NHS
Yeovil District Hospital
NHS Foundation Trust

Final Annual Report & Annual Accounts

Merged with Somerset NHS Foundation Trust from 1 April 2023

2022/23

Yeovil District Hospital NHS Foundation Trust

Final Annual Report and Annual Accounts 2022/23

Merged with Somerset NHS Foundation Trust from 1 April 2023

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1. FOREWORD FROM CHIEF EXECUTIVE

Welcome to the annual report for Yeovil Hospital NHS Foundation Trust (YDH), for the financial year 2022/3. This report provides detail of our operational and financial performance, but I'd like to provide a strategic overview of our achievements and challenges during this momentous year for the NHS.

During this financial year, we focussed both on providing urgent care for those patients who needed it and at the same time caring for those patients whose care was delayed as a result of the COVID-19 pandemic. Like other NHS providers across England, we saw record numbers of patients (66,479), many of them with complex care needs, attend the Emergency Department at Yeovil District Hospital compared to the previous year (60,009). At the same time, we provided treatment for those patients whose planned treatment had been delayed and reduced the number of long waiting patients, with 369 pathways waiting over 52 weeks compared to 756 in March 2022.

We faced inevitable operational challenges, as we sought to balance the needs of these two groups of patients and faced continued difficulty in discharging patients who did not need to be in an acute hospital but needed additional support. As we grappled with these challenges, we looked to innovative solutions and one of those that we implemented were "ready to go" units at both Yeovil District Hospital and Musgrove Park Hospital. These dedicated units, focus on rehabilitation and reduce the risk of patients deconditioning while they wait to leave hospital. This new model of care moves closer to patients' home environments and was so successful that it reduced the support some patients needed when they left hospital.

Alongside managing and responding to the operational challenges, we also focussed on ensuring that both our organisation, and our facilities, are best place to support our services and colleagues to succeed in the future.

In 2022/23 we went through the final planning and approval processes in preparation of merging our trust with Somerset NHS Foundation Trust (Somerset FT) on 1 April 2023. As a merged organisation we provide community, mental health and learning disability services throughout the county and into Dorset, along with acute services from both Yeovil Hospital and Musgrove Park Hospital and a quarter of Somerset's GP practices through our subsidiary Symphony Healthcare Services.

We merged because we want to provide better care for our patients and ensure that everyone in the county enjoys consistent access to high quality services irrespective of where they live. Working as one organisation, and therefore eliminating organisational boundaries, puts us in a better position to support people to stay well, give equal priority to mental and physical health, deliver services in the most appropriate setting, help us to further improve care for our patients and service users, and make better use of our resources. During 2022/3 our clinical and corporate services worked towards integrating and planning single countywide services.

It is also very important that we have facilities that support us to deliver the best care to our patients. In 2022/3 Yeovil District Hospital received £15m for a new ward and fifth operating theatre that will help us reduce waiting times for patients. The building work is split into two parts. The first part, which we expect to open in autumn 2024, will see Yeovil District Hospital's main theatre suite receive a significant refurbishment and the addition of a fifth operating theatre. The second part of the project is the addition of a new 20-bed ward which we expect to open a little earlier in spring 2024.

These facilities are in addition to a new £5m day theatre which will also help us to significantly reduce waiting times which grew during the pandemic. Work is already underway on the unit which uses funding from the Government's 'Targeted Investment Fund'. The new building will include a theatre suite with recovery rooms, reception and waiting areas, office space and a dedicated facility for colleagues.

The colleagues who work at our trust are right at the heart of our services and we want to ensure that we support them to develop in their roles, to stay healthy and well, and engage with them positively about how to develop and improve our services. I was delighted that colleagues at our trust provided such positive feedback as part of the annual NHS Staff Survey. YDH received the best scores nationally in five elements and both YDH and Somerset FT ranked first and second in order of colleagues "agreeing" or "strongly agreeing" they would recommend it as a place to work. The results also give us clear areas to improve, and my commitment is to continue working with colleagues to develop a supportive and collaborative environment.

I would like to pay tribute to a number of colleagues who reached significant milestones or national recognition for their work. Pat Wilcox, senior sister in our Emergency Department, celebrated 50 years as part of the team at YDH; Débora Horta, ward manager and senior sister in the Special Care Baby Unit, was shortlisted in the Nurse Leader of the Year category of this year's Nursing Times awards; Sarah Levy, head and neck, brain and sarcoma specialist nurse, was shortlisted for Macmillan Cancer Support's "Whatever It Takes" Award; and consultant sonographer Steve Savage was named "Sonographer of the Year" by the British Medical Ultrasound Society (BMUS).

Thank you to all my colleagues at YDH, to our charities, volunteers and supporters. I am enormously grateful for all that you do.

Peter Lewis, Chief Executive, 4 July 2023

2. PERFORMANCE REPORT

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

History of Yeovil District Hospital and its Statutory Background

The hospital opened in 1973 and was established as an NHS Foundation Trust on 1 June 2006. It took over the responsibilities, staff and facilities of the previous organisation, East Somerset NHS Trust. On 1 April 2023, Yeovil District Hospital NHS Foundation Trust was acquired by Somerset NHS Foundation Trust via a 'merger by acquisition'. All services previously provided by YDH are now provided by Somerset NHS Foundation Trust. As a public benefit corporation, Yeovil District Hospital NHS Foundation Trust ("YDH" or Yeovil District Hospital" or "the Trust") was authorised under the National Health Service Act to provide goods and services for the purposes of the health service in England.

A vision and mission have been developed for the merged Trust which focusses on supporting our colleagues to deliver outstanding and integrated patient care. The new mission is to improve the health and wellbeing of everyone in Somerset and to deliver outstanding integrated care by supporting our colleagues and nurturing an inclusive culture of kindness, respect and teamwork. Further information on this can be found on page 13.

Purpose and Activities of Yeovil District Hospital

Yeovil District Hospital provides outpatient and inpatient consultant services to a catchment population of circa 200,000, primarily from the rural areas of South Somerset, North and West Dorset and parts of Mendip. In 2022/23, services were overseen by the Trust's two strategic divisions (urgent and elective care), which cover the following areas: A&E, acute and general medical services (including inpatient cardiology, gastroenterology, respiratory medicine, elderly care medicine, diabetes & endocrinology), a full range of medical outpatient services, critical care, trauma and orthopaedics, emergency and general surgery (including urology, ENT, ophthalmology and oral surgery), oncology, diagnostic services, paediatrics, obstetrics/maternity and gynaecology. The hospital is an accredited Trauma Unit as part of the Severn Trauma Network. Yeovil District Hospital NHS Foundation Trust was registered without conditions as a healthcare provider with the Care Quality Commission (CQC). The Trust had no branches outside the United Kingdom.

Strategic Context

Yeovil District Hospital is situated in Somerset, which is a largely rural county with a population of circa 572,000. In recent years, the Somerset population has continued to grow in size, with an ageing demographic. Nationally, the proportion of older people aged above 75 with a long-term condition has risen, and their needs are likely to become more complex, leading to increased demand for NHS services. In the next 25 years, in England, the number of people older than 85 will double to 2.6million.[1]

While smoking rates in Somerset are decreasing; diabetes, obesity, dementia and mental health issues are on the rise. Faced with these challenges, as well as those from Covid-19, the case could not be clearer for joining up and integrating care around people rather than around traditional institutional silos.

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

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

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

In common with the experience across England, and partly stemming from the Covid-19 pandemic, we have seen collaboration across health and social care take place at a pace and scale previously unimaginable. The pandemic accelerated collaborative working in Somerset, enabling us to deliver care to those in need while at the same time radically changing ways of working, tackling local bureaucracy and becoming more integrated.

Merger with Somerset NHS Foundation Trust

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

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

Following directly from this greater collaborative working, the Trust Boards explored options for the future. This included using an agreed selection criteria leading to three shortlisted options. Independent support was sought from Deloitte LLP, resulting in the conclusion that neither a Partnership Board nor a Strategic Group Board model would deliver the sustainable system change that Somerset needs; and that a single leadership team and Board would be the most effective mechanism for realising the significant benefits to be had from closer collaboration. The Trust Boards therefore concluded that formally bringing the two organisations together was the preferred model.

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

1. A **statutory merger** is the full dissolution of both trusts and the creation of a new trust. This is very complex, expensive, and disruptive. It requires all colleagues at both organisations to TUPE (transfer their employment) to a new organisation.
2. A **statutory acquisition** is not suitable for our situation and does not reflect the principles of our merger. This route is most commonly used when the acquired Trust

is underperforming and has safety issues. The staff of the acquired trust would TUPE to the acquiring organisation.

3. A '**merger by acquisition**' under Section 56A of the NHS Act 2006 is an application made jointly by an NHS foundation trust and another NHS foundation trust or NHS trust. This means one trust assumes the position of *acquirer* in order to enable the new organisation to be created. In almost all cases, this will be the organisation with the greatest number of sites as there is a fee to be paid for each property that transfers into the acquiring organisation.

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

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

Despite the technical acquisition, this was a merger of equals, bringing together our expertise, experience, resources and cultures and passion for care to create a new organisation that is capable of developing and delivering world-class health and mental health care. Both Trusts wanted to create a merged organisation that brings together the best of both organisations.

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

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

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

Benefits	
Patients	
More time in good health (from better health outcomes) • Earlier intervention meaning illness is less likely to escalate to crisis or emergency • Quicker access to diagnosis and treatment, including specialist care • Improved access to holistic care which meets both physical and mental health needs	**Making every minute count (by eliminating wasted time in healthcare)** • Effective use of spare diagnostic and treatment capacity wherever it exists in the county • Eliminating wasteful steps in pathways, including duplicate

<table>
<tr><th colspan="2">Benefits</th></tr>
<tr><td>

Improved patient safety from simpler, quicker pathways and shared patient record systems
Better health outcomes as colleagues see wider range of clinical cases, share knowledge & best practice
Unwarranted variation reduced through consistent county-wide pathways
Ready access to patients' full clinical history via shared IT systems which increases patient safety and good clinical outcomes
Equity of care across the county from consistent approach
Improved patient experience from streamlined pathways, and in some cases less travel for care.

</td><td>

investigations or steps without clinical value
Smoother transfer between acute, community and mental health settings when all are run by the same Trust
More care closer to home (in community settings) which increases patient choice and reduces patient travel time & inconvenience

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<tr><td colspan="2">Colleagues</td></tr>
<tr><td colspan="2">

Improved wellbeing and motivation from more resilient services
Increased job satisfaction from broader career opportunities
Colleagues freed up for front line care by efficiencies deriving from streamlined pathways, shared IT systems, and removal of duplicate tasks
Greater colleague capacity to implement transformational changes which benefit patients

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<tr><td colspan="2">Trust & System</td></tr>
<tr><td colspan="2">

Improved recruitment & retention from improved staff offer
Fragile services placed on a more sustainable footing
Better able to respond to rising demand
Easier to redirect resources to services or parts of a pathway where most needed
Better placed to work with partners to implement new care models which are more responsive, and less bureaucratic & costly
Easier to integrate with the work of partners when we are one organisation
Better able to implement population health management and tackle health inequalities
Creates further opportunities to align functions and services in Somerset

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

The Somerset healthcare system

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

Integrated care systems (ICS) have grown out of Sustainability and Transformation Partnerships (STPs) – local partnerships formed in 2016 to develop long-term plans for the future of health and care services in their area. ICSs became legal entities on 1 July 2022 as part of the Health and Care Act 2022 and includes a statutory Integrated Care Partnership (ICP), and a new NHS body called the Integrated Care Board (ICB).

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

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

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

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

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

As a Provider, Yeovil District Hospital has had an active and strong leadership role to play in system and place-based partnerships, provider collaboratives, and the wider health and care system in England. This includes collaborating with system partners and local authorities to transform care and manage system performance and was clearly a key driver of the decision to merge with Somerset NHS Foundation Trust.

We have a strong track record of consistently engaging in shared planning and decision making through leaders participating with appropriate authority within the Somerset system, including in respect of capital plans. The Trust takes collective responsibility with our system partners for the delivery of services, which includes the management of risk across the whole Somerset system rather than focussing solely on the risks within the organisation. This in turn enables improvements to care and quality across pathways and services. The Trust is committed to recognise the need for sufficient resources and ensuring that digital and data systems enable this shared planning and decision making.

With respect to planning, the Trust ensures that its organisational plans integrate with the wider Somerset system plan and annual capital plans, agreeing areas of focus for service delivery and estates improvements. This includes the duty on local resource usage not exceeding the limit set by NHS England. One example of the collaborative working is that the first five organisational objectives for the merged Trust replicate the five health and care aims as agreed at system level. More information on this can be found on page 15.

Challenges to the healthcare system in 2022/23

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

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

These changes in demand, coupled with the challenges in sickness and absence of nursing and medical staff, the recent industrial action taken by a range of staffing groups, and the wider system challenges in the availability of health and social care services, particularly home care, has been experienced by the entire Somerset health and social care system.

The merger has given us the opportunity to capitalise on the innovations made particularly in the early stages of the pandemic and embed them across the county. It is clear that work to deal with the consequences of Covid-19, including reducing the elective backlog, will be required for some time – possibly for years.

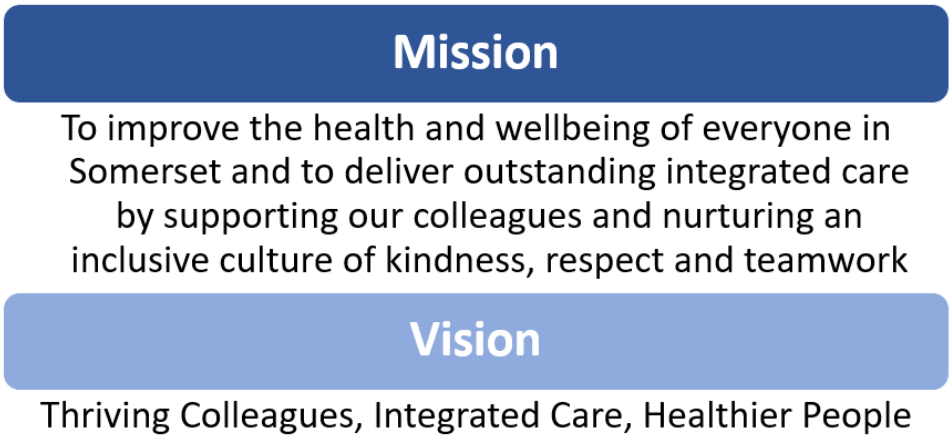
Despite the challenges faced during 2022/23, Yeovil District Hospital continued to maintain performance across a range of key performance standards, including the four-hour accident and emergency waiting times, although performance was below the nationally set targets. This is a direct impact of the continued demand experienced across the NHS. Further information on performance indicators and constitutional standards can be found on page 16 onwards.

The Trust was immensely proud of the 2022 staff survey results, which reflect the positive culture that exists within Yeovil District Hospital. Across the survey's themes, Yeovil Hospital scored higher than the benchmark group average and in three were consistent with the best in the country. This includes the themes: we are recognised and rewarded, we work flexibly, and we are a team. More information on the staff survey results can be found on page 67.

Our Vision, Strategy, Values and Behaviours

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

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



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

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

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

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

- **Green Plan**: our actions to deliver our target of being a net zero carbon Trust by 2040
- **Digital strategy**: how we will provide digital services that drive excellent support and care, communication, information, and improved efficiency

- **Estates strategy**: how we will make best use of our combined estate to support the delivery of safe, effective, high-quality care
- **Quality strategy**: how we will ensure patient safety, learning and good clinical governance in the merged Trust
- **Communications and engagement strategy**: how we will engage, inform and involve our stakeholders in our work.

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

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

Prior to the development of this single vision and strategy, Yeovil District Hospital had four strategic objectives, supported by a clear set of organisational priorities. This vision and strategy were also developed in collaboration with staff from across the organisation. As well as guiding decision-making, the strategy was intended to provide staff with opportunities to identify and implement improvements in their own areas of work.

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

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

2022/23 Performance Summary

The Trust was not inspected by the Care Quality Commission during 2022/23. The previous formal inspection was in February 2021, which was an unannounced, but routine, inspection at Yeovil District Hospital, focussed specifically on infection prevention and control. The Care Quality Commission conducted these inspections in care settings across the country, specifically to see that:

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

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

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

in the recent staff survey, the Trust was rated among the best in the country for staff engagement.

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

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

The 2019/20 report outlined there had been clear progress since the previous inspection and in two domains the highest Outstanding rating was achieved. The hospital's core services were rated as Good for caring and for being effective, responsive and well led. The hospital was rated as Requires Improvement under the safe domain. It is important to clarify the reasons behind the ratings given against the safe domain, which related to technical aspects of the service and did not, in themselves, suggest clinical risk to patients. The Care Quality Commission noted certain areas where it would like to have seen greater clarification, evidence or improvement, including the need for greater consistency in record keeping and changes to the support provided for children and young people with mental health issues. All 'must do' actions identified by the Care Quality Commission were completed in 2020/21 with ongoing monitoring as to their effectiveness.

The Care Quality Commission published the Trust's Use of Resources report at the same time, which is based on an assessment undertaken by NHS Improvement. As has previously been noted, the Trust was rated as Inadequate for using its resources productively. The combined rating for the Trust, taking into account the Care Quality Commission's inspection for the quality of services and NHS Improvement's assessment for Use of Resources, is Requires Improvement.

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

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

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

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

To facilitate these improvements, the Trust established three action and delivery plans. The first considered the 2019/20 financial recovery and was delivered in that year; the second is a financial governance and control improvement plan, which has been delivered despite the challenges of Covid-19; and finally, the development of a four-year financial recovery and sustainability plan to 2023/24, which has since been superseded in its original form by the development of the merger and Integrated Care System proposals.

The matrix of core service results from the Care Quality Commission inspection is shown below:

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

Our year 2022/23

The period ending in March 2023 has once again been a challenging year in the history of the NHS and Yeovil District Hospital. The longer-term impacts of the Covid-19 pandemic continue to be felt, with the initial need to postpone non-urgent routine hospital treatment in order to free up staff and bed capacity, having had a significant impact on waiting times across all specialties.

The Somerset system's elective waiting lists have significantly increased, and the recovery of this position is likely to take some time. The Trust has worked to reduce waiting times, focussing on patients with the highest clinical priority and those who have waited the longest. Progress in this has been further impacted by the industrial action in recent months.

As of the end of March 2023, 4,665 pathways were waiting over 18 weeks for a definitive treatment, compared to 4,123 for the same period the previous year. There has however been a reduction in the number of long waiting patients, with 369 pathways waiting over 52 weeks compared to 756 in March 2022.

In line with increased demand experienced across the NHS, there has been a 'bounce back' in the number of referrals. As such, as of 31 March 2023, there were 14,487 incomplete patient pathways compared to 11,623 in March 2019 prior to the pandemic.

The Trust has experienced a significant growth in the number of people attending the hospital's Emergency Department. 2022/23 saw an increase in attendances of 9.7% compared to the previous year. Alongside this increase in activity, the acuity level of patients attending has risen. This, alongside challenges in patient flow throughout the hospital as a result of complexities on patient discharge and access to community services, had impacted the Emergency Department performance with 78% of patients seen within the four-hour target compared to 88% the previous year. In March 2023, 26% of emergency department attendances resulted in an inpatient stay.

Performance against the diagnostic waiting times standard varied throughout the year. Across all diagnostic tests, 70.2% of patients were seen within the six-week wait target. This had been impacted by reduced capacity within echocardiology and audiology. Further work is ongoing to improve this position with recent improvements in imaging waiting times.

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

The maintenance of these essential services has meant that cancer services has continued throughout, with 90.7% of patients receiving their treatment within 31 days. There have been some variations in the achievement of the two-week wait suspected cancer performance, partially due to an overall increase in the number of two-week wait referrals, but also due to patient choice and capacity constraints.

The 62-day standard has also been impacted by the capacity issues within dermatology and colorectal. The standard has also been impacted by the number of shared pathways with tertiary providers. Despite these specific challenges, the Trust continues to deliver comparatively good performance against 28-day diagnostic standard.

Notwithstanding the challenges faced, in 2022/23 Yeovil Hospital was consistently rated as a good performer against the national position across the whole range of indicators. This continued performance is testament to the commitment and dedication of our staff and volunteers.

With regard to financial performance, for 2022/23, the Yeovil District Hospital Group reported a break-even position, which was in line with the plan. Services continue to be under significant pressure from high levels of demand and difficulties discharging patients in a

timely manner, although this has eased from the peaks seen during winter. This is a significant achievement in what has been an extremely challenging year, however it is important to recognise the scale of the underlying financial challenge that remains and will need to be tackled in the future.

