service paid for through a quarterly payment in advance based on an estimate of annual consumption. An assessment of actual consumables provided is made each quarter and either a balancing invoice or credit note raised as appropriate.

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

The accountancy treatment is that ownership of the Trust’s existing asset portfolio within the scope of the managed service has been transferred to the managed service provider at fair market value. The assets have been recapitalised to the balance sheet under IFRIC 12. New equipment bought by the service provider has been capitalised under IFRIC 12 where their useful lives are fully utilised during the 10 years of the managed equipment solution agreement. Where new asset lives extend beyond the 10 years of the agreement equipment has been accounted for as operating leases.

The total unitary payment made to the managed equipment solution provider during the 2021/22 financial year for the managed facility service was £2,569,967 (2020/21: £2,270,452) and consumables management service of £950,000 (2020/21: £1,125,000). The total unitary payment for 2022/23 will be £2,909,436. The value of the liability at 31 March 2022 was £6,384,024 (31 March 2021: £6,964,793) and the net book value of the assets was £2,965,292 (31 March 2021: £2,119,421).

Note 31.4 Imputed finance lease obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position.

	PFI Schemes	Other Service Concessions	31 March 2022	PFI Schemes	Other Service Concessions	31 March 2021
	£000	£000	£000	£000	£000	£000
Gross PFI, LIFT or other service concession liabilities	**23,037**	**7,725**	**30,762**	**24,912**	**8,536**	**33,448**
Of which liabilities are due						
- not later than one year;	1,886	1,399	3,285	1,875	1,322	3,197
- later than one year and not later than five years;	5,959	5,356	11,315	5,950	5,130	11,080
- later than five years.	15,192	970	16,162	17,087	2,084	19,171
Finance charges allocated to future periods	(11,385)	(1,341)	(12,726)	(12,450)	(1,572)	(14,022)
Net PFI, LIFT or other service concession arrangement obligation	**11,652**	**6,384**	**18,036**	**12,462**	**6,964**	**19,426**
- not later than one year;	890	1,127	2,017	810	1,051	1,861
- later than one year and not later than five years;	2,454	4,346	6,800	2,253	4,081	6,334
- later than five years.	8,308	911	9,219	9,399	1,832	11,231

The obligations above relates to the Beacon Centre (PFI cancer facility) which opened in May 2009 and the radiology managed facility service (other service consessions) which commenced 1 August 2017.

Note 31.5 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	PFI Schemes	Other Service Concessions	31 March 2022	***Note 1 Restated*** PFI Schemes	Other Service Concessions	***Note 1 Restated*** 31 March 2021
	£000	£000	£000	£000	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**67,961**	**15,277**	**83,238**	**71,938**	**16,065**	**88,003**
Of which payments are due:						
- not later than one year;	3,978	2,909	6,887	3,978	2,570	6,548
- later than one year and not later than five years;	15,910	11,398	27,308	15,910	10,280	26,190
- later than five years.	48,073	970	49,043	52,050	3,215	55,265

Note 1
31 March 2021 PFI Scheme later than five years, has been restated due to incorrect information shown.

Note 31.6 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	PFI Schemes	Other Service Concessions	31 March 2022	PFI Schemes	Other Service Concessions	31 March 2021
	£000	£000	£000	£000	£000	£000
Unitary payment payable to service concession operator	**4,058**	**2,570**	**6,628**	**3,981**	**2,271**	**6,252**
Consisting of:						
- Interest charge	1,065	272	1,337	1,026	193	1,219
- Repayment of balance sheet obligation	810	1,114	1,924	649	765	1,414
- Service element and other charges to operating expenditure	2,183	1,184	3,367	2,306	1,313	3,619
Total amount paid to service concession operator	**4,058**	**2,570**	**6,628**	**3,981**	**2,271**	**6,252**

Note 32 Off-SoFP PFI, LIFT and other service concession arrangements

The Trust incurred the following charges in respect of off-Statement of Financial Position PFI and LIFT arrangements:

Staff Nursery

This is accounted for off the Statement of Financial Position. The operator is required to provide childcare facilities over the concession period, of 30 years from 2003, therefore the arrangement has 11 years to run. The services are provided to Trust employees in the first instance and to the public thereafter. The land was provided by the Trust on a 99 year lease. Other than this, there is no financial cost to the Trust. The land and building will revert to Trust ownership at the end of the 99 year lease.

Note 33 Financial instruments

Note 33.1 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 Clinical Commissioning Groups and the way those Clinical Commissioning Groups 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 Improvement, 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 2022 are in receivables from customers, as disclosed in the Receivables note (Note 20).