The Trust achieved £4.563m in Cost Improvement Plans (CIP) which was in line with plan. However, of this only £1.009m (22%) is recurrent. Work is continuing as we look to increase the level of recurrent CIP into 2023/24.

The Board recognises the continued challenges regarding the financial position and is committed to work to address these through its own internal focus on efficiency and productivity. It will also work collaboratively with local partners to ensure a system response to the countywide deficit position and address the key strategic issues identified as driving this position.

Performance Analysis and Assurance

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

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

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

Alongside the Board Assurance Committees, the business units, through Quality, Outcomes, Finance and Performance (QOFP) review meetings, ensure direct oversight of the operational performance reporting and assurance process.

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

Equality of Service Delivery

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

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

This means that the Trust should:

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

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

- 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 identified that we wish to strengthen further, at a system level, approaches to people with Learning Disabilities. The launch event for this is in its planning stages.
- We 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.
- Interpretation services have been adapted to remote working through virtual and telephone appointments, and take-up has remained high.
- The NHS Long Term Plan commits to making further improvements to the care for people with dementia, identifying dementia as an improvement priority. It aims to improve the care provided to people with dementia and delirium, whether they are in hospital or at home. In Somerset we have launched the Somerset Dementia Wellbeing model, a collaboration between VCSE and statutory dementia services, who are working together to improve diagnosis, enhance support in the community and provide an excellent, consistent service for people with dementia and their carers in Somerset. The aims of the service are to:

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

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

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

The impact of Covid-19 continues to be felt with a number of reconfigurations and requirements still in place in order to care for patients and maintain safe pathways for patients attending. Through the initial phases of the pandemic, a number of colleagues were initially deployed across services and departments to support the Trust's response. This inevitably resulted in the postponing and suspension of some planned treatment pathways or the need to carry out appointments in a virtual format.

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

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

The common areas of risk identified across the objectives are:

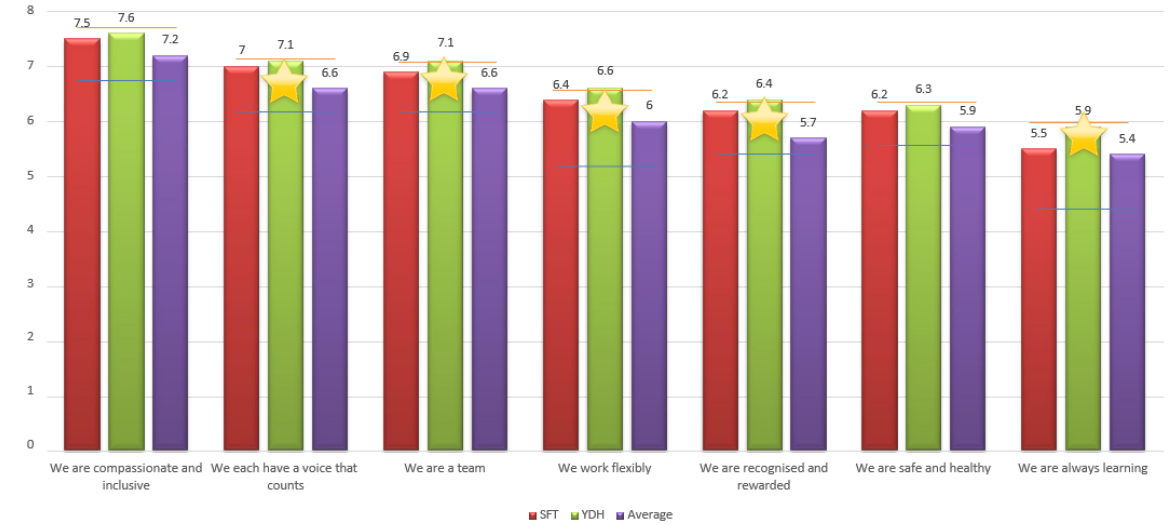
- pressures in social care and intermediate care;
- insufficient capacity to meet demand;
- infrastructure investment and aging estate;
- pressures in primary care;
- workforce recruitment and retention;
- the impact of the pandemic; and
- delivery of financial plans.

The current level of activity being faced by the Trusts across all their services continues to impact significantly the steps to deliver all objectives and mitigate the risks. Recent Board and system-level discussions on the pressures in primary care, social care and other providers and their impact on the Trusts' achievements of our clinical and corporate objectives continue to be reviewed.

Achievements, Celebrations and Anniversaries within 2022/23

Staff Survey Results

The 2022 NHS Staff Survey was completed throughout October and November. The survey provides feedback on the nine elements and themes of the NHSE People Promise, with Yeovil District Hospital receiving the best scores nationally in five of the elements, including ranking first in order of colleagues "agreeing" or "strongly agreeing" they would recommend it as a place to work.



Best	7.7	7.1	7.1	6.6	6.4	6.4	5.9
SFT	7.5	7.0	6.9	6.4	6.2	6.2	5.5
YDH	7.6	7.1	7.1	6.6	6.4	6.3	5.9
Average	7.2	6.6	6.6	6.0	5.7	5.9	5.4
Worst	6.8	6.2	6.3	5.6	5.2	5.4	4.4

Further information on the staff survey can be found within the Staff Report on page 61.

"Sonographer of the Year" in national awards

Yeovil Hospital consultant sonographer Steve Savage was named "Sonographer of the Year" by the British Medical Ultrasound Society (BMUS). Nominated by his own team, the submission celebrated all his good work supporting colleagues in the team and his patients, but his work is far reaching across the Trust including the Emergency Department, the intensive care unit and respiratory teams. From training other consultants and GPs, to setting up lunchtime tutorials for student radiographers, and encouraging his team members, his work has benefited patients across Somerset and beyond.

Celebrations as a second surgical robot is confirmed for Somerset

Main theatres at Yeovil Hospital will be home to a new surgical robot in 2023. This robot will be in addition to the robot installed within Musgrove Park Hospital in Taunton which means that patients across Somerset, regardless of postcode, will have equal access to the more intricate, less invasive surgery the da Vinci Xi surgical system enables surgeons to perform.

Da Vinci systems are used in a range of surgical specialities including urology, gynaecology, colorectal, thoracic and head and neck. There are more than 34,000 independent studies

that suggest robotic-assisted surgery can offer patients demonstrated benefits compared with open surgery. These can include reduced blood loss, reduced risk of infection, fewer complications, a reduced length of stay in hospital thanks to the improved recovery time, and a reduced chance of readmission.

Triple military awards scoop for our NHS trusts

In September 2022, Somerset FT and Yeovil District Hospital scooped three national military awards. Both trusts were jointly named employer of the year in the English Veterans awards, with our Armed Forces and Veteran Colleague Network chair, Anna Vere, winning a role model of the year award. Anna was also named advocate of the year in the Ex-Forces in Business Awards. Her double award win is a testament to her work over the last 18 months to help embed the needs of military personnel and veterans in healthcare and to support her fellow NHS colleagues from the armed forces community.

£15m funding boost for additional theatre and new ward

In March 2023, plans were unveiled as part of an initiative that will help cut waiting times for patients across Somerset with the introduction of a new ward and a fifth theatre at Yeovil Hospital. This exciting news is in addition to the new day theatre (which opened in May 2023), the breast care unit planned for the site, and the building of a new surgical centre at Musgrove Park Hospital in Taunton, demonstrating fantastic investment in healthcare for communities across Somerset. The building work will be split into two parts. The first will see Yeovil Hospital's main theatre receive a significant refurbishment, including increasing space in the recovery area, as well as an extension that will add a fifth theatre to the existing four, increasing the number of operations that can be performed each year in the county.

The second part of the project will be the addition of a new 20-bed ward. This will be made up of single, ensuite rooms and is set to be a dedicated orthopaedic ward with physio space for early rehabilitation to take place, supporting patients to get home as soon as possible after their operation.

UNICEF Accreditation

Yeovil Hospital were proud to announce that the Maternity Team achieved reaccreditation for the UNICEF UK Baby Friendly Initiative (BFI). The BFI establishes high-quality care for public services to deliver support for families from feeding to developing loving relationships, giving our new families the very best start.

UNICEF stated that: "The staff at Yeovil District Hospital NHS Foundation Trust are commended for their hard work over the last two years in continuing to support mothers. It was clear to the assessment team, that in many areas pregnant women and new mothers receive a high standard of care."

Special Care Baby Unit received recognition for the care given to families

In addition to the Maternity Team achieving their reaccreditation, the Special Care Baby Unit (SCBU) at Yeovil Hospital passed the first stage in the Bliss Baby Charter accreditation scheme.

The Bliss Baby Charter was designed by the charity Bliss to standardise a high quality of family centred care across the UK. The charter focuses on seven core principles including social, developmental and emotional needs, feeding and discharge, all with the purpose of ensuring consistent care across the country. Being a part of The Baby Bliss Charter has a wide range of benefits for both families and the SCBU teams, from support implementing care that is consistent with other units to professional development training for staff to help increased parental confidence and reduce hospital stays.

Senior Sister celebrates 50 years of dedication to Yeovil Hospital

In January, Senior ED Sister Pat Wilcox celebrated 50 years as part of the team at Yeovil Hospital, having started at the age of 18. The current Yeovil Hospital building itself turns 50 in 2023, meaning Pat was one of the members of the team that helped clean and move the beds and equipment from the old Yeovil General Hospital.

Pat has spent half a century dedicated to the people of Yeovil and the surrounding areas, working most of that time in the Emergency Department. Chief Nurse Hayley Peters said: “50 years of dedication to Yeovil Hospital, caring for the people of Yeovil and the surrounding areas, is absolutely amazing. I am extremely proud of Pat for her outstanding contribution to nursing – a truly inspirational and much-loved member of the team. On behalf of all of us here, I would like to thank Pat wholeheartedly as we mark this special anniversary.”

Overseas Recruitment – Yeovil International Recruitment

Yeovil International Recruitment now supports over 30 Trusts and Organisations with recruitment of Adult Nurses, Mental Health Nurses, Children’s nurses, Midwives, Radiographer’s, Operation Department Practitioners, Occupational Therapists, and Podiatrists. We are now an approved supplier on the NHS Workforce Alliance framework for international recruitment and OSCE training, which gives us more scope to work with trusts via the framework.

The OSCE training team delivers OSCE training to over 13 trusts and care homes, covering Adult, Mental Health, Children's, Learning Disability and Midwife OSCE. Our pass rate is consistently above the national average and is on the recommended training list with NSHEI.

Over the last 12 months we have been part of the national team setting up an international programme of recruiting Operating Department Practitioners, working closely with NHS England and the Health and Care Professions Council (HCPC) to agree standards for registration. We have developed an Essential Anaesthetic Transition Programme to train international ODPs and Anaesthetic Nurses to ensure they ensure they meet a minimum standard of competency to work independently in the UK. In addition, we are the only Trust in the UK to achieve Association for Perioperative Practice (AFPP) accreditation for this training programme.

Recruitment of international healthcare professionals at the Trust remains a priority, ward vacancies across Yeovil District Hospital, Musgrove Park Hospital and community hospital sites have reduced significantly with many areas fully established. Targeted recruitment for the emergency department and theatres continues. We are also the lead on a regional programme of International Mental Health Nurse recruitment supporting recruitment to the Southwest, where we have recruited and deployed 129 Mental Health nurses across six trusts.

Group Entities

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

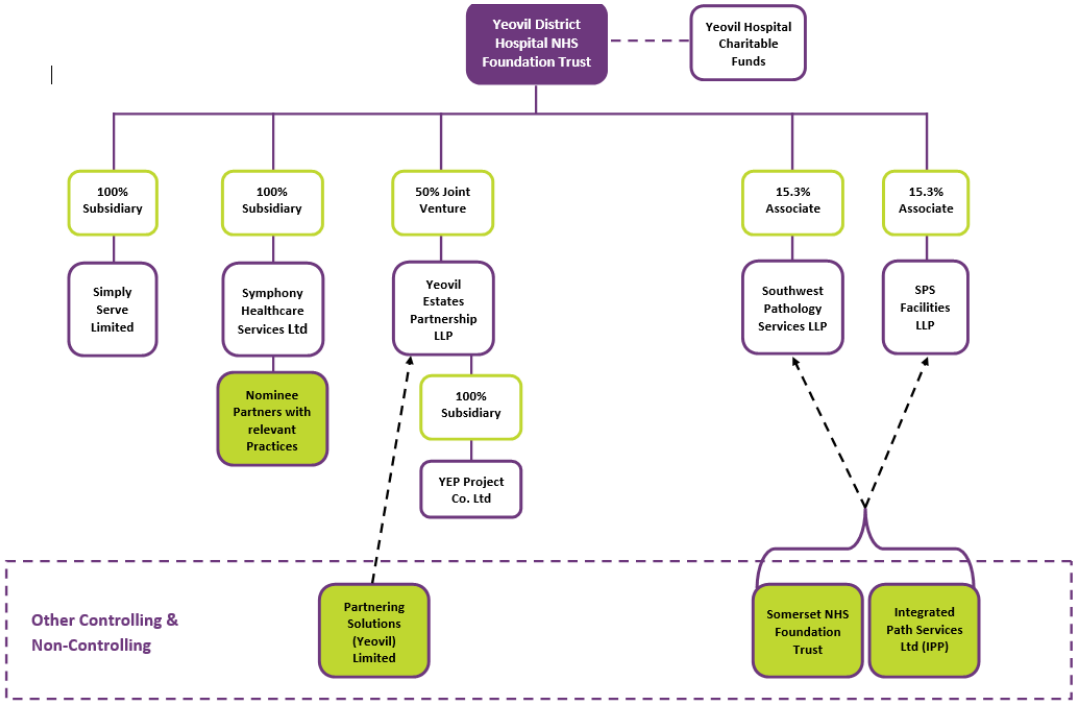
During 2022/23, Yeovil District Hospital owned or had shares in the following subsidiary companies:

- Simply Serve Limited (100%)
- Symphony Healthcare Services Limited (100%)
- Yeovil Property Operating Company (100%) (dissolved on 31 January 2023)

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

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

The group structure (as of 31 March 2022) can be seen below:



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

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

Simply Serve Limited's overall performance has grown in strength with most key service metrics showing strong performance and a strong financial position. The organisation has provided vital support to Yeovil Hospital in its response to the continued demands on the NHS.

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

In 2022/23, Simply Serve Limited achieved accreditation for both BS EN ISO 9001 - 2015 and BS EN ISO 14001 - 2015. This is an accredited decontamination certification as meeting the requirements of EU Directive 93/42/EEC. The ISO certification allows it to provide a sterilisation and decontamination service to healthcare providers in both public and private sectors as well as Electro Medical Engineering (EME) who have already obtained the 9001 Quality Standard. All other necessary accreditation for the performance of high quality, effective services has been achieved and maintained.

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

Following establishment in April 2016, the organisation has continued to develop over the last six years and now provides primary care services to approximately 119,000 patients. During 2022/23, Symphony Healthcare Services has not integrated any new practices and the following are therefore part of the organisation:

Practice	Integration	Merged	List Size: March 2023
Buttercross Health Centre	07/04/16	1 July 18	7,675
The Ilchester Surgery	07/04/16		
Yeovil Health Centre	07/04/16	1 Sept 17	11,039
Oaklands Surgery	01/08/17		
Highbridge Medical Centre	01/04/17		13,484
Crewkerne Medical Centre	01/07/17	1 July 18	12,668
West One Surgery	01/07/18		
Wincanton Health Centre	01/10/17		8,978
Hamdon Medical Centre	01/05/18		5,959
The Meadows Surgery	01/11/18		4,213
Martock Surgery	01/12/18	Pre integration	10,876
South Petherton Medical Centre	01/12/18		
Bruton Surgery	01/02/19		5,744
Exmoor Medical Centre	01/04/20		3,910
Ryalls Park Medical Centre	01/04/21		5,697
Lyn Health Centre	01/07/21		2,486
Creech Medical Centre	01/10/21		4,906
Lister House Surgery	01/10/21		6,761
North Petherton Surgery	01/10/21		6,953
Warwick House Medical Centre	01/10/21		7,731
TOTAL			119,080

Symphony Healthcare Services has continued to manage and support these practices by embedding the organisation's vision, mission and values. It has spent a considerable time nurturing a team culture across the organisation with noticeable improvements evidenced within the 2022 Symphony Healthcare Services annual staff survey, with 74% of staff responding, providing a good cross section of staff views to support changes and improvements.

Although the organisation has not taken on any further practices during the year, it has supported the operational management of Burnham & Berrow Medical Centre (Burnham-on-Sea) following the surgeries rating of 'Inadequate' by the CQC. Symphony specifically was key to identifying the underlying issues and supporting the work to make necessary improvements. Following this, the surgery is now expected to join the organisation during 2023 given the relationships built and improvements demonstrated.

Specifically, under the organisation's 'transformation' agenda, Symphony Healthcare Services continues to review new initiatives to determine potential benefits for patients and staff – particularly in being able to manage increasing demand as well as supporting staff health & wellbeing to contribute to our ambitions of becoming an employer of choice. During 2021/22 the organisation also continues to support the Covid-19 booster programmes and supported health checks for Ukrainian refugees.

The practices have demonstrated impressive quality despite the challenges, and in particular the organisation is immensely proud of Exmoor Medical Centre as the surgery was rated CQC 'Outstanding' in April 2022. Following a respite in inspections from the CQC to support winter resilience during 2022, the organisation now anticipates the inspections of four of its most recently acquired surgeries during 2023/24, required due to the previous change in provider. Symphony Healthcare Services will continue to build upon the outcomes of all the inspections to ensure the continuing development of quality services for all patients across all practices.

Symphony Healthcare Services broke even in 2022/23 with the help of an increasing level of funding from the Somerset Integrated Care Board. There is a widening gap between supply (i.e. imposed contractual funding and scarcity of resource) and demand in the primary care sector leading to very unfavourable market forces and with no resolution likely in the short-term.

The Symphony Healthcare Services practices continue to participate within 10 Primary Care Networks (PCN) across the Somerset and Devon County, making the most of the additional roles that accompany the PCN work to support the multidisciplinary teams already developed within the organisation.

Yeovil Property Operating Company Ltd: Yeovil District Hospital established a subsidiary company, Yeovil Property Operating Company Ltd, to facilitate integration of GP practices. It previously enabled former GMS practices to subcontract service delivery to SHS whilst retaining the right to receive notional rent from NHSE. The company was incorporated on 19 January 2016. The Trust has restructured the leasing arrangements for practices, therefore this company was dissolved on 31 January 2023.

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

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

Further information on all group entities can be found within the Trust's Annual Accounts 2022/23. The Trust has no overseas operations other than recruitment campaigns.

Peter Lewis, Chief Executive, 4 July 2023

3. PERFORMANCE ANALYSIS

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

Going Concern

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

The Trust prepares its accounts under the financial reporting framework set out for the NHS, which is based on the HM Treasury Financial Reporting Manual (FReM). The FReM provides that the anticipated continued provision of services in the public sector is a sufficient basis for preparing the accounts on a going concern basis.

The Group merged with Somerset NHS Foundation Trust on 1 April 2023, this was a merger through acquisition. However, this does not change the Board of Directors expectation that the services provided by the Group will continue to be provided in the public sector in the future.

As the Board has every expectation that the services provided by the Trust will continue to be provided in the public sector, it is appropriate to adopt the going concern basis in preparing the accounts for 2022/23. The Board has considered whether there are uncertainties regarding future issues which should be disclosed to enable a true and fair view. The Board concluded there are no material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern.

Summary Statement of Comprehensive Income

	Group	Group
	2022/23	2021/22
	£'000	**£'000**
Operating income from continuing operations	270,493	239,994
Operating expenses of continuing operations	(274,013)	(237,413)
Operating (deficit)/surplus	**(3,520)**	**2,581**
Finance income	696	12
Finance expense – unwinding of discount on provisions and financial liabilities	(740)	(305)
PDC dividend expense	(1,764)	(1,793)
Net finance costs	**(1,808)**	**(2,086)**
(Loss) on disposal of non-current assets	(30)	(460)
Corporation tax Expense	(338)	48
Surplus/ (Deficit) for the year	**(5,696)**	**83**
Revaluation gains and impairment losses – property, plant and equipment	9,951	(68)
Total comprehensive income for the year	**4,254**	**15**

Income

	Group	Group
	2022/23	2021/22
Clinical income	**£'000**	**£'000**
Block contract/system envelope	175,790	162,306
High-cost drugs Income	14,690	13,112
Other non-protected clinical income	16	211
Community Services Income	28,022	21,717
Other NHS clinical income	364	51
Private patient income	3,217	2,348
Elective recovery income	5,901	4,651
Agenda for change pay award central funding	4,404	0
Pension contribution central funding*	4,982	4,591
Clinical income from activities	**237,386**	**208,987**
Other operating income		
Research and development	923	1,024
Education and training	5,573	5,412
Receipts of capital grants and donations	7,768	402
Resources from NHS charities excluding investment income	593	677
Top up income	1,376	3,112
Other income**	16,874	20,380
Total other operating income	**33,107**	**31,007**
Total operational income	**270,493**	**239,994**

*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.

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

Expenditure

	Group	Group
	2022/23	2021/22
	£'000	**£'000**
Clinical negligence insurance	(4,901)	(4,666)
Consultancy costs	(53)	(242)
Depreciation and amortisation	(10,478)	(5,620)
Drug costs	(22,462)	(23,953)
Establishment	(3,106)	(4,955)
Fees for Audit:		
- Statutory audit	(103)	(87)
- Audit related assurance services	(35)	(29)
Internal audit fees	(55)	(55)
Tax advisory services	(153)	(295)
Impairment	(13,305)	(68)
Increase provisions	(103)	(764)

	Group	Group
	2022/23	2021/22
Legal fees	(80)	(258)
Losses, ex gratia and special payments	(73)	(21)
NHS charities expenditure	(313)	(383)
Premises	(10,029)	(10,314)
Purchase of healthcare from non-NHS bodies	(8,461)	(10,464)
Rentals under operating leases	0	(1,377)
Operating Expenditure IFRIC 12	(720)	(592)
Staff costs:		
- Executive directors'	(1,181)	(1,149)
- Other staff costs	(173,412)	(154,292)
- Redundancy costs	(369)	(589)
- Non-executive director costs	(86)	(91)
Supplies and services (excluding drug costs)		
- Clinical	(12,102)	(10,917)
- General	(4,002)	(3,875)
Training	(1,125)	(459)
Transport	(1,273)	(1,020)
Other	(5,316)	(1,058)
Total Operational Expenditure	**(274,013)**	**(237,413)**

Agency Staffing

Nursing

Our success with overseas recruitment has meant that we continue to have a low level of nursing vacancies across inpatient clinical areas. However, there were periods of high sickness during Covid-19 that meant temporary nurse staff were required. This resulted in the Trust spending more on temporary staffing than we planned.

The number of staff we have on our Bank remains high due to our policy of “auto enrolment” for all our nursing staff to ensure that they are able to work additional shifts.

Yeovil Hospital continues to recruit overseas nurses for a number of other trusts and is a ‘Recruitment Hub’ for the South of England. Our recruitment programme has been recognised by Health Education England as the “best end to end recruitment service in the whole of the NHS”. The service includes full support in the advertising, interview, registration, pre-employment document check stages as well as providing training and assessments for the required Objective Structured Clinical Examinations (OSCE).

Medical

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

Capital Investment

£7.5m was invested in Capital schemes in 2022/23, this included significant upgrades to the Sterile Services Department Ventilation plant, Jasmine Ward Refurbishment, outpatient expansion, replacement medical equipment and Modular theatre.

The Trust was awarded £2.8m PDC funding during the year, of which £2.6m was to aid elective recovery in continuation of another theatre and Modular Ward and £0.2m in respect of digital capacity. The Trust also received grant funding of £7.8m from Salix in relation to Carbon energy reduction schemes. Under the Managed Equipment service, over £1m of replacement equipment and enabling works was completed.

Summary Statement of Financial Position

	Group	Group
	2022/23	2021/22
	£m	**£m**
Non-current assets	149,962	85,114
Current assets	44,862	47,977
Current liabilities	(42,792)	(41,171)
Total assets less current liabilities	**152,032**	**91,920**
Non-current liabilities	(59,410)	(6,350)
Total assets employed	**92,622**	**85,570**
Total taxpayers equity	**92,622**	**85,570**

Cashflow Statement

	Group	Group
	2022/23	2021/22
	£'000	**£'000**
Cash flows from operating activities		
Operating surplus	**(3,520)**	**2,581**
Non-cash income and expense:		
Depreciation and amortisation	10,478	5,620
Net impairments and reversals of impairments	13,305	68
Income recognised in respect of capital donations	(7,768)	(402)
(Increase)/decrease in receivables and other assets	(2,720)	2,666
(Increase)/decrease in inventories	(229)	(623)
Increase/(decrease) in payables and other liabilities	4,020	2,701
Increase/(decrease) in provisions	(617)	1,174
Corporation Tax	(378)	(155)
NHS Charitable funds net movement in working capital	287	0
Net cash generated from operations	**12,858**	**7,932**
Cash flows from investing activities		
Interest received	696	12
Payments to acquire intangible assets	(259)	(1,131)
Payments to acquire tangible fixed assets	(22,721)	(5,594)
Receipt of cash donations to purchase capital assets	7,768	177
Prepayment of PFI capital contributions (cash payments)		(253)
Other movements in investing activities		0
Net cash used in investing activities	**(14,516)**	**(6,536)**

	Group	Group
	2022/23	2021/22
Cash flows from financing activities		
Public Dividend Capital received	2,798	5,026
Public Dividend Capital Interest (paid)	(1,793)	(1,245)
Movements on other loans	(29)	(823)
Interest paid on loans	(120)	(184)
Loans repaid - including finance lease capital	(4,502)	(281)
Interest element of finance lease	(571)	(37)
Other capital movements	(140)	(84)
Net cash used in financing activities	**(4,357)**	**2,372**
Increase / (decrease) in cash and cash equivalents	**(6,015)**	**3,768**
Cash and cash equivalents at 1 April	**30,463**	**26,695**
Cash and cash equivalents at 31 March	**24,448**	**30,463**

Income Disclosures Statement

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

Cost Improvement Plans (CIP)

In year, savings of £4,562k were delivered in line with plan. 22% of cost improvement plans achieved were recurrent (£1,009k). This saving reflects 1.7% of turnover.

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

Environmental Sustainability

"There is a rapidly closing window of opportunity to secure a liveable and sustainable future for all."

The viability of humanity living within planetary boundaries rests on the actions we take in the next seven years. There's no time to lose to keep to the target of limiting the change of global average temperature to below 1.5°C.

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

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

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

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

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

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

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

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

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

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

The £10m grant funded decarbonisation work at YDH is also progressing. Lighting upgrades and upgrades to the control systems for heating and ventilation are underway. Window replacement has begun but was then paused due to capacity to shut down areas of the hospital whilst windows are installed. Air source heat pump and electrical infrastructure installations will be undertaken over 2023.

Following a successful bid to the Low Carbon Skills Fund, heat decarbonisation plans have been developed for Yeovil District Hospital sites. The plans help to identify the sites where opportunities exist to reduce carbon emissions from heating and hot water systems and the financial investment required for the installation of low carbon heating systems. These plans will be developed into more detailed designs in the future as and when sites require replacement systems.

The first Trust wide Travel Survey was undertaken in February 2023. Colleagues were asked to answer questions on how they travel to work and what would improve their ability to use public transport or active travel options. The Energy Savings Trust has completed a review of the Trust's fleet and provided a report on the adoption of electric vehicles and charging infrastructure across the Trust sites. Additional electric vehicle charging points have been installed in the YDH car park for staff and visitors.

Waste Management

Through the introduction of education and management, the Trust's food waste has reduced, with further reductions expected as the programme is expanded throughout the Trust's wards.

In addition, Simply Serve Limited's Procurement Team continues to explore to seek both carbon neutral and reduced packaging procurement strategies in recognition of the wider impact and thus benefit that awareness can have to the environment.

Peter Lewis, Chief Executive, 4 July 2023

4. ACCOUNTABILITY REPORT

NHS Foundation Trust Code of Governance Disclosures

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

Yeovil District Hospital has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, as revised in July 2014 applies to the 2022-23 year. It was based on the principles of the UK Corporate Governance Code issued in 2012. An updated Code of Governance came into effect on 1 April 2023.

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

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

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

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

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

The Council of Governors is responsible for appointing and, if appropriate, removing the Chairman and non-executive directors (on the recommendation of the Appointments Committee), for appointing the external auditors and for approving (or not) the appointment of the Chief Executive. It is responsible for deciding the remuneration and other terms and conditions of the Chairman and non-executive directors (on the recommendation of the

Appointments Committee), for receiving the annual accounts, any report of the auditor on them, and the annual report at a general meeting of the Council of Governors.

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

The Council of Governors comprises elected and appointed governors and is chaired by the Trust Chairman. The Council of Governors may not delegate any of its powers to a committee or sub-committee, but it may appoint committees or working groups consisting of governors, directors, and other persons to assist it in carrying out its functions. The committees and working groups of the Council of Governors in operation during 2022/23 were: Appointments Committee, Strategy and Performance Working Group and Membership and Communications Working Group. Members of the Board, including the non-executive directors, regularly attend the Council of Governors and their working groups. The Chairman and Chief Executive regularly meet with the governors who are also encouraged to attend and observe meetings of the Board and its assurance committees as part of their role.

During 2022/23, the Council of Governors discharged its statutory duties. The governors contributed to the development of the Trust's plans and reviewed key aspects of finance, performance and quality through its various activities. They received the Annual Accounts and the Annual Report at the Annual General Meeting. To comply with its role to hold the Non-Executive Directors to account, the Council of Governors regularly met with them and requested updates and attended meetings of the Board and its assurance committees. The governors received regular updates on the proposed merger with Somerset NHS Foundation Trust and the associated due diligence processes. The governors then considered and approved the application for the acquisition of Yeovil District Hospital NHS Foundation Trust by Somerset NHS Foundation Trust.

In the event of a dispute between the Council of Governors and the Board, in the first instance the Chairman shall seek to resolve it (on advice from the Company Secretary and/or Senior Independent Director and such other guidance as the Chairman may see fit to obtain). If the Chairman is unable to address the dispute, he shall appoint a special committee comprising equal numbers of directors and governors to consider the circumstances and to make recommendations to the Council of Governors and the Board. If the recommendations (if any) of the special joint committee are unsuccessful, the Chairman may refer the dispute back to an external mediator appointed by an organisation selected by him. There were no disputes between the Council of Governors and the Board during 2022/23.

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

Audit Function and Audit Committee Role

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

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

BDO was the Trust's appointed internal auditor and they undertook reviews for the level of assurance on the adequacy of internal control arrangements, including risk management and governance. The Trust's external auditor was KPMG which provided the Trust's statutory audit services.

During 2022/23, KPMG reviewed whether their general procedures support their independence and objectivity, including any matters related to the provision of non-audit services, and positive affirmation has been presented to the Audit Committee. This is in line with guidance from the National Audit Office, which states that the total fees for advisory services should not exceed 70% of the total fee for all audit work carried out a public body.

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

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

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

- Fraudulent recognition of non-pay expenditure
- Management Override of Controls
- Valuation of Land and Buildings

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. KPMG issued an unqualified opinion on the Trust's financial statements audit for 2022/23. In addition, no significant weaknesses were identified with regard to the Trust's arrangements for ensuring value for money. The external auditors did not identify any recommendations based upon their risk assessment.

Governors and Membership Information

The Council of Governors meet on a quarterly basis and comprised of up to 13 elected public governors, three elected staff governors, two local authority governors and up to four other partnership governors. The organisations currently specified as Partnership Organisations that may appoint a partnership governor are NHS Somerset Clinical Commissioning Group (which became the Somerset Integrated Care Board in July 2022), NHS Dorset CCG (which became the Dorset Integrated Care Board) and the subsidiary companies of the Trust as one "Partnership Organisation Group", which may appoint up to two members to the Council of Governors.

Members of the public who reside within the Trust's various constituencies can be elected as a public governor. Elected governors (public and staff) are usually appointed for three-year terms. Alison Whitman remained Lead Governor during 2022/23.

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

As at 31 March 2023, membership of the public constituency saw a decrease compared to the previous year at 6,932. Public membership equates to approximately 4% of the Trust's catchment area. As at 31 March 2023, membership of the staff constituency saw an increase to 3,624.

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

Public Membership

Constituency	Greater Yeovil	South Somerset (S&W)	South Somerset (N&E)	Dorset	Mendip	Rest of Somerset & England	Total
31 March 2023	2,239	1,492	1,632	879	504	184	6,928

Staff Membership

Staff Membership	2022/23
31 March 2023	2,518

Elected Governors – Public Constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 22/23
Michael Beales	Greater Yeovil	01/06/2018 01/06/2021 01/06/2021	3/5
John Webster	Greater Yeovil	01/06/2014 01/06/2017 01/08/2020	3/5
Tony Robinson	South Somerset (S&W)	01/06/2016 01/06/2019 01/06/2022	5/5
Ian Hawkins	South Somerset (S&W)	01/06/2022	5/5
David Moses*	South Somerset (S&W)	01/08/2020	0/1
Steve Ashton**	South Somerset (S&W)	01/09/2022	4/4
Nigel Stone	South Somerset (N&E)	22/02/2021	5/5
Peter Shorland	Dorset	01/09/2019	5/5
Virginia Membrey	Mendip	01/06/2017 01/08/2020	4/5

Alison Whitman	Rest of Somerset & England	01/06/2014 01/06/2017 01/08/2020	5/5

*David Moses stood down in 2022.
**Steve Ashton was co-opted onto the Council following David Moses departure.

Elected Governors - Staff Constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 22/23
Gustavo Gomez*	Staff	01/06/2021	NA
Paul Porter**	Staff	01/06/2013 01/06/2016 01/06/2019	NA
Julie Reeve	Staff	01/09/2019	5
Nick Craw	Staff	01/11/2021	2
Liz Workman	Staff	01/06/2022	4

*Gustavo Gomez left the organisation after the election period and there were no other staff candidates to co-opt into the position.
**Paul Porter completed his term before the first meeting within the year.

Appointed Governors

Name	Stakeholder Organisation	Attendance at Council of Governor Meetings 22/23
Dirk Williamson	YDH Subsidiary Company "Partnership Organisation Group"	5/5
David Recardo	South Somerset District Council	NA
Lou Evans	Somerset CCG	NA
Faye Purbrick	Somerset County Council	NA
Mike Hewitson	South Somerset District Council	1/5
Adam Dance	South Somerset County Council	3/5
Caroline Gamblin	Somerset ICB	1/2

Three new appointed Governors were chosen to represent the Councils and the Integrated Care Board.

Membership Strategy and Representation

YDH recognises the importance of having a strong and representative membership. With approximately 7,000 public members, the Trust has access to an extensive community of users and supporters. The aim for the Trust is to encourage members to sign up to Somerset Foundation Trust, to improve the quality of engagement with the members and to recruit younger members. YDH has a membership coordinator who works with the communications and patient experience teams to develop and implement the membership strategy.

In the latter part of 2022/23, with changes to policies and procedures following the COVID-19 pandemic and visitors now being allowed into the hospital, the governors were able to begin Governor Surgeries in the outpatient department. Further options are constantly being

discussed to assist with membership and public engagement in a socially distanced and safe manner. Further engagement with members as part of the process for the proposed integration with Somerset NHS Foundation Trust included letters from the CEO and the membership team. These letters were posted and emailed to the Trust members throughout the last year.

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

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

Contact Information for Members

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

Directors' Report

Statement of Disclosure to the Auditors

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

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

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

Income Disclosures

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

Better Payment Practice Code

Under the national Better Payment Practice Code, the Trust aims to pay non-NHS invoices within 30 days of receipt. As outlined below, 87% of NHS invoices and 91% of non-NHS invoices were paid within this target in 2022/23 by volume. By value NHS and non-NHS were 89% and 91% respectively.

	2022/23		2021/22	
	Number	£000s.	Number	£'000
Total NHS trade invoices paid in year	831	12545	748	7,710
Total NHS trade invoices paid within target	725	11463	702	7,315
Percentage of NHS trade invoices paid within target	87%	91%	94%	95%
Total Non-NHS trade invoices paid in year	32227	97,490	30935	114,385
Total Non-NHS trade invoices paid within target	28700	88,230	28889	108,673
Percentage of non-NHS trade invoices paid within target	89%	91%	93%	95%

Quality Governance

The Quality Account and the annual governance statement provide an overview of the arrangements that were in place to govern service quality, including descriptions of how the Trust continued to improve patient care and enhance the patient experience. Details of Yeovil District Hospital's activities in research and development and information about patient care activities will be set out in the Quality Account.

The Board

The membership, skills and expertise of the Board of Yeovil District Hospital NHS Foundation Trust during 2022/23, together with attendance at meetings, the commitments of the Board members are outlined below.

Following the merger by acquisition with Somerset NHS Foundation Trust on 1 April 2023, all members of the Board who were in post on 31 March 2023 transferred to the new Board of Somerset NHS Foundation Trust.

Martyn Scrivens+ Chairman

Martyn joined the Trust Board as a Non-Executive Director in April 2018. He became Interim Chairman in November 2021. Martyn is a Fellow of the Institute of Chartered Accountants and chaired the Institute's Internal Audit Advisory Panel. He has 40 years of experience in audit and risk management, operating at Board level with both the public and private sector. Over the last 15 years he has led the internal audit functions first at a major UK bank and then at a global investment and wealth management bank. From 2010 to 2012, he was a board member of the East Kent Hospitals NHS Trust. Martyn chaired the Trust's Financial Resilience and Commercial Committee.

Public Board Attendance: 11/11
Audit Committee Attendance: 1/1
Board Remuneration Committee Attendance: 1/1

Jane Henderson+*	Deputy Chairperson / Non Executive Director / Senior Independent Director (until 31 May 2022)

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

Public Board Attendance: 1/1
Audit Committee Attendance: 1/1
Board Remuneration Committee Attendance: 0/0

Graham Hughes+*	Non Executive Director

Graham Hughes joined the Trust Board in April 2018
Graham has over 40 years of experience in the financial and legal sectors and was previously an Executive Director of Bank and Clients PLC. Prior to this, in his capacity as Managing Partner and latterly Chairman, he developed a legal practice to a multi office large employer. He has a deep understanding of commercial and risk management within the financial sector together with a thorough knowledge of the core strategic principles of heavily regulated and competitive sectors.
He has also been involved in change management, developing policies for large and complex organisations including Whistle blowing, IT Security and Data Protection and People policies. Graham chairs the Trust's Workforce Committee, Remuneration Committee and is Chairman of Simply Serve Limited. He is also a member of the Governance and Quality Assurance Committee and the Financial Resilience and Commercial Committee.

Public Board Attendance: 11/11
Audit Committee Attendance: 2/2
Board Remuneration Committee Attendance: 1/1

Paul Mapson+*	Non Executive Director

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

Paul joined the Trust Board in March 2020.

Public Board Attendance: 10/11
Audit Committee Attendance: 5/5
Board Remuneration Committee Attendance: 1/1

Jan Hull — Non Executive Director

Jan spent the early part of her career with Unilever, in an international perfumery business covering sales, marketing and general management roles, including two years in the USA. She has over 20 years' experience of the NHS in Somerset, initially in public health and later as deputy chief executive for NHS Somerset, until she became managing director of the South, Central and West Commissioning Support Unit. Jan retired from this post in 2016. Jan has worked at senior level with all of the major health and social organisations in the county, including primary care, local authorities and the voluntary sector. She also has significant experience of structural change, having led the merger of three commissioning support units in 2015. Jan joined the Trust Board in September 2021.

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

Alexander Priest — Non Executive Director

Following a degree and PhD in chemistry at Oxford University (where he used A.I. to design anti-cancer drugs), Alex started his career promoting apprentice partnerships as chief executive of an educational charity in London. In January 2016, he jumped from a successful career in intellectual property law to become chief executive of Mind (the mental health charity) in his home county of Somerset, where he now farms with his young family. Alex also holds various trusteeships and directorships in the property, education and third sectors. Alex joined the Trust Board in June 2022.

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

Peter Lewis — Chief Executive

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

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

Public Board Attendance: 10/11

Hayley Peters — Chief Nurse

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.

Hayley was appointed as the Chief Nurse in January 2022.

Public Board Attendance: 10/11

Pippa Moger — Chief Finance Officer

Pippa was appointed as Chief Finance Officer in January 2022.