Cash deposited with financial institutions outside the Government Banking Service at 31 March 2022 was £40,000 (2020/21: £1,530,000). These balances relate to the Natwest bank account and Private Patient wing (2020/21: In addition, balances also related to the Primary Care Practices which during 2021/22 have been transferred to Yeovil District Hospital). The credit risk on this is negligible.

Liquidity risk

The Trust's net operating costs are incurred under contracts with local Clinical Commissioning Groups, 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 Clinical Commissioning Groups and Specialist Commissioners, which are financed from resources voted annually by Parliament .

The Trust currently finances its capital expenditure from funds made available from cash surpluses generated by the Trust's activities. The PFI project relating to the Beacon Centre has created liabilities on the Statement of Financial Position that the Trust is committed to meeting for the duration of the service concession. This liability is subject to an annual inflationary uplift. Similarly, the Trust is committed to the Energy Project which added a leasing liability to the Trust's SOFP in 2011/12 and which increased in 2012/13. The Trust is committed to the payment of this leasing obligation for the duration of the 11 year lease term. The Trust has also entered into a radiology managed facility service for a period of 10 years and is committed to meeting the liabilities created on the statement of financial position for the duration of the agreement. In addition, the Trust completed the new surgical ward development (the Jubilee Building) during 2013/14 and supported existing cash reserves to fund this development by drawing against a £12 million loan facility from the Foundation Trust Financing Facility. The approval of major capital projects such as the Jubilee Building are subject to comprehensive project development processes involving the creation of separate project boards, continuous scrutiny by the Trust Board and also through the involvement of NHS partners including the Trust's principal CCG and NHS Improvement.

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 Improvement.

Note 33.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	15,315	-	**15,315**
Other investments / financial assets	-	161	**161**
Cash and cash equivalents	58,729	-	**58,729**
Total at 31 March 2022	**74,044**	**161**	**74,205**

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	21,162	**21,162**
Cash and cash equivalents	75,392	**75,392**
Total at 31 March 2021	**96,554**	**96,554**

Note 33.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	6,710	**6,710**
Obligations under finance leases	51	**51**
Obligations under PFI, LIFT and other service concession contracts	18,036	**18,036**
Other borrowings	1,785	**1,785**
Trade and other payables excluding non financial liabilities	74,729	**74,729**
Total at 31 March 2022	**101,311**	**101,311**

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	7,563	**7,563**
Obligations under finance leases	2,742	**2,742**
Obligations under PFI, LIFT and other service concession contracts	19,426	**19,426**
Trade and other payables excluding non financial liabilities	78,816	**78,816**
Total at 31 March 2021	**108,547**	**108,547**

Note 33.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2022 £000	31 March 2021 £000
In one year or less	79,988	84,774
In more than one year but not more than five years	15,336	18,106
In more than five years	19,228	22,747
Total	**114,552**	**125,627**

Note 33.5 Fair values of financial assets and liabilities

There is no significant difference between the book values and fair values of the Trust's financial assets and liabilities at 31 March 2022.

Note 34 Losses and special payments

	2021/22		2020/21	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	4	4	-	-
Bad debts and claims abandoned	76	45	128	724
Stores losses and damage to property	1	-	-	-
Total losses	**81**	**49**	**128**	**724**
Special payments				
Compensation under court order or legally binding arbitration award	1	1	-	-
Ex-gratia payments (Note 1)	69	536	28	41
Extra-statutory and extra-regulatory payments	1	2	-	-
Total special payments	**71**	**539**	**28**	**41**
Total losses and special payments	**152**	**588**	**156**	**765**
Compensation payments received		-		5

Note 1

During 2021/22: £478k accrual has been classified as an ex-gratia payment. This reflects the residual accrual balance for Flowers overtime corrective payments. The Trust has locally calculated the overtime.