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

Public Board Attendance: 9/11

Audit Committee Attendance: 4/5

Daniel Meron — Chief Medical Officer

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

Public Board Attendance: 8/11

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

Matthew Bryant	Chief Operating Officer Hospital Services (until 5 March 2023)

Matthew Bryant was appointed as the Chief Operating Officer – Hospital Services in January 2022, following a previous joint role as Chief Operating Officer for Hospital Services for YDH and SFT since January 2021.
He was appointed as Chief Operating Officer of Taunton and Somerset NHS Foundation Trust in 2015, and as Chief Operating Officer (acute hospital services) on the joint executive team for Taunton & Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in 2017 following the establishment of the alliance between the two trusts. Matthew is responsible for the day-to-day running of both Yeovil District Hospital, Musgrove Park Hospital and the community hospitals in Somerset. Matthew has worked in the NHS in the South West since 1998. Previously, he managed medical and surgical services at the Royal Devon and Exeter Hospital for over a decade, and was part of the management team when that trust became one of the country's first foundation hospitals. He led the trust's delivery of new models of care for older people, which included a strong focus on integration with services outside hospital. He helped establish the Peninsula Medical School in Exeter, of which he became an honorary fellow, teaching undergraduate medical students about healthcare management. He was also involved in the commissioning of specialist services and the development of joint working for health authorities across Devon and Cornwall. Matthew joined the NHS on the national general management training scheme, after graduating from Oxford University. He is a trustee of Hospiscare, the palliative care provider for Exeter, East and mid-Devon, and a visiting specialist at Plymouth University Medical School. Matthew left the Trust in March 2023.

Public Board Attendance: 10/10

Shelagh Meldrum	Chief Officer Partnerships and Collaboration (until 7 June 2022)

Shelagh Meldrum joined the Trust Board in February 2016. Shelagh joined YDH with a background in nursing and as a clinical services leader in both the NHS and private facilities. Shelagh began her career in the NHS as a senior nurse working in acute medicine, and subsequently as a senior specialist nurse in neurology. She later became a clinical services lead, managing the six departments, which formed the directorate of specialist medicine. Following a 14-year career in the NHS Shelagh worked as Head of Clinical Services in various independent healthcare facilities. Shelagh previously worked for Circle Healthcare, opening and holding the position of Hospital Director and Registered Manager at CircleBath Hospital for five years and then took up the role of Hospital Director and Registered Manager at CircleReading Hospital in 2014. As part of the formation of the single executive team across YDH and SFT, Shelagh became the Chief Officer – Partnerships and Collaboration in January 2022.

Public Board Attendance: ½

Andy Heron	Chief Operating Officer Neighbourhoods, Mental Health & Families Chief Operating Officer (from 25 February 2023)

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

Public Board Attendance: 10/11

Isobel Clements	Chief of People and Organisational Development

Isobel Clements was appointed as the Chief of People and Organisational Development in January 2022.

Isobel started her career at Musgrove Park Hospital in 1988 and held several senior human resources and organisational development management roles, including at associate and deputy level, until she was appointed Director of People and Organisational 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

Public Board Attendance: 11/11

David Shannon	Director of Strategy and Digital Development

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

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

Public Board Attendance: 10/11

Phil Brice	Director of Corporate Services

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

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

Public Board Attendance: 10/11
Audit Committee Attendance: 4/5

Key
* Indicates member of the Audit Committee
+Indicates member of the Board Remuneration Committee

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

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

The Board continuously reviewed and considered its expertise and experience, and Yeovil District Hospital was confident that it has the necessary skills and capability within the Board in 2022-23 and that the balance was appropriate to the requirements of the Trust. The Board was satisfied that Yeovil District Hospital applies those principles, systems and standards of good corporate governance that reasonably would be regarded as appropriate for a supplier of healthcare services to the NHS. The Trust had structured governance arrangements in place with clear lines of reporting from "ward to Board" across operational, quality, safety, patient experience and finance, through assurance committees, to the Board.

NHS Foundation Trusts are subject to the recommendations of the *NHS Foundation Trust Code of Governance* (modelled on best practice UK governance principles) and the *Well-Led Framework*, which encourage Boards to conduct a formal evaluation of their own performance and that of its committees and directors.

The Trust continuously reviews its Board governance structure, and this has been reviewed as part of the planning for the merger with Somerset NHS Foundation Trust to ensure clear lines of accountability from the Board to all teams across the organisation and its subsidiaries.

In previous years, the Trust undertook a review of the effectiveness of the Board of Directors. This review included a revised schedule for the Board of Directors that rotated between strategically and operationally focussed meetings, providing a suitable framework for the review and consideration of strategic developments, both within the hospital, the Somerset Integrated Care System and the wider healthcare system.

In 2022/23, an internal review, led by the Deputy Director of Integrated Governance, 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 and Risk Appetite for the two organisations.

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

Peter Lewis, Chief Executive, 4 July 2023

Annual Remuneration Report

This report is made by the Board of Yeovil District Hospital NHS Foundation Trust in compliance with:

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

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

Annual Statement on Remuneration and Senior Managers’ Remuneration Policy

The Remuneration Committee of the Board is responsible for reviewing and agreeing the salary and allowances payable to and the performance of the Chief Executive and Board level executive directors of Yeovil District Hospital. Details of the membership and the number of meetings held by the Remuneration Committee are contained in the directors’ report from page 45. In 2022/23, the Committee was chaired by Graham Hughes, Non-Executive Director. The Chief Executive attended the Remuneration Committee to give advice as required. No other person attended the Remuneration Committee to provide advice or services. To ensure there are no conflicts of interest concerning items on the meeting agenda, the member of staff to which discussions pertain is not in attendance.

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

When reviewing executive pay, the Remuneration Committee undertakes a competitive benchmarking exercise and considers whether it is set at a sufficient rate to attract, retain and motivate executive directors to successfully lead the organisation and deliver its strategic objectives. While the Trust did not consult with employees on the remuneration policy regarding senior managers, it did take into account the national pay and conditions on NHS employees. The Remuneration Committee adopts the principles of the Agenda for Change framework when considering executive directors’ pay. Where an individual director is paid more than £150,000, the Trust has taken steps to assure itself that remuneration is set at a competitive rate in relation to other similar NHS Foundation Trusts, and that this rate enables the Trust to attract, motivate and retain senior managers with the necessary abilities to manage and develop the Trust’s activities fully for the benefit of patients. During 2022/23, the Remuneration Committee reviewed the salary for the Chief Operating Officer.

Remuneration Packages for Non-Executive Directors

The remuneration packages for Non-Executive Directors in 2022/23 was:

Salary	£45,867 per annum for Non-Executive Chairman
Salary	£13,000 per annum for Non-Executive Directors

Future Remuneration Policy Table

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

Fair Pay (subject to audit)

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

The banded remuneration of the highest paid director at Yeovil District Hospital in the financial year 2022/23 was £135,000 - £140,000 (2021/22 £165,000 - £170,000). This represents an 18% reduction from 2021/22, as a result of changes to the executive structure of the Trust in preparation for the merger with Somerset NHS Foundation Trust.

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

For employees of the Trust as a whole, the range of remuneration in 2022/23 was from £2,005 to £144,697 (2021/22 – £2,005 to £226,190). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is -3.2%.

One employee received remuneration in excess of the highest-paid director. This was 11 in 2021/22.

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

	25th percentile	Median	75th Percentile
Salary component of pay	£21,318 (2021/22: £20,045)	£32,934 (2021/22: £30,272)	£48,526 (2021/22; £49,815)
Total pay and benefits excluding pension benefits	£21,882 2021/22: £20,154	£30,459 (2020/21: £28,277)	£48,629 2021/22: £49,999
Pay and benefits excluding pension; pay ratio for highest paid director	6.3:1 (2021/22: 8.3:1)	4.5:1 (2021/22: 5.4:1)	2.8:1 (2021/22: 3.4:1)

Expenses of the Governors and Directors

The Trust has policies on the payment of expenses that governs all staff, including directors, governors and volunteers. During 2022/23, the expenses paid to members of the Board and directors attending the Board totalled £2,194. During the same period, the expenses paid to the members of the Council of Governors totalled £0. The combined sum for expenses was £325, which compares to £325 for 2021/22, £539 for 2020/21, £5,540 for 2019/20 and £12,570 for 2018/19. This reduction is a result of the COVID-19 pandemic and the reduction in travel to and from meetings and conferences.

Salary and Pension Entitlements of Senior Managers 2022/23 (subject to audit)

Name and Title		2022/23					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£00	£000	£000	£000	£000
M Scrivens	Chairman	30 - 35	0	0	0	0	30 - 35
M Dunster	SHS Chairman	5 - 10	0	0	0	0	5 - 10
J Hull	YDH Non-Executive Director	5 - 10	0	0	0	0	5 - 10
J Henderson	YDH Non-Executive Director	0 - 5	0	0	0	0	0 - 5
G Hughes	YDH Non-Executive Director	10 - 15	900	0	0	0	10 - 15
P Mapson	YDH Non-Executive Director	10 - 15	300	0	0	0	10 - 15
A Priest	YDH Non-Executive Director	0 - 5	0	0	0	0	0 - 5
P Lewis	YDH Chief Executive	65 - 70	100	0	0	0	65 - 70
P Moger	YDH Chief Finance Officer	40 - 45	200	0	0	22.5 - 25	65 -70
M Bryant	YDH Chief Operating Officer Hospital Services	35 - 40	0	0	0	2.5 - 5	40 - 45
A Heron	YDH Chief Operating Officer Hospital Services	40 - 45	100	0	0	10 - 12.5	52.5 - 55
D Meron	YDH Chief Medical Officer	60 - 65	0	0	0	20 - 22.5	85 - 87.5
S Meldrum	YDH Chief Officer for Collaboration & Partnerships	15 - 20	0	0	0	0	15 - 20
H Peters	YDH Chief Nurse	35 - 40	100	0	0	15 - 17.5	50 - 55
D Shannon	YDH Director of Strategy and Digital Development	40 - 45	200	0	0	12.5 - 15	55 - 57.5
I Clements	YDH Chief of People and Organisational Development	35 - 40	200	0	0	20 - 22.5	60 - 62.5
P Brice	YDH Director of Corporate Services	35 - 40	100	0	0	62.5 - 65	95 - 100
K White	SHS Managing Director	105 - 110	0	0	0	0	105 - 110
Dr B Balian	SHS Medical Director	135 - 140	0	0	0	0	135 - 140
Dr H Sampson	SHS Strategic Development Director	20 - 25	0	0	0	0	20 - 25
Dr I Wyer	SHS Director of Wider Primary Care	0 - 5	0	0	0	0	0 - 5
D Stevens	SSL Managing Director	55 - 60	0	0	0	0	55 - 60
C Radestock	SSL Estates & Facilities Director, Acting Managing Director	105 - 110	0	0	0	0	105 - 110
K Mattravers	SSL Head of Procurement	55 - 60	0	0	0	17.5 - 20	75 - 80

Notes:
*Pension related benefits is the in-year increase in the overall pension of any given employee. As the pension scheme is a final salary scheme any large increase or decreases to salaries significantly changes the in-year benefits calculation. This amount is not paid by the Trust.
The list of names includes those who commenced and/or finished their period of employment, or were in temporary positions in the financial year.
The remaining taxable expense payments relates to the additional mileage allowance paid over and above the Inland Revenue allowance.
On 10 January 2022, a single executive team was appointed across Yeovil District Hospital and Somerset NHS Foundation Trust. As such, the salary for some individuals is provided as a 30% portion attributed at Yeovil District Hospital from this date onwards.

Salary and Pension Entitlements of Senior Managers 2021/22 (subject to audit)

Name and Title		2021/22					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£00	£000	£000	£000	£000
P von der Heyde	Chairman	25 – 30	0	0	0	0	25 - 30
M Scrivens	Non-Executive Director, Interim Chairman	25 - 30	0	0	0	0	25 - 30
M Dunster	SHS Chairman	5 - 10	0	0	0	0	5 - 10
G Hughes	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
J Henderson	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
P Mapson	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
J Hull	Non-Executive Director	0 - 5	0	0	0	0	0 - 5
J Higman	YDH Chief Executive	75 – 80	0	0	0	40 – 42.5	115 - 120
P Lewis	YDH Chief Executive	30 – 35	0	0	0	15 – 17.5	50 - 55
S James	YDH Chief Finance Officer	95 – 100	0	0	0	17.5 – 20	110 – 115
P Moger	YDH Chief Finance Officer	5 – 10	0	0	0	0 - 2.5	5 - 10
M Bryant	YDH Chief Operating Officer Hospital Services	40 – 45	0	0	0	35 -37.5	75 - 80
A Heron	YDH Chief Operating Officer Neighbourhoods, Mental Health & Families	5 – 10	0	0	0	7.5 – 10	15 - 20
S Barron-Fitzsimons	YDH Director of Operations	105 – 110	0	0	0	70 – 72.5	180 - 185
Dr M Kane	YDH Chief Medical Officer for Acute Hospitals	205 – 210	0	0	0	45 – 47.5	255 - 260
Dr D Meron	YDH Chief Medical Officer	10 -15	0	0	0	22.5 - 25	35 - 40
S Meldrum	YDH Deputy Chief Executive / Chief Nurse & Director of People	115 – 120	0	0	0	0	115 - 120
H Peters	YDH Chief Nurse	5 – 10	100	0	0	0 – 2.5	5 - 10
J Martin	YDH Director of Transformation	280 – 285	0	0	0	110 - 112.5	375 - 380
D Shannon	YDH Director of Strategy and Digital Development	5 – 10	100	0	0	7.5 – 10	15 - 20
I Clements	YDH Chief of People and Organisational Development	5 – 10	100	0	0	10 – 12.5	20 - 25
P Brice	YDH Director of Corporate Services	5 – 10	0	0	0	5 – 7.5	10 - 15
K White	SHS Managing Director	105 – 110	0	0	0	0	105 - 110
Dr B Balian	SHS Medical Director	130 – 135	0	0	0	0	130 - 135
Dr H Sampson	SHS Strategic Development Director	25 – 30	0	0	0	0	25 - 30

Name and Title		2021/22					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£00	£000	£000	£000	£000
Dr I Wyer	SHS Director of Wider Primary Care	0 – 5	0	0	0	0	0 - 5
D Stevens	SSL Managing Director	95 – 100	0	0	0	77.5 - 80	175 - 180
C Radestock	SSL Estates and Facilities Director, SSL Acting Managing Director	90 – 95	0	0	0	0	90 - 95

Notes: M Kane's salary includes pay for their clinical and non-clinical responsibilities.
*Pension related benefits is the in-year increase in the overall pension of any given employee. As the pension scheme is a final salary scheme any large increase or decreases to salaries significantly changes the in-year benefits calculation. This amount is not paid by the Trust.
The list of names includes those who commenced and/or finished their period of employment, or were in temporary positions in the financial year.
The remaining taxable expense payments relates to the additional mileage allowance paid over and above the Inland Revenue allowance.
On 10 January 2022, a single executive team was appointed across Yeovil District Hospital and Somerset NHS Foundation Trust. As such, the salary for some individuals is provided as a 30% portion attributed at Yeovil District Hospital from this date onwards.

Pension Benefits of Senior Managers 2022/23 (subject to audit)

Name and Title		Real increase in pension at pension age (bands £2,500)	Real increase in pension lump sum at pension age (bands £2,500)	Total accrued pension at pension age at 31 March 2023 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2022	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2023	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
P Moger	YDH Chief Finance Officer	2.5 - 5	5 - 7.5	50 - 55	90 - 95	870	72	755	0
M Bryant	YDH Chief Operating Officer Hospital Services	0 - 2.5	0	50 - 55	95 - 100	875	12	819	0
A Heron	YDH Chief Operating Officer Hospital Services	2.5 - 5	0	45 - 50	65 - 70	894	43	807	0
D Meron	YDH Chief Medical Officer	2.5 - 5	0 - 2.5	65 - 70	145 - 150	1467	82	1315	0
H Peters	YDH Chief Nurse	2.5 - 5	0 - 2.5	50 - 55	95 - 100	894	49	803	0
D Shannon	YDH Director of Strategy and Digital Development	2.5 - 5	0 - 2.5	45 - 50	80 - 85	740	39	662	0
I Clements	YDH Chief of People and Organisational Development	2.5 - 5	2.5 - 5	55 - 60	120 - 125	1085	70	966	0
P Brice	YDH Director of Corporate Services	2.5 - 5	2.5 - 5	35 - 40	70 - 75	777	68	671	0
D Stevens	SSL Managing Director	0 - 2.5	0 - 2.5	15 - 20	5 - 10	549	0	242	0
K Mattravers	SSL Head of Procurement	5 - 7.5	0 - 2.5	5 - 10	0 - 5	0	11	69	0

Notes: As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members. 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. A number of individuals have opted out of the pension scheme and therefore are not included above. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme. The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

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

Pension Benefits of Senior Managers 2021/22 (subject to audit)

Name and Title		Real increase in pension at pension age (bands £2,500)	Real increase in pension lump sum at pension age (bands £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2020	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
J Higman	YDH Chief Executive	2.5 - 5	0 – 2.5	55 - 60	120 - 125	972	62	1,039	0
P Lewis	YDH Chief Executive	2.5 - 5	0 - 2.5	80 – 85	175 - 180	1,454	1,369	62	0
S James	YDH Chief Finance Officer	0 – 2.5	0 – 0	45 - 50	120 - 125	1,045	46	1,096	0
P Moger	YDH Chief Finance Officer	0 – 2.5	0 - 0	45 - 50	80 - 85	755	738	0	0
M Bryant	YDH Chief Operating Officer Hospital Services	5 – 7.5	10 – 12.5	50 - 55	100 - 105	819	699	97	0
A Heron	YDH Chief Operating Officer Neighbourhoods, Mental Health & Families	2.5 - 5	0	40 - 45	65 - 70	807	748	36	0
S Barron-Fitzsimons	YDH Director of Operations	0 – 2.5	0 – 2.5	20 - 25	30 - 35	192	51	244	0
D Meron	YDH Chief Medical Officer	5 – 7.5	2.5 - 5	55 - 60	140 - 145	1,315	1,192	88	0
M Kane	YDH Chief Medical Officer	2.5 - 5	0 – 2.5	45 - 50	90 - 95	754	62	820	0
H Peters	YDH Chief Nurse	0 - 0	0 -0	45 - 50	90 - 95	803	802	0	0
J Martin	YDH Director of Transformation	5 – 7.5	10 – 12.5	35 - 40	80 -85	630	118	752	0
D Shannon	YDH Director of Strategy & Digital Transformation	0 – 2.5	0 - 0	40 - 45	75 - 80	662	617	23	0
I Clements	YDH Chief of People	2.5 - 5	0 – 2.5	50 - 55	115 - 120	966	902	41	0
P Brice	YDH Director of Corporate Services	0 – 2.5	0	30 - 35	65 - 70	671	629	23	0
D Stevens	SSL Managing Director	2.5 - 5	5 - 7.5	30 - 35	50 - 55	465	82	549	0

Notes: As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members. A number of individuals have opted out of the pension scheme and therefore are not included above. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme. The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table. NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement. (This is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design.). We believe this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

Payments for loss of office (subject to audit)

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

Assistant Director – Financial Strategy **£194,121**
This payment is made up from three elements: redundancy payment, basic pay and lieu of notice.

Payments to past senior managers (subject to audit)

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

Peter Lewis, Chief Executive, 4 July 2023

Staff Report

Our colleagues across Yeovil District Hospital have continued to provide the best possible care for our patients during a year where we experienced the most challenging operational circumstances. We have seen unprecedented pressures across the whole care system which has led to difficulties unlocking our patient flow and leading to more patients for our teams to care for. Once again teams across the Trust have challenged themselves and each other to devise and implement new and innovative ways to manage this unprecedented impact and continue to provide safe and compassionate care; and we are immensely proud of what they have achieved.

This year we have also experienced, for the first time in many cases, several of our recognised Trades Unions balloting to consider industrial action. Following this our junior doctors took strike action in March 2023. We are proud that our leaders managed this with compassion and prepared teams to collaborate, showing their support for our colleagues working flexibly to ensure our patients received the best care during this time. Recognising that some patients' treatment was delayed as a result, and the impact this has had on them and their families, the industrial action was managed well across both our trusts and was a positive experience for learning.

The Group (including subsidiary companies) employs the following people (as at 31 March 2023):

Headcount (Excluding Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	3	5	8
Non-Executives & Chairman	1	4	5
Other Senior Managers	14	7	21
All other employees	2645	742	3387
Grand Total	**2663**	**758**	**3421**

Headcount (Including Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	3	5	8
Non-Executives & Chairman	1	4	5
Other Senior Managers	14	7	21
All other employees	3297	931	4428
Grand Total	**3315**	**947**	**4262**

Full Time Equivalent (Excluding Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	0.90	1.50	2.40
Non-Executives & Chairman	0.30	3.30	3.60
Other Senior Managers	13.03	6.62	19.65
All other employees	2204.89	690.47	2895.36
Grand Total	**2219.12**	**701.89**	**2921.01**

The average number of employees employed by the Group:

Average Number of Employees (Full Time Equivalent)	2022/23			2020/21
	Permanent	Other	Total	Total
Medical and dental	203.7	130.0	333.7	307.4
Administration and estates	690.5	29.7	720.2	671.8
Healthcare assistants and other support staff	505.8	15.2	521.0	513.4
Nursing, midwifery and health visiting staff	888.5	29.9	918.4	837.7
Scientific, therapeutic and technical staff	329.5	23.8	353.3	350.3
Total Average Numbers	**2618.0**	**228.6**	**2846.6**	**2680.7**

Staff Costs

Group	2022/23	2021/22
	Total	Total
	£000	£000
Salaries and wages	131,300	117,158
Social security costs	11,866	10,289
Employer's contributions to NHS pensions	12,007	11,165
Additional Pension Costs 6.3%	4,982	4,591
Agency/contract staff	14,258	12,014
Apprenticeship levy	366	315
Termination benefits	369	589
Total staff costs	**175,148**	**156,121**

Absence Data

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

Sickness absence remains higher than experienced prior to the pandemic and there has been periods when the number of colleagues not able to work due to sickness, has been significant. This has led to unprecedented levels of planning and operational effort from the temporary staffing, management, and site management teams to support teams to care for our patients.

Staff Turnover

In recent years, the Trust has seen a fluctuation in staff turnover rates. In March 2022, the YDH staff turnover rate was 18.7% compared to 15.6% for March 2019 prior to the pandemic. The People Team remains focussed on reviewing and understanding turnover, ensuring interventions are in place to replace to reduce the level of turnover by responding to the causes of colleagues leaving. Several interventions are also being developed as part of the focus on the NHS People Promise and retention programme.

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

As a public sector organisation, The Trust is statutorily required to ensure that equality, diversity, and human rights are embedded into its functions and activities as per the Equality Act 2010, the Human Rights Act 1998, and the NHS Constitution. Anyone who is an

employee of Yeovil District Hospital, or who uses NHS services as a patient, has a right to be protected from discrimination and be treated fairly.

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

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

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

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

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

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

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

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

To ensure equality of opportunity, the Trust supports disabled persons working at the hospital to access learning and development opportunities. This includes meeting with them individually and putting in place a tailored support plan. There is a workplace adjustments

policy in place to support colleagues and their managers ensure the right support is in place to enable colleagues with a disability to thrive at work.

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

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

Information on the Trust's Workforce Disability Equality Standard (WDES), Workforce Race Equality Standard (WRES) and Gender Pay Gap is available on the Somerset NHS Foundation Trust website.

People Policies and Actions applied during the Financial Year

In 2022-23, all Yeovil District Hospital people policies were in a single Human Resources Manual. The handbook includes policies to cover all aspects of employment and includes clear guidance in an accessible format. The policies include processes for maternity, shared parental, and paternity leave, disability in the workplace, equality and inclusion and recruitment and selection for ensuring fair employment, training and career development opportunities for individuals with protected characteristics. Work has been underway to integrate policies ahead of the merger with Somerset NHS Foundation Trust.

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

The Trust fosters a culture of openness where our people can freely speak up about any issue, big or small. This includes patient safety or something that effects a colleague's experience at work. Our 'Freedom to Speak up Guardians' provide a simple, accessible route for both colleagues and learners to speak up in confidence. Every concern is taken seriously with appropriate support/guidance offered and agreed actions taken to attain resolution.

The guardians take every opportunity to ensure learning is established when colleagues speak up, and this is shared appropriately, including up to Board level, to prevent similar experiences for others. They support cases from colleagues across the organisation and across the range of professional groups, signifying this is a trusted and useful route for speaking up.

The Trust Board engages in development sessions to ensure Freedom to Speak Up is role modelled from the highest level. They support the guardians with walkabouts, provide additional problem solving to address blockers, discuss themes and triangulate data and discuss individual concerns (with colleague permission).

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

Health and Safety

Fire, health and safety arrangements during 2022/23 have been focused on building and fire safety compliance in response to the changes in legislation referencing the Building and Fire Safety Acts respectively, shaping the future of fire safety for high rise buildings. Fire safety works in particular have been targeted at improving and recording passive fire protection within buildings. Compartmentation works have taken place on the inpatient ward areas in order to mitigate patient evacuation risks. A fire door replacement programme has been targeted at improving compliance, with fire doors to enable the main building tower block fire evacuation lifts to be commissioned. A software system has also been adopted to record the building fire compartmentation strategy, which is used to support the fire risk assessment process and provide reference for records of building alterations. In adopting technology, a cloud-based system has been installed to monitor the fire alarm system across buildings on the hospital site. This system provides evidence in compliance with servicing and maintenance with enhancements in the way fire alarm cascading response is carried out. All these innovations are helping the Trust to manage information in line with the Golden Thread approach in response to the changes in building fire safety reforms.

A programme of health and safety audits was carried out during 2022 with training to support health and safety monitors and first aiders. Training for safety monitors has taken place to maintain competency in hazardous substances assessment, fire warden responsibilities and first aid responders. A number of managers and supervisors have trained in managing safely to support the estates and facilities management responsibilities. Sharps safety has been a particular focus with a visit from the Health and Safety Executive identifying improvements to be made in ensuring safer type sharps are prioritised. This has resulted in a full audit and improvement plan put in place through main theatres.

Security improvements have been made in enhancing CCTV coverage across hospital premises. Lockdown procedures have been tested and improvements made to the cascade calling system and building lockdown controls.

A programme of Fire, Health & Safety and Security meetings took place during 2022/23. This programme brought together a joint health and safety working group aimed at aligning health and safety management arrangements in line for organisational merger. A combined health and safety policy has been developed in consultation with Union member representation to move forward into 2023/24.

Occupational Health

Yeovil Hospital had an outsourced Occupational Health Service and a constructive relationship with the provider which had been developed over a number of years. A range of management information is provided which enables us to identify key areas in which support is needed. The Trust pays particular attention to the top three reasons for sickness absence, namely musculoskeletal, stress and mental health.

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

Counter Fraud and Corruption

Yeovil District Hospital supports the NHS Counter Fraud Authority strategy that aims to reduce fraud, bribery and corruption within the NHS. We are committed to the prevention,

detection and investigation of any such allegations and will seek to apply criminal, disciplinary, regulatory and civil sanctions where allegations are upheld. This includes the recovery of identified financial losses to ensure that NHS resources are used for their intended purpose - the delivery of patient care. We expect all organisations / contractors instructed by our organisation to demonstrate a comparable commitment in order to do business with us. This enables us to reassure our patients, members and stakeholders that public funds are protected and safeguarded.

The Trust employs a Counter Fraud Manager who during 2022/23 has conducted both proactive and reactive work in line with the requirements of the Government Functional Standard 013: Counter Fraud ('functional standards').

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

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

Engaging our People

Much of the suite of internal communications has been maintained throughout the last year, including weekly bulletins, all colleague emails for operational and internal initiatives, live video updates, intranet (YCloud) updates, and colleague meetings, alongside the monthly staff recognition scheme, the iCARE Champion Award.

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

In addition to the suite previously used, further channels have been used to reach and engage with colleagues.

A Leadership Forum has been setup for these senior colleagues with two sessions having run in 2022 and these will continue to run throughout the 2023/24 financial year.

The engagement champion cohort has met on a monthly basis throughout the year and this work will continue during the next year; conversations have taken place with this group to ensure agreement. This group will continue to provide rich feedback monthly around colleague engagement and wellbeing and will be used to drive colleague engagement such as People Pulse and NHS Staff Survey as well as other initiatives.

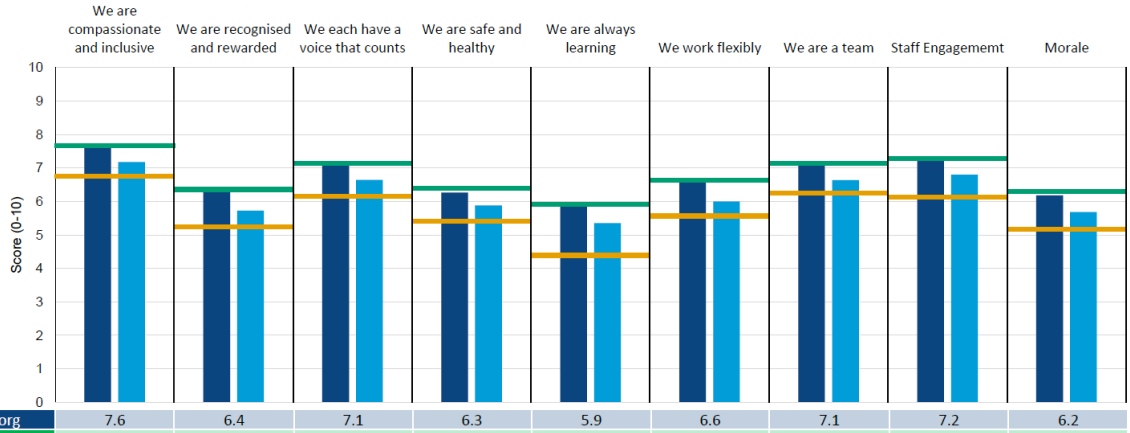
During the merger process there have been listening events held for teams and individuals by People Services colleagues.

The live video updates, held via Teambrief and chaired by a member of the executive team have been introduced. These operate across both trusts to bring important updates to colleagues throughout the trusts on a three-weekly basis.

From April 2023, the weekly bulletin, known as Staff News, replaced the CONECTBulletins and is available to all colleagues across the newly merged trust.

Staff Survey

The 2022 NHS Staff Survey was completed during October and November 2022 with a 50% response rate. This year was the second year that the staff survey was aligned to the themes of the NHS people promise. Our results can be seen in the table below:



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagememt	Morale
Your org	7.6	6.4	7.1	6.3	5.9	6.6	7.1	7.2	6.2
Best	7.7	6.4	7.1	6.4	5.9	6.6	7.1	7.3	6.3
Average	7.2	5.7	6.6	5.9	5.4	6.0	6.6	6.8	5.7
Worst	6.8	5.2	6.2	5.4	4.4	5.6	6.3	6.1	5.2
Responses	1176	1176	1147	1156	1100	1167	1173	1176	1176

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

The strongest themes for the Trust in 2022 remain the People Promise of, we are compassionate and inclusive, with the Trust comfortably averaging higher than others trusts in the four elements that make up this theme. The second strongest theme is staff engagement, with the Trust again scoring well above the average of other trusts.

The element of “we are always learning”, which is made up of the element of appraisals and development, is our lowest ranked but has made statistically significant improvements since last year and reflects the intended focus that was noted in last year’s report.

The People Promises of ‘we are safe and healthy’ and ‘morale’ have been noted as having significantly lower scores than the 2021 survey.

The staff survey for 2022 was the second to be aligned to the national themes of the people promise, retaining staff engagement and morale themes from previous surveys. The comparator data against last year is shown below:

People Promise Theme	2022		2021	
	Trust Score	Benchmarking Group Score	Trust Score	Benchmarking Group Score
We are compassionate and inclusive	7.6	7.2	7.7	7.1
We are recognised and rewarded	6.4	5.7	6.5	5.8
We each have a voice that counts	7.1	6.6	7.2	6.6
We are safe and healthy	6.3	5.9	6.4	5.9
We are always learning	5.9	5.3	5.6	5.2
We work flexibly	6.6	6.0	6.7	5.9
We are a team	7.1	6.6	7.1	6.5
Staff engagement	7.2	6.8	7.3	6.8
Morale	6.2	5.7	6.4	5.7

Score: 0 = low 10 = high

Benchmarking data for previous years is shown below.

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

Score: 0 = low 10 = high

Future Plans

Appraisals remain an area of focus into 2023 and work continues to ensure that the quality of the conversation as well as numbers completed are a priority. A working group is reviewing the Staff Survey results, and together with the recommendations from the internal audit carried out in 2022 in Somerset Foundation Trust, a work plan has been developed. This sits alongside the work already underway as part of the People Promise exemplar site in terms of ways of retaining colleagues.

Future Priorities and Targets

Our People Strategy 2023 – 2028 sets out our vision on how we will retain, develop, inspire and attract our people, underpinned by our values and expected behaviours. It takes a holistic approach where wellbeing, leadership and inclusion are infused to support an environment where colleagues thrive. The strategy sets the focus for the future priorities across five commitments; how we care for our people, develop our people, support compassionate and inclusive leadership, retain, and attract talent, and constantly learn and transform. The high-level ambitions within the strategy support the merger of our services and development of integrated models of care.

Areas of focus in year one includes:

- launching and embedding our values and behaviours, weaving them throughout our approaches to people;
- developing robust workforce supply pipelines to reduce vacancy levels and high levels of agency usage;
- expanding career pathways and learner capacity through new education pathways;
- introducing more new roles and ways of working, utilising newly developed integrated care models to offer broader more attractive roles, improving retention and colleague experience and career progression;
- focussing on leadership and management development to enable leaders to empower high performing teams;
- excelling in the delivery of the NHS People Promise to reduce turnover;
- optimising temporary resources and reducing high-cost agency spend;
- continuing to drive improvements in colleague experience and wellbeing to reduce absence levels;
- developing greater digital capabilities for our colleagues to improve productivity; and
- weaving inclusion throughout our practice, focus on systemic solutions to increase the sense of belonging.

Trades Union Disclosures

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

	2022/23
Number of Staff Side Representatives	12
Percentage of time spend on facility time	8.75%
Amount spend on facility time: • Total cost of facility time • Total pay bill	 £29,708 £325,028
Percentage of paid facility time spend on trade union activities calculated as (total cost of facility time/total pay bill) x 100	9.14%

Expenditure on Consultancy

£53k – includes architect fees, site surveys, fees relating to the merger with Somerset NHS Foundation Trust.

Off-payroll Arrangements

Nothing to declare.

Exit Packages

	2022/23 Compulsory redundancies	2022/23 Other departures	2022/23 Total Number	2021/22 Total number
< £10,000	0	1	0	0
£10,001 - £25,000	1	1	2	1
£25,001 - £50,000	0	0	0	0
£50,001 - £100,000	0	0	0	0
£100,001 - £150,000	1	0	1	0
£150,001 - £200,000	1	0	1	2
>£200,000	0	0	0	1
Total Number	**3**	**2**	**5**	**4**
Total resource cost			**£369,000**	**£589,000**

Other (non-compulsory) departure payments

	2022/23 Number of Agreements	2022/23 Value of Agreements £000	2021/22 Number of Agreements	2021/22 Value of Agreements £000
Mutually agreed resignations (MARS) contractual costs	2	29	0	0
Contractual payments in lieu of notice	0	0	0	0
Total	**2**	**29**	**0**	**0**

Non-Contractual Departure Payments

There were no non-contractual departure payments made.

Board Members and/or senior officials with significant financial responsibility

	2022/23 Number of Engagements
Number of off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility".	18

Regulatory Ratings

NHS Oversight Framework

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

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all

NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

a) objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities); and
b) additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

An NHS foundation trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

Yeovil District Hospital NHS Foundation Trust was placed in segment 2. This segmentation information is the Trust's position as at March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website.

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

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

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

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

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

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

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

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

Peter Lewis, Chief Executive, 4 July 2023

5. ANNUAL GOVERNANCE STATEMENT 2022/23

Scope of Responsibility

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Yeovil District Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Yeovil District Hospital for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

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

The non-executive director who chairs the Audit Committee, supported by the Governance and Quality Assurance Committee, independently reports to the Board with assurance on the appropriateness and effectiveness of risk management and internal control processes. A Quality Assurance Committee chaired by the Director of Corporate Services, reviews compliance against the Care Quality Commission and Health and Safety Executive standards across the Trust's regulated activities. This process allows for a systematic review of compliance, providing assurance and highlighting areas of risk and focus for improvement.

To ensure that a risk management culture is embedded across the Trust, there are actions in place to guarantee that staff are clear as to their responsibilities with regard to risk management with communication of the risk management strategy amongst staff. Guidance and training are provided by the Head of Risk and the Trust's Risk Manager to all new senior

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

The Head of Risk was appointed into a joint post, working across Yeovil District Hospital and Somerset NHS Foundation Trust from April 2022. In 2022/23, an internal review, led by the Head of Risk, was commenced to ensure that the risk reporting arrangements within both organisations remained adequate and to 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, risk scoring, risk processes, and Risk Appetite and Risk Tolerance for the two organisations.

The Board considered that the risk scoring matrix continued to be suitable, however a change in the level of risk escalation was considered, with any risks scoring 15 or above escalated and reported to Board level. During the year, as risk management arrangements have been aligned, the relationship between Directorate/Service Group risks and Corporate risks scoring 15 or above has been explored and a process developed which will commence from April 2023.

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

Training

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

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

The remit of the Patient Experience Team and the management of complaints and PALs processes were integrated into the Clinical Governance Department in 2017. Learning from incidents and claims is presented through the Patient Safety Committee whilst complaints and PALS are reviewed through the Patient Experience Committee. In addition, learning from incidents, patient safety alerts, complaints and PALS is shared through the Serious Incident Review Group. These committees and/or forums continually identify opportunities for improvement with the learning cascaded via monthly peer review and governance meetings.

The Trust continues to exhibit areas of good practice with regard to integrated learning and the embedding of a learning culture throughout the Trust. This includes ensuring all responses from investigation managers are SMART actions, with allocated responsible officers and clear implementation dates. All managers have been reminded of their responsibilities and been provided with guidance on developing SMART actions accompanied by a template action plan for completion. Monitoring reports for complaints and incidents are produced and monitored by management and the Board of Directors. The Governance and Quality Assurance Committee receives updates from the Patient Experience Department on a quarterly basis with the Board receiving a high-level update on the learning from complaints and incidents as part of the Trust's Operational and Financial Reports.

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

The Risk and Control Framework

Risk management processes are set out in the Trust Risk Management Strategy, which was reviewed and updated in April 2021 to include the introduction of the Executive Committee, clarifying the risk management arrangements for the subsidiary companies of the YDH Trust Group and updating roles and terminology.

During the year, as part of the alignment of risk management arrangements lead by the Head of Risk, a Risk Management Strategy has been developed with key stakeholders for the new integrated organisation.

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

The Risk Management Strategy was approved by the Board of Directors at a meeting held in common with Somerset NHS Foundation Trust in March 2023 which came into immediate effect for both Yeovil District Hospital and Somerset NHS Foundation Trust. A Risk Management Policy, which will provide additional information on the risk management processes is in development for the new integrated organisation.

The previous Risk Management Strategy, which was in place until March 2023 applied to the hospital, with the Trust's subsidiary companies Simply Serve Limited and Symphony Healthcare Services having developed strategies based on the Yeovil District Hospital model. All risks across these entities are managed through the implemented Ulysses Risk Management System. The Head of Risk is currently working with the Trust's subsidiary

companies to develop strategies based on the approved Risk Management Strategy for the new integrated organisation.

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

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

For 2022/23, the following risk appetite was in place:

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

Financial Risks (Accounting risk, credit risk, market risk, liquidity risk and budget risks)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	**Low (Risks rated: 1-6)**
Reputation Risks (Damage to reputation through bad publicity etc.)	Minimal (as little as reasonably possible) – Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	**Low (Risks rated: 1-6)**

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

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

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

In April 2022, the Board reviewed the risk scoring matrix and considered that it continued to be suitable, however a change in the level of risk escalation was approved. The risk scoring matrix is summarised as using the 5x5 matrix and moved from having four levels of risk escalation to three. The revised risk scoring matrix was reflected in the Risk Management Strategy which was approved in March 2023.

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

KEY: Low Risk | Medium Risk | High Risk

1-6	=	Low Risk	Needs to be resolved or accepted at Departmental level*
8-12	=	Medium Risk	Needs to be resolved or accepted at Service Group level*
15-25	=	High Risk	To be resolved or accepted at Trust level

**If the risk is not acceptable and cannot be resolved at the appropriate level, it needs to be escalated to the next level*

The Quality Report for 2022/23 will outline the progress made in areas of patient safety, clinical outcomes and patient experience. The Patient Safety Committee monitors all patient safety improvement, with information on quality and patient safety received monthly by the Board and scrutinised in depth on a quarterly basis by the Governance and Quality Governance Assurance Committee.