Note 35 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 2022 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
	2021/22 £000	2021/22 £000	31/03/2022 £000	31/03/2022 £000
Department of Health and Social Care	-	911	-	422
NHS England	138	100,673	2,024	6,484
Health Education England	8	25,033	3	179
NHS Bath and North East Somerset, Swindon and Wiltshire CCG	-	807	-	4
NHS Bristol, North Somerset and South Gloucestershire CCG	-	1,923	-	10
NHS Dorset CCG	-	1,324	-	-
NHS Kernow CCG	1	-	-	-
NHS Devon CCG	-	9,860	-	-
NHS Somerset CCG	-	463,941	143	1,877
Devon Partnership NHS Trust	-	3,865	298	343
North Bristol NHS Trust	434	210	367	36
Royal United Hospitals Bath NHS Foundation Trust	399	371	167	-
Dorset County Hospitals NHS Foundation Trust	492	17	116	-
Dorset Healthcare University NHS Foundation Trust	174	48	3	23
Gloucester Hospitals NHS Foundation Trust	-	0	183	17
Great Western Hospitals NHS Foundation Trust	5	24	4	-
Royal Devon & Exeter NHS Foundation Trust	465	1,175	36	23
Leeds Teaching Hospitals NHS Foundation Trust	4	71	1	32
Avon & Wiltshire NHS Trust	358	766	353	-
University Hospitals Bristol and Weston NHS Foundation Trust	1,001	303	527	139
Yeovil District Hospital NHS Foundation Trust	4,423	3,135	1,419	154
NHS Resolution	14,533	-	-	-
NHS Property Services	1,761	-	16	-
Other NHS bodies	1,674	3,952	54	50
Charitable Funds	-	720	2	8

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies.

NHS Pension Scheme	58,826	-	-	5
Somerset County Council	2,815	4,782	-	458
Ministry Of Defence	35	-	-	31
Other central and local government bodies	34,574	241	8,720	1,246

Other related parties

Wiveliscombe GP Surgery (Note 1)	-	1,114	-	-
North Petherton GP Surgery (Note 1)	-	283	-	64
Warwick House GP Surgery (Note 1)	-	851	-	-
Creech House GP Surgery (Note 1)	-	317	-	326
SPS Facilities Limited	11,430	190	-	63
Integrated Pathology Partnerships Limited	57	-	13	374
South West Pathology Services LLP	9,857	190	-	47

Note 1

During 2021/22, the management of the Primary Care Practices shown above transferred over to Yeovil District Hospital.

The equivalent disclosures made for 2020/21 were as follows:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2020/21	2020/21	31/03/2021	31/03/2021
	£000	£000	£000	£000
Department of Health and Social Care	-	306	-	-
NHS England	16	135,520	6,689	6,742
Health Education England	1	20,000	-	212
NHS Bath and North East Somerset, Swindon and Wiltshire CCG	-	760	-	5
NHS Bristol, North Somerset and South Gloucestershire CCG	-	2,047	-	166
NHS Dorset CCG	-	1,371	-	-
NHS Kernow CCG	38	268	-	-
NHS Devon CCG	-	9,553	-	51
NHS Somerset CCG	-	394,336	1,547	5,769
Devon Partnership NHS Trust	31	890	132	-
North Bristol NHS Trust	203	108	131	12
Royal United Hospitals Bath NHS Foundation Trust	315	399	34	354
Dorset County Hospitals NHS Foundation Trust	485	17	8	-
Dorset Healthcare University NHS Foundation Trust	166	4	2	1
Gloucester Hospitals NHS Foundation Trust	2,141	-	360	-
Great Western Hospitals NHS Foundation Trust	1	61	-	-
Royal Devon & Exeter NHS Foundation Trust	319	1,591	74	29
Leeds Teaching Hospitals NHS Foundation Trust	10	52	1	23
Avon & Wiltshire NHS Trust	5	750	-	-
University Hospitals Bristol and Weston NHS Foundation Trust (formerly University Hospital Bristol NHS Foundation Trust and Weston Area Health NHS Trust)	1,177	163	523	81
Yeovil District Hospital NHS Foundation Trust	4,013	2,086	768	576
NHS Resolution	13,605	-	35	-
NHS Property Services	2,105	-	222	-
Other NHS bodies	1,474	3,731	745	507
Charitable Funds	82	480	40	-

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	53,611	-	5,223	-
Somerset County Council	181	3,512	88	696
Ministry Of Defence	65	-	-	-
Other central and local government bodies	32,237	81	9,358	1,368
Other related parties				
Wiveliscombe GP Surgery	-	820	-	-
North Petherton GP Surgery	-	551	-	-
Warwick House GP Surgery	-	943	-	94
Creech House GP Surgery	-	578	-	177
SPS Facilities Limited	7,812	190	-	32
Integrated Pathology Partnerships Limited	16	633	3	102
South West Pathology Services LLP	7,815	216	-	101

Note 36 Events After the Reporting Period

There has been no events occurred after the balance sheet date.

Note 37 Transfers of functions from other NHS Bodies

2021/22: None. (2020/21: On 1 April 2020, Somerset Partnership and Taunton and Somerset 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 £132,484k corresponding to the net assets transferred is recognised within The Statement of Comprehensive Income, but not within operating activities).