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

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

The Quality Assurance Committee has an annual work plan for the assessment of key areas in line with national standards. This approach provides the ability to identify areas of compliance risk and co-ordinates action plans for mitigation. The impact and requirements of Care Quality Commission regulation are reflected within internal procedural documents. The quality, operational, financial and workforce performance report presented to the Board is categorised under the Care Quality Commission standards. Regular monthly teleconferences with quarterly face-to-face meetings take place between the Trust and the regional Care Quality Commission to review any recent complaints, incidents, risks and learning etc. The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Continuing risks affecting the organisation

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

Notwithstanding the risks outlined above, the Trust still faces a number of risks continuing into 2023/24, including:

- Risk 0021 Unsafe numbers of attendances in the Emergency Department
- Risk 0331 Insufficient intermediate care capacity
- Risk 0049 Increased demand – opening of escalation areas
- Risk 0497 SHS not becoming financially self-sustaining

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

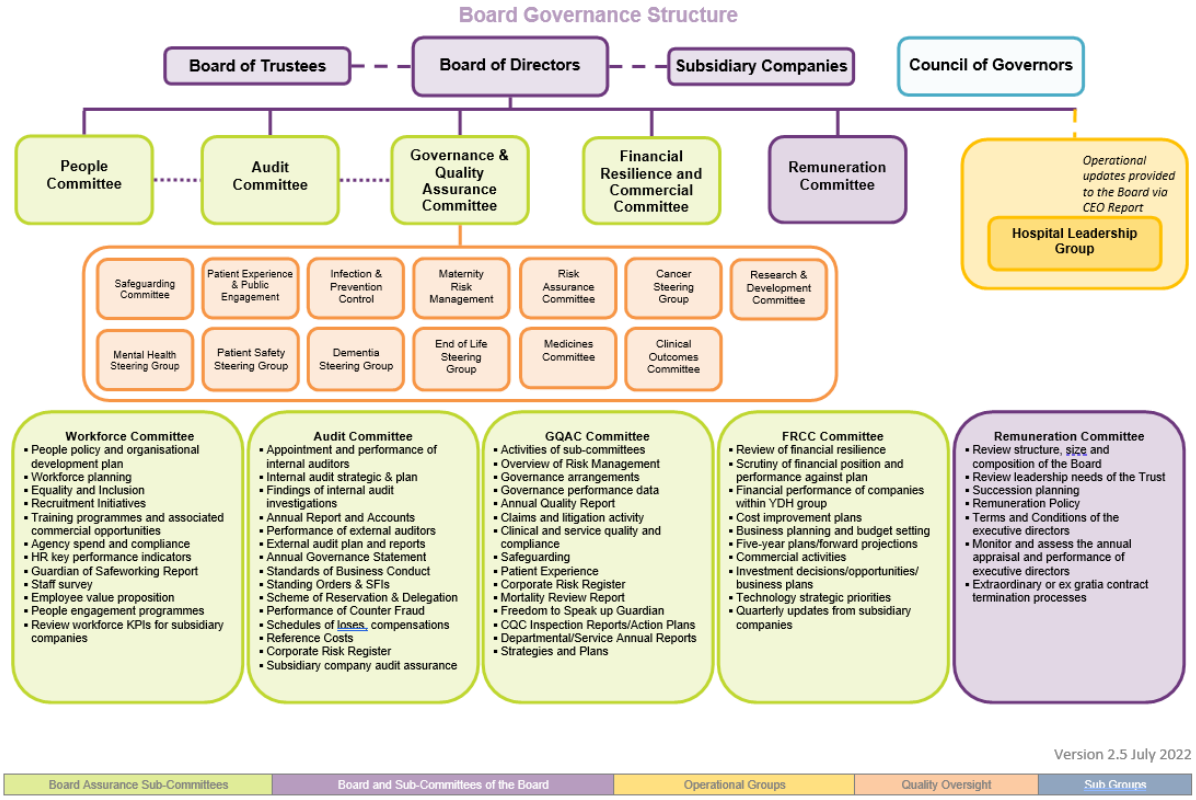
Principles of Corporate Governance

The Board is satisfied that in 2022/23 Yeovil District Hospital applied those principles, systems and standards of good corporate governance, which reasonably would be regarded as appropriate for a supplier of healthcare services to the NHS. The Trust had structured governance arrangements in place with clear lines of reporting from "ward to Board" across operational, quality, safety, patient experience and finance, through assurance committees, to the Board.

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

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

The Board Governance Structure in place during 2022/23 is shown below:



The Audit Committee receives the findings from across the Trust group of internal audit investigations, reviews the internal audit strategy and plan, annual accounts and reports, standards of business conduct, and counter fraud. In 2022/23 it met on a quarterly basis as a committee held in common with Somerset NHS Foundation Trust.

The Governance and Quality Assurance Committee has a wide remit to review a number of topics, including clinical and service quality and compliance, safeguarding, patient experience, learning from deaths, departmental annual reports, Quality Improvement Strategy, Annual Quality Report and claims and litigation activity. In 2022/23 it met on a quarterly basis as a committee held in common with Somerset NHS Foundation Trust.

The Financial Resilience and Commercial Committee supports the Board by reviewing financial resilience of the organisation, scrutinising the financial position and performance against the financial plan, the financial performance of the wider Yeovil District Hospital group, progress against cost improvement plans, business planning and budget setting, commercial activities and considering investment decisions, opportunities and business plans. In 2022/23 it met monthly as a committee held in common with Somerset NHS Foundation Trust.

The People Committee advises the Board on the strategic, transformational workforce agenda and reviews the HR data sent to the Board. In addition, it focuses on agency staffing rates and the expenditure, mandatory training, appraisal, occupational health, sickness management and ESR data quality. The committee scrutinises workforce data and plans across the entire Yeovil District Hospital Group. In 2022/23 it met on a bi-monthly basis as a committee held in common with Somerset NHS Foundation Trust.

As part of the integration between Yeovil Hospital and Somerset NHS Foundation Trust and to reduce duplication across the single executive team, the majority of the Board assurance committees have moved a committee in common approach across the two organisations.

Further work was completed to develop and align terms of reference where appropriate ahead of formal merger between the Trusts.

Individual Board meetings also take place within Simply Serve Limited and Symphony Healthcare Services. These Board meetings review the strategic and commercial direction of the respective organisations together with various key performance indicators across various categories, including performance, activity levels and workforce. These entities reported directly to the Trust Board of Directors Part B meetings on a quarterly basis with a highlight report outlining recent developments, activity, financial performance and strategic direction. This arrangement has continued post-merger with reporting to the Somerset NHS Foundation Trust Board. In addition, the entities report to the Financial Resilience and Commercial Committee on their financial and commercial performance. The Trust's People Committee also scrutinised the workforce data of the Yeovil District Hospital group.

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

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

The Trust held its virtual Annual General Meeting on Friday 30 September 2022. The AGM included updates from the Chairman, an overview of our year from the Chief Executive, presentations on our Hospital@Home service and urology services integration, and a report from Lead Governor Alison Whitman on behalf of the Council of Governors.

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

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures were in place to ensure all employer obligations contained within the scheme's regulations are complied with. This included ensuring that deductions from salaries, employer's contributions and payments into the scheme were in accordance with the scheme rules, and that member Pension Scheme records were 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 undertook risk assessments and Carbon Reduction Delivery Plans were in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that the organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements were complied with.

Emergency Preparedness, Resilience and Response

The NHS England and NHS Improvement Core Standards for Emergency Preparedness, Resilience and Response (EPRR) are the minimum standards which NHS organisations and providers of NHS funded care must meet. Every year commissioners and providers have to complete a self-assessment.

The Trust self-assesses its EPRR activities against these standards on an annual basis. They enable agencies to co-ordinate activities and provide a consistent framework for self-assessment, peer review and more formal control processes carried out by regulatory organisations. However, due to the ongoing response to the Covid-19 pandemic and national NHS Major Incident Level, NHS England opted for a "light touch" approach over the last two years. This year was therefore the first full assessment against the national standards since 2019. The last assessment rated Yeovil District Hospital as having achieved full compliance.

The Trust was required to submit its self-assessment against the national core standards to the Somerset Integration Care Board (ICB) but these were discussed and agreed with the ICB at a joint confirm and challenge meeting, held with the ICB and Somerset NHS Foundation Trust on 31 October 2022. The assessments set out the 68 core standards divided into ten domains to provide an overall compliance rating. Yeovil District Hospital NHS Foundation Trust achieved substantial compliance, being assessed as fully compliant against 66 of the 68 core standards. The areas of partial compliance related to decision logging and business continuity audit and actions have been identified to meet these standards going forward.

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

The NHS continues to experience a challenging economic environment, namely as a direct result of the continuing unprecedented levels of demand on health and social care, and in Somerset there is a higher proportion of residents aged over 65 than the rest of England.

There are difficulties in the recruitment of substantive staff, and an increasing complexity of patient conditions.

NHS England undertook a quality and financial governance review as part of their assurance work in light of the merger between Yeovil District Hospital NHS Foundation Trust and Somerset NHS Foundation Trust. These reviews were conducted against their published guidance *Assuring and supporting complex change - Statutory transactions, including mergers and acquisitions.*

For both reviews, NHS England considered current processes and, where possible, proposals for future processes in the enlarged organisation. In order to carry out the work, NHS England observed a Board meeting and relevant committees as well as reviewing a sample of committee papers and speaking to a selection of trust executives and non-executives.

The quality and financial governance reviews did not highlight any material concerns in relation to governance that needed to be addressed before the transaction could proceed.

NHS England review found the Board to be an effective and unified team, with a thoughtful and forward-thinking approach to leadership. They observed a collegiate and respectful culture, with a clear patient focus. The review also evidenced an effective approach to quality governance over the broad range of activities that are overseen by the Boards in common of the two Trusts. While quality issues were discussed in depth, observations suggested that more time could be given to detailed challenge of finances at Board level. However, NHS England also heard from trust leadership during our review about the positive impact of changes made to strengthen financial governance to date, as well as appropriate areas of focus going forwards.

The Trust has developed an action plan against the recommendations outlined as part of the review and this will continue to be monitored by the Board of Directors to ensure recommendations are completed as appropriate.

For 2022/23, the Yeovil District Hospital Group reported a break-even position, which was in line with the plan. The Trust achieved £4.563m in Cost Improvement Plans (CIP) which was in line with plan. However, of this only £1.009m (22%) is recurrent. Work is continuing as we look to increase the level of recurrent CIP into 2023/24.

The Board recognises the continued challenges regarding the financial position and is committed to work to address these through its own internal focus on efficiency and productivity. It will also work collaboratively with local partners to ensure a system response to the countywide deficit position and address the key strategic issues identified as driving this position.

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

The Trust's performance is monitored via the quality, operational and financial performance reports at meetings of the Board. Operational management and the co-ordination of services are delivered by the Service Groups. Performance is also reviewed via Quality, Outcomes, Finance and Performance (QOFP) review meetings on a monthly basis.

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

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. KPMG issued an unqualified opinion on the Trust's financial statements audit for 2022/23. In addition, no significant weaknesses were identified with regard to the Trust's arrangements for ensuring value for money.

Information Governance

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

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

The Trust's Data Security and Protection Toolkit submission for 2022/23 will be completed in June 2023. It is expected that all mandatory evidence items will be reached, with an assessment status of 'standards met'.

In line with the DSPT reporting tool, two incidents were reported to the ICO in 2022/23. The ICO was content with the actions taken on both and no further action was taken.

All incidents are fully investigated; action plans created where appropriate and additional targeted IG training sessions made available. The ICO was notified, and no further action was required. Data security and information governance breaches were reported and monitored through the Data Security and Protection Group, which, in turn, reports to the Audit Committee.

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

Data Quality and Governance

To provide assurance that the Trust has appropriate controls in place regarding the reporting of data, the following arrangements were in place in 2022/23:

- Information in relation to quality, safety and patient experience was considered by the relevant sub-groups and the Directorates. Data was presented to the Board on a monthly basis. In addition, the information was scrutinised by the Governance and Quality Assurance Committee (which was chaired by a non-executive director) on a quarterly basis.
- Operational leads and the Directorate Deputy Directors presented via Quality, Outcomes, Finance and Performance (QOFP) review meetings on a monthly basis.
- Data and reports were presented to the Governance and Quality Assurance Committee to enable the opportunity for debate about quality measures and any key risks.
- Data quality was monitored through the Monthly Data Quality Steering Group. National Data Quality indicators such as DQMI (Data Quality Maturity Index) are published monthly by NHS England, and these are used to highlight areas for improvement within all the Trust's core Hospital Information Systems.

- The Patient Safety Committee, Patient Experience and Engagement Steering Group and Clinical Outcomes Committees monitored safety incidents, complaints, mortality and clinical audit reports and the data was presented to review progress against the quality strategy and to produce the Quality Report.
- Compliance with NICE guidance was measured and monitored through the Directorates and the Clinical Outcomes Committee. A high-level overview was provided quarterly to the Governance and Quality Assurance Committee.
- External sources of information were used to inform reporting, including outcomes of inspections and peer reviews and monitoring of mortality rates provided by DrFoster.
- Quality measures and CQUINs (Commissioning for Quality and Innovation) were agreed with the Somerset Integrated Care Board, and these were monitored in-year through the CQUIN Steering Group.
- The Trust's Quality Report in draft form was externally reviewed by the Somerset Integrated Care Board, HealthWatch and the Somerset Overview and Scrutiny Committee.
- The local indicator for the Quality Accounts was selected by the Council of Governors and monitored by them on a quarterly basis alongside quality and patient safety updates.
- Assurance was gained through the annual internal audit programme and by the work of the external auditors in reviewing the quality report indicators.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within Yeovil District Hospital who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Governance and Quality Assurance Committee and Risk Assurance Committee; a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Trust's Head of Internal Audit Opinion outlines that BDO is able to provide moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2022/23. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, BDO took into account the following:

- All internal audits undertaken by BDO LLP during 2022/23. The Key Financial Systems audit provided substantial assurance for both design of controls and operational effectiveness.
- Any follow-up action taken in respect of audits from previous periods for these audit areas. The Trust has a good record of implementing audit recommendations. We have closed all prior year recommendations and management are proactive in discussing plans to address risks identified in the 2022/23 audits.
- Whether any significant recommendations have not been accepted by management and the consequent risks – all recommendations were accepted by management.
- The effects of any significant changes in the organisation's objectives or systems.
- Matters arising from previous internal audit reports to Yeovil District Hospital NHS FT.
- The Trust is expected to break-even against its agreed control total at year-end.
- Any limitations which may have been placed on the scope of internal audit – no restrictions were placed on our work.

Conclusion

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

Peter Lewis, Chief Executive, 4 July 2023

Yeovil District Hospital NHS
NHS Foundation Trust

Consolidated Financial Statements For The Year to 31 March 2023

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

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

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

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

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

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

As far as I am aware, there is no relevant audit information of which the Foundation Group'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, 4 July 2023

Statement of Directors' responsibilities in respect of the Accounts

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

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

Signed on behalf of the Board of Directors:

Peter Lewis, Chief Executive, 4 July 2023

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Yeovil District Hospital NHS Foundation Trust ("the Trust") for the year ended 31 March 2023 which comprise the Group and Trust Statements of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Taxpayers Equity and Group and Trust Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2023 and of the Group's and Trust's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in March 2023 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2022/23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

Basis for opinion

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

Emphasis of matter – going concern

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

Going concern

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

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Group and Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Accounting Officer's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively,

may cast significant doubt on the Group's and Trust's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition because of the non-complex recognition due to the nature of the revenue, which limits the opportunities to fraudulently misstate revenue.

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

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and borrowings and unusual postings to accruals and expenditure in January 2023 to March 2023.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Inspecting cash payments and purchase invoices in the period prior to and following 31 March 2023 to verify expenditure had been recognised in the correct accounting period.
- Performing a year on year review of accruals to identify whether the accruals balance at 31 March 2023 is complete.

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

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

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

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

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

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

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

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

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

Other information in the Annual Report

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

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

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

Annual Governance Statement

We are required by the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2022/23. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in all material respects, in accordance with the NHS Foundation Trust Annual Reporting Manual 2022/23.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 2, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease

the services provided by the Group and Trust or dissolve the Group and Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

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

We have nothing to report in this respect.

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

As explained more fully in the statement set out on page 85, the Accounting Officer is responsible for ensuring that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

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

Statutory reporting matters

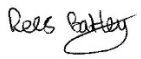
We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006. We have nothing to report in this respect.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

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



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

5 July 2023

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2023 have been prepared by Yeovil District Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed:

Peter Lewis, Chief Executive

Date: 4 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

		Group		Trust	
	Note	**2022/23 £'000**	2021/22 £'000	**2022/23 £'000**	2021/22 £'000
Operating income from patient care activities	3	**237,386**	208,987	**208,476**	187,128
Other operating income	4	**33,107**	31,007	**35,024**	27,957
Total operating income		**270,493**	239,994	**243,500**	215,085
Operating expenses	5	**(274,013)**	(237,413)	**(248,993)**	(217,881)
Operating (deficit)/surplus		**(3,520)**	2,581	**(5,493)**	(2,796)
Finance income	10	**696**	12	**1,495**	1,055
Finance expenses	10	**(740)**	(305)	**(1,488)**	(1,381)
PDC dividend expenses		**(1,764)**	(1,793)	**(1,764)**	(1,793)
Net finance costs		**(1,808)**	(2,086)	**(1,757)**	(2,119)
Loss on disposal of non-current assets	11	**(30)**	(460)	**(30)**	(460)
Corporation tax income/(expense)		**(338)**	48	**0**	0
(Deficit)/surplus for the year		**(5,696)**	83	**(7,280)**	(5,375)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	6	**(2,095)**	(68)	**(13,305)**	0
Revaluations		**12,684**	0	**11,500**	0
Other reserve movements		**(639)**	0	**0**	0
Total comprehensive income for the period		**4,254**	15	**(9,085)**	(5,375)

The notes on pages 14 – 65 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

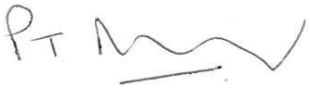
		Group		Trust	
		31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	Note	**£'000**	£'000	**£'000**	£'000
Non current assets					
Intangible assets	14	**4,015**	5,503	**2,937**	5,232
Property, plant and equipment	15	**88,989**	78,889	**60,737**	75,342
Right of use assets	17	**56,200**	0	**65,695**	0
Investments in associates and joint ventures	30	**14**	14	**14,987**	14,987
Trade and other receivables	20	**744**	708	**20,991**	24,050
Total non current assets		**149,962**	85,114	**165,347**	119,611
Current assets					
Inventories	19	**3,442**	3,213	**1,875**	1,796
Trade and other receivables	20	**16,972**	14,301	**15,062**	6,929
Cash and cash equivalents	21	**24,448**	30,463	**12,836**	22,606
Total current assets		**44,862**	47,977	**29,773**	31,331
Current liabilities					
Trade and other payables	23	**(36,446)**	(36,718)	**(31,946)**	(29,298)
Borrowings	26	**(3,289)**	(803)	**(8,412)**	(5,906)
Provisions	24	**(3,057)**	(3,650)	**(2,302)**	(3,009)
Total current liabilities		**(42,792)**	(41,171)	**(42,660)**	(38,213)
Total assets less current liabilities		**152,032**	91,920	**152,460**	112,729
Non current liabilities					
Trade and other payables	23	**0**	(18)	**0**	0
Borrowings	26	**(57,920)**	(4,360)	**(67,781)**	(34,343)
Provisions	24	**(1,490)**	(1,972)	**(1,220)**	(1,943)
Total non current liabilities		**(59,410)**	(6,350)	**(69,001)**	(36,286)
Total assets employed		**92,622**	85,570	**83,459**	76,443
Financed by					
Public dividend capital	29	**146,098**	143,300	**146,098**	143,300
Revaluation reserve		**15,601**	13,326	**17,154**	5,654
Income and expenditure reserve		**(71,656)**	(73,360)	**(79,793)**	(72,511)
Charitable fund reserves		**2,579**	2,304	**0**	0
Total taxpayers' & others' equity		**92,622**	85,570	**83,459**	76,443

The notes on pages 14 – 65 form an integral part of these financial statements

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

Peter Lewis – Chief Executive

Date: 4 July 2023



Pippa Moger – Chief Finance Officer

Date: 4 July 2023

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2022/23

	Total	Charitable Funds	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve
	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2022	**85,570**	**2,304**	**143,300**	**13,326**	**(73,360)**
(Deficit)/Surplus for the year	(5,696)	275	0	0	(5,971)
Revaluation gains and impairment losses property, plant and equipment	9,950	0	0	2,275	7,675
Public Dividend Capital received	2,798	0	2,798	0	0
Taxpayers' Equity at 31 March 2023	**92,622**	**2,579**	**146,098**	**15,601**	**(71,656)**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2021/2022

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

The notes on pages 14 – 65 form an integral part of these financial statements.

Information on reserves

NHS charitable funds reserves

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

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

		Group		Trust	
		2022/23	2021/22	**2022/23**	2021/22
	Note	**£'000**	£'000	**£'000**	£'000
Cash flows from operating activities					
Operating (deficit)/surplus		**(3,520)**	2,581	**(5,493)**	(2,796)
Non-cash income and expense:					
Depreciation and amortisation		**10,478**	5,620	**8,763**	5,469
Net impairments and reversals of impairments		**13,305**	68	**13,305**	0
Income recognised in respect of capital donations*		**(7,768)**	(402)	**(7,768)**	(402)
(Increase) in receivables		**(2,720)**	2,666	**(4,805)**	13,202
(Increase) in inventories		**(229)**	(623)	**(79)**	(322)
Increase/(decrease) in payables and other liabilities		**4,020**	(2,701)	**9,191**	(5,551)
(Decrease)/increase in provisions		**(617)**	1,174	**(964)**	735
Corporation tax (paid)		**(378)**	(155)	**0**	0
NHS charitable funds - net movements in working capital, non-cash transactions cash flows		**287**	(296)	**0**	0
Net cash from operations		**12,858**	7,932	**12,150**	10,335
Cash flows from investing activities					
Interest received	10	**696**	12	**1,495**	1,055
Payments to acquire intangible assets	14	**(259)**	(1,131)	**(232)**	(1,062)
Payments to acquire tangible fixed assets	15	**(22,721)**	(5,594)	**(23,694)**	(4,492)
Receipt of cash donations to purchase capital assets		**7,768**	177	**7,768**	177
Net cash used in investing activities		**(14,516)**	(6,536)	**(14,663)**	(4,322)
Cash flows from financing activities					
Public Dividend Capital received	25	**2,798**	5,026	**2,798**	5,026
Movements on other loans including intercompany		**(29)**	(823)	**0**	(4,508)
Capital elelement of lease liability repayments		**(3,964)**	(119)	**(6,320)**	0
Capital element of PFI and other service concessions		**(538)**	(162)	**(538)**	0
Interest paid on loans including Department of Health loans		**(120)**	(184)	**0**	0
Interest element of lease liability repayments		**(571)**	(37)	**(1,413)**	(1,232)
Interest on PFI and other service concessions		**(140)**	(84)	**(140)**	0
PDC capital (paid)/refunded		**(1,793)**	(1,245)	**(1,793)**	(1,245)
Net cash used in financing activities		**(4,357)**	2,372	**(7,406)**	(1,959)
(Decrease)/increase/ in cash and cash equivalents		**(6,015)**	3,768	**(9,919)**	4,054
Cash and cash equivalents at 1 April		**30,463**	26,695	**22,755**	18,701
Cash and cash equivalents at 31 March	21	**24,448**	30,463	**12,836**	22,755

*Income received for assets as part of the Carbon Neutral Fund.

The notes on pages 14 – 65 form an integral part of these financial statements.

Notes to the Accounts

1. Accounting policies and other information

NHS England has directed that the financial statements of the Group shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury.

Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care.

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

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

Going concern

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

The Group prepares its accounts under the financial reporting framework set out for the NHS, which is based on the HM Treasury Financial Reporting Manual (FReM). The FReM provides that the anticipated continued provision of services in the public sector is a sufficient basis for preparing the accounts on a going concern basis.

The Group merged with Somerset NHS Foundation Trust on 1 April 2023, this was a merger through acquisition. However, this does not change the Board of Directors expectation that the services provided by the Group will continue to be provided in the public sector in the future.

As the Board has every expectation that the services provided by the Group will continue to be provided in the public sector, it is appropriate to adopt the going concern basis in preparing the accounts for 2022/23. The Board has considered whether there are uncertainties regarding future issues which should be disclosed to enable a true and fair view.

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

The Directors, having made appropriate enquiries, have concluded that there is a reasonable expectation the Group will have access to adequate resources to continue in operational existence for the going concern assessment period of at least 12 months from approval of the financial statements. Therefore, these accounts have been prepared under a going concern basis as set out in IAS 1.

Accounting convention

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

1.1 Consolidation NHS Charitable Fund

The Group is the Corporate Trustee to Yeovil District Hospital NHS Charitable Fund. The Group has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Group is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

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

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

Other subsidiaries

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

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

The Group wholly owns Symphony Healthcare Services Ltd which forms part of the consolidated accounts. Symphony Healthcare Services Ltd provides primary care services and turnover for the period ended 31 March 2023 was £29.3m.

The Group also wholly owns Simply Serve Ltd which provides Estates and Facilities services; turnover for the period ended 31 March 2023 was £36.6m and forms part of the consolidated accounts.

Joint ventures

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

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

The Group also owns 15.3% of SW Path Services LLP, SPS Facilities LLP and Southwest Pathology Service LLP and holds 20% of all the voting rights, this is not consolidated within the accounts due to immateriality.

Joint operations

Joint operations are arrangements in which the Group has joint control with one or more other parties and has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group includes within its financial statements its share of the assets, liabilities, income and expenses within the financial statements.

Business Combinations

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

1.2 Income

Revenue from contracts with customers

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

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

At the year end, the Group accrues income relating to performance obligations satisfied in that year. Where the Group'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 Group is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care Board (ICB) level. The majority of the Group's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets.

The Group also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner.

In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

Revenue from research contracts

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

In these cases it is assessed that the Group's interim performance does not create an asset with alternative use for the Group, and the Group 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 Group 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 Group 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 Group recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment.

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

The expected rate of non-recovery is 24.86%.

Top Up Income

Providers received additional non-recurrent support funding to cover lost income and increased costs directly linked to the COVID-19 outbreak totalling £1.3m in 2022/23.

Pay Award 2022/23

Providers will receive additional funding in relation to the nationally agreed Agenda for Change pay award for 2022/23, this has been accounted for in the 2022/23 position and equates to £4.4m.

Grants and Donations

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

Where the grant is used to fund capital expenditure, it is credited to the Consolidated Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

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

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

1.3 Expenditure on employee benefits

Short-term employee benefits

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

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

Pension costs

NHS Pension Scheme

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

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

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

1.4 Expenditure on other goods and services

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

1.5 Discontinued Operations

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Group
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or (£500 in Symphony Healthcare Services)
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent Expenditure

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

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. 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 location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

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

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 costs capitalised in accordance with IAS 23, borrowings. 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. During 2022/23, a full valuation exercise to update the latest carrying values of Land, Buildings and Dwellings as at 31 March 2023 was undertaken by Cushman & Wakefield DTZ.

The valuation exercise was carried out in March 2023 with a valuation date of 31 March 2023. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

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

An Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. This included recommendations for a new Building Regulations

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

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

A 1% change in the valuation would have a £980,000 impact on the Statement of Financial Position with a £17,000 change on the PDC dividend due to be paid next year and accrued in these financial statements.

All of the £50 million net book value of land, buildings and dwellings subject to valuation relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Group 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 Group 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.

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.

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

	YDH & SSL Years	SHS Years
Buildings	51 to 63	1 to 50
Dwellings	57	0
Plant and Machinery	2 to 10	0
Transport equipment	5	0
Information technology	3 to 30	5
Furniture & Fittings	5 to 15	5 to 10

Property, plant and equipment which have 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 Group, 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, government granted and other grant funded assets

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

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

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

During 2022/23, donations of £7,668,000 were donated to the Group in relation to the Carbon Neutral Fund.

Private Finance Initiative (PFI) transactions

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

Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate. The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset.

The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as a finance cost as incurred. The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Group'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 Group 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 when 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.

1.8 Amortisation

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

	Years
Intangible Assets – Purchased software	3 – 10

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

The Group receives 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 Conceptual Framework, the Group has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department of Health and Social Care.

Inventories are reviewed to enable identification of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. Obsolete goods are disposed of in line with the Standing Financial Instructions guidance on disposals and condemnations, insurance, losses and special payments.

1.10 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Group 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 Group's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e., when receipt or delivery of the goods or services is made.

De-recognition

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

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

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure.

Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure.

Financial liabilities classified as subsequently measured at fair value through income and expenditure.

Loans and receivables

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

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

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

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

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method.

The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

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

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

Determination of fair value

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

Impairment of financial assets

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

The Group 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.

1.11 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract.

It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The Group does not apply lease accounting to new contracts for the use of intangible assets.

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

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

The Group subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments.

Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Group as lessor

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

Finance leases

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

Operating leases

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

Initial application of IFRS 16

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

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

The Group as lessee

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

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

The Group as lessor

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

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees.

In 2021/22 lease payments made by the Group in respect of leases previously classified as operating leases were charged to expenditure on a straight line or other systematic basis.

Leases of land and buildings

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

1.12 Provisions

The Group 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.

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Group 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 Group.

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

Non-clinical risk pooling

The Group participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Group 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.

1.13 Contingencies

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

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

Contingent liabilities are defined as:

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

1.14 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS 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 Group. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Group, 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 Group 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 in the PDC dividend policy issued 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-Groups-and-foundation-Groups.

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.

1.15 Value added tax

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

1.16 Corporation tax

The NHS Foundation Trust does not have a corporation tax liability for the year 2022/23. Tax may be payable on activities as described below:

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

Within the reporting group of Yeovil District Hospital NHS Foundation Trust subsidiary companies will have a corporation tax liability for 2022/23 financial year.

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

1.17 Climate Change Levy

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

1.18 Foreign exchange

The functional and presentational currency of the Group 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.

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.

When accounting for such transactions any gains are losses are recognised through the losses and special payments and disclosed in note 12.

1.19 Third party assets

Assets belonging to third parties in which the Group 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*.

1.20 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments.

They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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.

1.21 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 Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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

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

Value of land, buildings and dwellings £50,052,000 (2021/22 £56,651,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Group's independent valuer with extensive knowledge of the physical estate and market factors.

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

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

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

1.22 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023.

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

IFRS 16 Leases – application of liability measurement principles to PFI and other service concession arrangements

From 1 April 20223, the measurement principles of IFRS 16 will also be applied to the Group's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow.

Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased the PFI liability on the statement of financial position. The effect of this has not yet been quantified. Upon transition to IFRS 16. The effect of this has not yet been quantified.

2. Operating Segments

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

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

The Board is responsible for strategically and operationally leading the work of the Group.

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 Group.

The Key decisions are agreed at monthly Board meetings and sub-committee meetings of the Board, following scrutiny of performance and resource allocation.

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

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

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

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

	YDH			SSL	SHS	Group (Consolidated)
	Elective	Non Elective	Corporate			
	£'000	£'000	£'000	£'000	£'000	£'000
Income	81,288	115,450	41,047	31,438	28,990	298,213
Pay	(49,851)	(64,086)	(26,341)	(11,588)	(22,587)	(174,453)
Non Pay	(16,267)	(19,475)	(69,147)	(18,454)	(6,387)	(129,730)
Total	15,170	31,889	(54,441)	1,396	16	(5,970)
Charitable Accounts						274
Operating Surplus						(5,696)

3. Operating income from patient care activities

3.1 Income from patient care activities (by nature)

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
API Contracts	**175,790**	162,306	**175,426**	162,306
High cost drugs income	**14,690**	13,112	**14,690**	13,112
Other non protected clinical income	**16**	211	**16**	211
Community Services	**28,022**	21,717	**0**	0
Other NHS clinical income	**364**	51	**0**	51
Private patient income	**3,217**	2,348	**3,057**	2,206
Elective recovery fund	**5,901**	4,651	**5,901**	4,651
Agenda for change pay award central funding***	**4,404**	0	**4,404**	0
Pension Contribution central funding*	**4,982**	4,591	**4,982**	4,591
Clinical income from activities	**237,386**	208,987	**208,476**	187,128

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

**In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

3.2 Income from patient care activities (by source)

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
CCG's	**51,065**	187,723	**44,630**	167,028
ICB's	**156,613**	0	**135,922**	0
NHS England	**23,959**	18,654	**22,516**	17,632
NHS Foundation Trusts	**182**	51	**0**	51
Local Authorities	**2,172**	0	**2,172**	0
Non - NHS: private patients	**3,217**	2,348	**3,057**	2,206
Non - NHS: overseas patients	**163**	0	**163**	0
NHS injury recovery scheme (was RTA)	**15**	211	**16**	211
Total income from activities	**237,386**	208,987	**208,476**	187,128

3.3 Income from activities arising from commissioner requested services

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

	Group and Trust	
	2022/23	2021/22
	£'000	£'000
Income from services designated (or grandfathered) as commissioner requested services	**228,990**	206,428
Other	**8,396**	2,559
Total	**237,386**	208,987

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

	Group and Trust	
	2022/23	2021/22
	£'000	£'000
Income recognised this year	**163**	0
Cash payments received in-year	**6**	7
Amounts added to provision for impairment of receivables	**0**	0
Amounts written off in-year	**18**	1

4. Other operating income

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
Research and development	**923**	1,024	**923**	1,024
Education and training	**5,573**	5,412	**5,573**	5,412
Receipt of capital grants and donations	**7,768**	402	**7,768**	402
Top up income	**1,376**	3,112	**1,358**	3,112
NHS charitable funds incoming resources	**593**	677	**0**	0
Other income	**16,874**	20,380	**19,402**	18,007
Total other operating income	**33,107**	31,007	**35,024**	27,957

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

5. Operating expenses

5.1 Operating expenses comprised:

		Group		Trust	
		2022/23	2021/22	**2022/23**	2021/22
	Note	**£'000**	£'000	**£'000**	£'000
Clinical negligence insurance		**4,901**	4,666	**4,901**	4,666
Consultancy costs		**53**	242	**25**	159
Depreciation on PPE and right of use assets and amortisation		**10,478**	5,620	**8,763**	5,469
Drug costs		**22,462**	23,953	**25,529**	22,565
Establishment		**3,106**	4,955	**1,593**	1,534
Fees for Audit					
- Statutory audit		**103**	87	**103**	87
- Associate Companies		**36**	29	**0**	0
Internal audit fees		**55**	55	**55**	55
Tax advisory services		**153**	295	**54**	266
Impairments	6	**13,305**	68	**13,305**	0
Increase in provisions		**103**	764	**85**	589
Legal fees		**80**	258	**9**	125
Losses, ex gratia & special payments		**73**	21	**73**	5,565
NHS charities expenditure		**313**	383	**0**	0
Premises		**10,029**	10,134	**2,792**	4,200
Purchase of healthcare from non NHS bodies *		**8,461**	8,107	**29,789**	35,161
Rentals under operating leases		**0**	1,377	**0**	790
Operating expenditure IFRIC 12		**720**	592	**0**	0
Services from:					
- CCG's, ICBS and NHS England		**8**	0	**8**	0
- NHS Providers		**708**	2,357	**708**	2185
Staff costs:					
- Executive Directors	7	**1,181**	1,149	**895**	841
- Other Staff costs	7	**173,412**	154,292	**139,173**	125,668
- Redundancy costs	7	**369**	589	**346**	589
- Non-Executive Directors' costs	7	**86**	91	**86**	91
Supplies and services (excluding drug costs)					
- Clinical		**12,102**	10,917	**11,801**	4,468
- General		**4,002**	3,875	**534**	848
Training		**1,125**	459	**990**	663
Transport		**1,273**	1,020	**1,134**	913
Other		**5,316**	1,058	**6,242**	384
		274,013	237,413	**248,993**	217,881

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

A reclassification has taken place in year resulting in costs being allocated to supplies and services clinical that were previously allocated to purchase of healthcare non NHS bodies. The prior year has not be restated.

5.2 Limitation on auditor's liability

The limitation on the auditor's liability is £10,000,000 (2021/22 £10,000,000)

6. Impairment of assets

	Group	
	2022/23	**2021/22**
	£'000	**£'000**
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	0	0
Other	13,305	68
Total net impairments charged to operating surplus / deficit	**13,305**	**68**
Impairments charged to the revaluation reserve	2,095	0
Total net impairments	**15,400**	**68**

The Group's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2023. The Group'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 Group's specialised land and buildings has therefore been based upon the Group 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 Group would still be able to provide the same level of service but the location of providing the service would be delivered from the model.

7. Staff costs

7.1 Staff costs

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
Salaries and wages	**131,300**	117,158	**103,207**	93,954
Social Security Costs	**11,866**	10,289	**11,071**	9,581
Employer Contributions to NHSPA	**12,007**	11,165	**11,433**	10,541
Additional Pension Costs 6.3%	**4,982**	4,591	**4,982**	4,591
Termination Benefits	**369**	589	**346**	589
Apprenticeship Levy	**366**	315	**217**	315
Agency and contract staff	**14,258**	12,014	**9,244**	7,618
	175,148	156,121	**140,500**	127,189

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

8. Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

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

9. Retirements due to ill health

During 2022/23 there was one early retirement for the Group agreed on the grounds of ill-health totalling £44k, there was nil in 2021/22.

10. Finance income and expenses

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
Finance Income				
Trust interest received	**696**	12	**1,495**	1,055
	696	12	**1,495**	1,055
Finance Expense				
Commercial Loans	**(91)**	(193)	**0**	0
Interest on leases	**(574)**	(37)	**(1,413)**	(1,306)
Interest on PFI's	**(140)**	(84)	**(140)**	(84)
Unwiding of discount on provisions	**65**	9	**65**	9
	(740)	(305)	**(1,488)**	(1,381)

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

	Group		Trust	
	2022/23	2021/22	**2022/23**	2021/22
	£'000	£'000	**£'000**	£'000
(Loss) on disposal of fixed assets	**(30)**	(460)	**(30)**	(460)
	(30)	(460)	**(30)**	(460)

The disposals in 2022/23 and 2021/22 were in respect of non-protected assets.

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

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

13. Losses and special payments

	Group				Trust			
	2022/23		2021/22		**2022/23**		2021/22	
	No.	**Value £'000**	No.	Value £'000	**No.**	**Value £'000**	No.	Value £'000
Losses of Cash:								
Due to overpayment of salary	**1**	**2**	6	6	**1**	**2**	6	6
Other casues	**13**	**8**	12	9	**13**	**8**	12	9
Fruitless Payments:*	**9**	**8**	0	0	**9**	**8**	1	5,544
Bad Debts								
Private Patients	**46**	**16**	5	2	**46**	**16**	5	2
Overseas Visitors	**18**	**18**	1	1	**18**	**18**	1	1
Other	**36**	**11**	1	0	**36**	**11**	1	0
Ex Gratia payments:								
Loss of personal effects	**21**	**10**	12	3	**21**	**10**	12	3
Other	**1**	**0**	0	0	**1**	**0**	0	0
Total losses and special payments	**145**	**73**	37	21	**145**	**73**	38	5,565

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

*The 2021/22 fruitless payment relates to an intercompany loan between the Group and one of the wholly owned subsidiaries, which was waived within the Group and converted to equity within the subsidiary entity, following a change in the nature of funding from the CCG.

14. Intangible Assets

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

	Group							
	2022/23				2021/22			
	Software licence	**Patient record system**	**Assets under construction**	**Total**	Software licence	Patient record system	Assets under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Cost or valuation at 1 April	**1,930**	**7,051**	**890**	**9,871**	1,921	5,785	1,405	9,111
Additions - purchased	**27**	**0**	**232**	**259**	100	353	444	897
Reclassifications	**7,051**	**(7,051)**	**0**	**0**	0	913	(913)	0
Disposals	**(36)**	**0**	**0**	**(36)**	(91)	0	(46)	(137)
At 31 March	**8,972**	**0**	**1,122**	**10,094**	1,930	7,051	890	9,871
Amortisation at 1 April	**1,741**	**2,627**	**0**	**4,368**	1,669	1,824	0	3,493
Provided during the year	**1,717**	**0**	**0**	**1,717**	162	803	0	965
Reclassifications	**2,627**	**(2,627)**	**0**	**0**	0	0	0	0
Disposals	**(6)**	**0**	**0**	**(6)**	(90)	0	0	(90)
Amortisation at 31 March	**6,079**	**0**	**0**	**6,079**	1,741	2,627	0	4,368
Net book value								
- Purchased at 1 April	**189**	**4,424**	**890**	**5,503**	252	3,961	1,405	5,618
	189	**4,424**	**890**	**5,503**	252	3,961	1,405	5,618
Net book value								
- Purchased at 31 March	**2,893**	**0**	**1,122**	**4,015**	189	4,424	890	5,503
Total at 31 March	**2,893**	**0**	**1,122**	**4,015**	189	4,424	890	5,503

The patient record system is now included within software licence for 2022/23.

Trust

	2022/23				2021/22			
	Software licence	**Patient record system**	**Assets under construction**	**Total**	Software licence	Patient record system	Assets under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Cost or valuation at 1 April	**860**	**6,706**	**861**	**8,427**	885	5,440	1,405	7,730
Additions - purchased	**232**	**0**	**0**	**232**	66	353	415	834
Reclassifications	**6,706**	**(6,706)**	**(861)**	**(861)**	0	913	(913)	0
Disposals	**(36)**	**0**	**0**	**(36)**	(91)	0	(46)	(137)
At 31 March	**7,762**	**0**	**0**	**7,762**	860	6,706	861	8,427
Amortisation at 1 April	**600**	**2,595**	**0**	**3,195**	522	1,791	0	2,313
Reclassifications	**2,595**	**(2,595)**	**0**	**0**				
Provided during the year	**1,636**	**0**	**0**	**1,636**	169	804	0	973
Disposals	**(6)**	**0**	**0**	**(6)**	(91)	0	0	(91)
Amortisation at 31 March	**4,825**	**0**	**0**	**4,825**	600	2,595	0	3,195
Net book value								
- Purchased at 1 April	**260**	**4,111**	**861**	**5,232**	363	3,649	1,405	5,417
	260	**4,111**	**861**	**5,232**	363	3,649	1,405	5,417
Net book value								
- Purchased at 31 March	**2,937**	**0**	**0**	**2,937**	260	4,111	861	5,232
Total at 31 March	**2,937**	**0**	**0**	**2,937**	260	4,111	861	5,232

15. Property plant and equipment

15.1 Property, plant and equipment at 31 March 2023 comprise the following elements

Group

	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Transport equipment	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2022	5,203	65,156	1,706	7,344	28,353	10	4,907	1,610	**114,289**
Reclassifications to right of use assets	0	(1,077)	0	0	0	0	0	0	**(1,077)**
Additions - purchased	0	0	0	9,721	159	0	35	84	**9,999**
Additions - IFRIC 12	0	0	0	0	1,043	0	0	0	**1,043**
Additions - donated	0	0	0	7,768	0	0	0	0	**7,768**
Impairments	(3,074)	(15,266)	(10)	0	0	0	0	0	**(18,350)**
Revaluation	190	8,285	535	0	0	0	0	0	**9,010**
Reclassifications	0	(659)	0	0	659	0	0	0	**0**
At 31 March 2023	**2,319**	**56,439**	**2,231**	**24,833**	**30,214**	**10**	**4,942**	**1,694**	**122,682**
Depreciation at 1 April 2022	51	14,566	798	0	16,661	6	2,477	841	**35,400**
Reclassifications to right of use assets	0	(82)	0	0	0	0	0	0	**(82)**
Provided during the year	0	2,281	49	0	2,015	1	516	137	**4,999**
Impairments	0	(2,884)	(1)	0	0	0	0	0	**(2,885)**
Reversal of impairments	0	(65)	0	0	0	0	0	0	**(65)**
Revaluation	0	(3,547)	(127)	0	0	0	0	0	**(3,674)**
Reclassifications	(51)	(92)	0	0	143	0	0	0	**0**
Accumulated depreciation at 31 March 2023	**0**	**10,177**	**719**	**0**	**18,819**	**7**	**2,993**	**978**	**33,693**
Net book value									
- Purchased at 1 April 2022	5,203	47,824	908	6,918	5,671	4	2,400	556	**69,484**
- Finance Leases at 1 April 2022	0	1,233	0	0	4,171	0	27	101	**5,532**
- Donated at 1 April 2022	0	1,533	0	426	1,799	0	3	112	**3,874**
Total at 1 April 2022	**5,203**	**50,590**	**908**	**7,344**	**11,641**	**4**	**2,430**	**769**	**78,890**
- Purchased at 31 March 2023	2,268	44,365	1,512	24,407	9,286	3	1,947	627	**84,415**
- Right of use assets 31 March 2023	0	0	0	0	0	0	0	0	**0**
- IFRIC 12 Assets at 31 March 2023	0	0	0	0	1,831	0	0	0	**1,831**
- Donated at 31 March 2023	0	1,898	0	426	328	0	2	89	**2,743**
Total at 31 March 2023	**2,268**	**46,263**	**1,512**	**24,833**	**11,445**	**3**	**1,949**	**716**	**88,989**

	Trust							
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2022	5,152	52,428	986	7,373	16,547	2,834	628	**85,948**
Reclassifications to right of use assets	0	(31,997)	0	0	0	0	0	**(31,997)**
Additions - purchased	0	0	0	9,799	0	0	0	**9,799**
Additions - leased	0	0	0	0	1,043	0	0	**1,043**
Additions - donated	0	0	0	7,768	0	0	0	**7,768**
Reclassifications	0	0	0	861	0	0	0	**861**
Revaluation	0	4,127	654	0	0	0	0	**4,781**
Impairments	(3,074)	(6,123)	(10)	0	0	0	0	**(9,207)**
At 31 March 2023	**2,078**	**18,435**	**1,630**	**25,801**	**17,590**	**2,834**	**628**	**68,996**
Depreciation at 1 April 2022	0	4,374	84	0	4,909	951	288	**10,606**
Reclassifications to right of use assets	0	(2,644)	0	0	0	0	0	**(2,644)**
Provided during the year	0	970	162	0	1,320	496	77	**3,025**
Impairments	0	(831)	(1)	0	0	0	0	**(832)**
Reclassifications	0	0	0	0	92	0	0	**92**
Revaluation	0	(1,861)	(127)	0	0	0	0	**(1,988)**
Accumulated depreciation at 31 March 2023	**0**	**8**	**118**	**0**	**6,321**	**1,447**	**365**	**8,259**
Net book value								
- Purchased at 1 April 2022	5,152	45,288	902	6,947	5,253	1,853	127	**65,522**
- Finance Leases at 1 April 2022	0	1,233	0	0	4,586	26	101	**5,946**
- Donated at 1 April 2022	0	1,534	0	426	1,799	3	112	**3,874**
Total at 1 April 2022	**5,152**	**48,055**	**902**	**7,373**	**11,638**	**1,882**	**340**	**75,342**
- Purchased at 31 March 2023	2,078	16,529	1,512	17,607	8,748	1,385	174	**48,033**
- IFRIC 12 at 31 March 2023		0	0	0	1,043	0	0	**1,043**
- Donated at 31 March 2023	0	1,898	0	8,194	1,478	2	89	**11,661**
Total at 31 March 2023	**2,078**	**18,427**	**1,512**	**25,801**	**11,269**	**1,387**	**263**	**60,737**

16. Property plant and equipment

16.1 Property, plant and equipment at 31 March 2022 comprise the following elements

	Group								
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Transport equipment	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2021	5,203	62,635	1,337	4,207	23,205	10	4,408	1,427	**102,432**
Additions - purchased	0	1,481	113	5,487	1,493	0	491	223	**9,288**
Additions - leased	0	0	0	0	3,536	0	0	0	**3,536**
Additions - donated	0	0	0	177	225	0	0	0	**402**
Reclassifications	0	1,117	256	(2,527)	1,014	0	128	12	**0**
Revaluation	0	(68)	0	0	0	0	0	0	**(68)**
Disposals	0	(9)	0	0	(1,120)	0	(120)	(52)	**(1,301)**
At 31 March 2022	**5,203**	**65,156**	**1,706**	**7,344**	**28,353**	**10**	**4,907**	**1,610**	**114,289**
Depreciation at 1 April 2021	0	12,253	761	0	15,612	5	2,168	769	**31,568**
Provided during the year	0	2,254	37	0	1,813	1	426	124	**4,655**
Impairments	0	68	0	0	0	0	0	0	**68**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	0	0	**0**
Disposals	0	(9)	0	0	(713)	0	(117)	(52)	**(891)**
Accumulated depreciation at 31 March 2022	**0**	**14,566**	**798**	**0**	**16,712**	**6**	**2,477**	**841**	**35,400**
Net book value									
- Purchased at 1 April 2021	5,203	47,434	574	3,985	4,425	5	2,235	522	**64,383**
- Finance Leases at 1 April 2021	0	1,327	0	0	839	0	0	0	**2,166**
- Donated at 1 April 2021	0	1,621	2	222	2,329	0	5	136	**4,315**
Total at 1 April 2021	**5,203**	**50,382**	**576**	**4,207**	**7,593**	**5**	**2,240**	**658**	**70,864**
- Purchased at 31 March 2022	5,203	47,823	908	6,918	5,671	4	2,400	556	**69,483**
- Finance Leases at 31 March 2022	0	1,233	0	0	4,171	0	27	101	**5,532**
- Donated at 31 March 2022	0	1,534	0	426	1,799	0	3	112	**3,874**
Total at 31 March 2022	**5,203**	**50,590**	**908**	**7,344**	**11,641**	**4**	**2,430**	**769**	**78,889**

	Trust							
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2021	5,152	50,773	617	4,208	11,468	2,401	639	**75,258**
Additions - purchased	0	547	113	5,487	1,425	425	29	**8,026**
Additions - leased	0	0	0	0	3,535	0	0	**3,535**
Additions - donated	0	0	0	205	225	0	0	**430**
Reclassifications	0	1,117	256	(2,527)	1,014	128	12	**0**
Revaluation	0	0	0	0	0	0	0	**0**
Disposals	0	(9)	0	0	(1,120)	(120)	(52)	**(1,301)**
At 31 March 2022	**5,152**	**52,428**	**986**	**7,373**	**16,547**	**2,834**	**628**	**85,948**
Depreciation at 1 April 2021	0	2,199	41	0	3,851	647	260	**6,998**
Provided during the year	0	2,200	37	0	1,757	421	80	**4,495**
Impairments	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	**0**
Reclassifications	0	(16)	6	0	10	0	0	**0**
Revaluation	0	0	0	0	0	0	0	**0**
Disposals	0	(9)	0	0	(709)	(117)	(52)	**(887)**
Accumulated depreciation at 31 March 2022	**0**	**4,374**	**84**	**0**	**4,909**	**951**	**288**	**10,606**
Net book value								
- Purchased at 1 April 2021	5,152	46,804	576	3,986	7,041	1,749	243	**65,551**
- Finance Leases at 1 April 2021	0	1,678	0	0	20	0	0	**1,698**
- Donated at 1 April 2021	0	92	0	222	556	5	136	**1,011**
Total at 1 April 2021	**5,152**	**48,574**	**576**	**4,208**	**7,617**	**1,754**	**379**	**68,260**
- Purchased at 31 March 2022	5,152	45,287	902	6,947	5,253	1,854	127	**65,522**
- Finance Leases at 31 March 2022	0	1,233	0	0	4,586	26	101	**5,946**
- Donated at 31 March 2022	0	1,534	0	426	1,799	3	112	**3,874**
Total at 31 March 2022	**5,152**	**48,054**	**902**	**7,373**	**11,638**	**1,883**	**340**	**75,342**

17. Right of use assets – 2022/23

	Group					
	Property (land and buildings)	Dwellings	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation / gross cost at 1 April 2022 - brought forward						
IFRS 16 implementation - reclassification of finance leased assets from PPE	0	0	1,077	0	**1,077**	0
IFRS 16 implementation - adjustments for existing operating leases/subleases	36,760	20,483	1,120	29	**58,392**	2,300
Additions	0	0	0	90	**90**	0
Remeasurements of the lease liability	(807)	1,289	0	3	**485**	(400)
Valuation/gross cost at 31 March 2023	**35,953**	**21,772**	**2,197**	**122**	**60,044**	1,900
Accumulated depreciation at 1 April 2022 - brought forward						
IFRS 16 implementation - reclassification of finance leased assets from PPE	0	0	82	0	**82**	0
IFRS 16 implementation - adjustments for existing subleases	0	0	0	0	**0**	0
Provided during the year	2,612	775	322	53	**3,762**	380
Accumulated depreciation at 31 March 2023	**2,612**	**775**	**404**	**53**	**3,844**	380
Net book value at 31 March 2023	**33,341**	**20,997**	**1,793**	**69**	**56,200**	1,520
Net book value of right of use assets leased from NHS providers	1,435	0	0	0	1,435	1435
Net book value of right of use assets leased from DHSC group bodies	85	0	0	0	85	85

	Trust				
	Property (land and buildings)	**Dwellings**	**Plant & Machinery**	**Total**	**Of which: leased from DHSC group bodies**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Valuation / gross cost at 1 April 2022 - brought forward					
IFRS 16 implementation - reclassification of finance leased assets from PPE	30,365	0	1,632	**31,997**	0
IFRS 16 implementation - adjustments for existing operating leases / subleases	18,544	20,483	1,120	**40,147**	2,300
Remeasurements of the lease liability	(807)	1,289	0	**482**	(399)
Revaluation	5,330	0	0	**5,330**	0
Impairment	(9,273)	0	0	**(9,273)**	0
Valuation/gross cost at 31 March 2023	**44,159**	**21,772**	**2,752**	**68,683**	1,901
Accumulated depreciation at 1 April 2022 - brought forward					
IFRS 16 implementation - reclassification of finance leased assets from PPE	2,470	0	161	**2,631**	0
Provided during the year	3,005	775	322	**4,102**	380
Revaluation	(2,267)	0	0	**(2,267)**	0
Impairment	(1,478)	0	0	**(1,478)**	0
Accumulated depreciation at 31 March 2023	**1,730**	**775**	**483**	**2,988**	380
Net book value at 31 March 2023	**42,429**	**20,997**	**2,269**	**65,695**	1,521
Net book value of right of use assets leased from other NHS providers	1,435	0	0	0	0
Net book value of right of use assets leased from other DHSC group bodies	85	0	0	0	0

18. Revaluation of right of use assets

The Group's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2023.

The Group's specialised buildings including Right Of Use Assets (two buildings and other buildings it was deemed the cost measurement was a suitable proxy as revaluation) and associated land have been valued using the depreciated replacement cost method, based upon provision of a modern equivalent asset (MEA).

All remaining Right Of Use Assets are subject to annual rent reviews and as a result, no revaluation has been performed. A fundamental principle of MEA valuations is that a hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for the existing operations.

The valuation of the Group's specialised land and buildings has therefore been based upon the Group 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 Group would still be able to provide the same level of service but the location of providing the service would be delivered from the model.

18.1 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 26.

	Group 2022/23 £000	Trust 2022/23 £000
Carrying value at 31 March 2022	**995**	**35,726**
IFRS 16 implementation - adjustments for existing operating leases	58,392	40,147
Lease additions	90	0
Lease liability remeasurements	485	482
Interest charge arising in year	574	1,413
Lease payments (cash outflows)	(4,535)	(6,858)
Carrying value at 31 March 2023	**56,001**	**70,910**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 6 Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

18.2 Maturity analysis of future lease payments at 31 March 2023

	Group		Trust	
	Total 31 March 2023 £000	Of which leased from DHSC group bodies: 31 March 2023 £000	Total 31 March 2023 £000	Of which leased from DHSC group bodies: 31 March 2023 £000
Undiscounted future lease payments payable in:				
- not later than one year;	4,115	388	5,347	387
- later than one year and not later than five y	58,204	1,162	50,882	1,162
- later than five years.	486	0	32,866	0
Total gross future lease payments	**62,805**	**1,550**	**89,095**	**1,549**
Finance charges allocated to future periods	(6,804)	(22)	(18,185)	(22)
Net lease liabilities at 31 March 2023	**56,001**	**1,528**	**70,910**	**1,527**
Of which:				
- Current	4,115	388	5,347	387
- Non-Current	51,886	1,140	67,003	1,140

18.3 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS17 basis)

The following table details the maturity of obligations under leases the trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	Group 31 March 2022 £000	Trust 31 March 2022 £000
Undiscounted future lease payments payable in:		
- not later than one year;	149	149
- later than one year and not later than five years;	594	594
- later than five years.	380	380
Total gross future lease payments	**1,123**	**1,123**
Finance charges allocated to future periods	(128)	(129)
Net finance lease liabilities at 31 March 2022	**995**	**994**
of which payable:		
- not later than one year;	118	118
- later than one year and not later than five years;	513	513
- later than five years.	364	364

18.4 Commitments in respect of operating leases as at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

	Group	Trust
	2021/22	2021/22
	£000	£000
Operating lease expense		
Minimum lease payments	1,377	790
Total	**1,377**	**790**

	31 March 2022	31 March 2022
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,289	790
years;	4,254	3,160
- later than five years.	19,350	18,960
Total	**24,893**	**22,910**

18.5 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Group on initial application are detailed in the leases accounting policy in note 13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	Group 1 April 2022	Trust 1 April 2022
	£'000	£'000
Operating lease commitments under IAS 17 at 31 March 2022	**24,893**	**22,910**
Impact of discounting at the incremental borrowing rate	**0.95%**	**0.95%**
IAS 17 operating lease commitment discounted at incremental borrowing rate	**24,658**	**22,694**
Less:		
Commitments for short term leases	(43)	
Other adjustments:		
Differences in the assessment of the lease term	31,477	51,324
Public sector leases without full documentation previously excluded from operating lease commitments	2,300	2,300
Finance lease liabilities under IAS 17 as at 31 March 2022	995	995
Other adjustments	0	
Total lease liabilities under IFRS 16 as at 1 April 2022	**59,387**	**77,313**

19. Inventories

	Group		Trust	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
Drugs	**1,769**	1,995	**1,306**	1,522
Consumables	**1,664**	1,185	**569**	274
Energy	**9**	33	**0**	0
	3,442	3,213	**1,875**	1,796

Inventories recognised in expenses for the year were £22,916,000.

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge.

During 2022/23 the Group received £620,000 of items purchased by DHSC.

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

20. Trade and other receivables

20.1 Trade and other receivables

	Group		Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Current				
Contract receivables	**12,372**	10,780	**9,350**	3,144
Amount owed by group undertakings	**0**	0	**1,274**	1,250
Allowance for other impaired receivables	**(254)**	(176)	**(254)**	(131)
Prepayments	**1,370**	2,203	**411**	383
Prepayments Capital	**240**	0	**240**	0
PDC dividend receivable	**336**	307	**336**	307
VAT receivable	**2,889**	878	**2,581**	603
Other receivables	**19**	309	**1,124**	1,373
Total current receivables	**16,972**	14,301	**15,062**	6,929
Non-current				
Contract receivables	**540**	557	**540**	710
Amount owed by group undertakings	**0**	0	**20,542**	23,189
Allowance for other impaired receivables	**(91)**	(154)	**(91)**	(154)
Other receivables	**295**	305	**295**	305
Total non-current receivables	**744**	708	**21,286**	24,050
Total receivables	**17,716**	15,009	**36,348**	30,979

20.2 Allowances for credit losses

	Group		Trust	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£'000	£'000	**£'000**	£'000
At 1 April	**330**	674	**330**	674
Increase/(Decrease) in provision	**60**	(229)	**60**	(229)
Amounts utilised	**(45)**	(115)	**(45)**	(115)
As 31 March	**345**	**330**	**345**	330

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

21. Cash and cash equivalents

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

	Group		Trust	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£'000	£'000	**£'000**	£'000
At 1 April	**30,463**	26,695	**22,606**	18,701
Net change in year	**(6,015)**	3,768	**(9,770)**	3,905
At 31 March	**24,448**	30,463	**12,836**	22,606
Broken down into:				
Cash at commercial banks and in hand	**11,647**	7,934	**47**	69
Cash with the Government Banking Service	**12,801**	22,529	**12,789**	22,537
Total cash and cash equivalents as in SoFP & SoCF	**24,448**	30,463	**12,836**	22,606

22. Third Party Assets

The Group had cash at bank and in hand at 31 March 2023 £371 (£492 at 31 March 2022) in relation to monies held by on behalf of patients.

23. Trade and other payables

	Group		Trust	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Receipts on account	**0**	775	**0**	0
NHS Accruals	**1,187**	2,228	**849**	118
Trade payables - capital	**4,206**	8,920	**1,395**	7,362
Other trade payables	**6,419**	5,159	**1,627**	3,246
Other payables	**8,757**	5,110	**4,271**	7,881
Accruals	**15,870**	14,526	**23,604**	10,691
NHS Charitable funds payables	**7**	0	**0**	0
Total current payables	**36,446**	36,718	**31,746**	29,298
Amounts falling due after one year:				
Other trade payables	**0**	18	**0**	0
Total non current payables	**0**	18	**0**	0
Total payables	**36,446**	36,736	**31,746**	29,298

24. Provisions for Liabilities and Charges

	Group				
	Injury Benefit	**Clinicians Pension**	**Legal**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2022	1,024	316	9	4,273	**5,622**
Arising during the year	0	239	24	1,544	**1,807**
Change in discount rate	(145)	(262)	0	0	**(407)**
Utilised during the year	(61)	(1)	(1)	(888)	**(951)**
Reversed unused	(68)	0	0	(1,397)	**(1,465)**
Unwinding of discount	(65)	6	0	0	**(59)**
At 31 March 2023	**685**	**298**	**32**	**3,532**	**4,547**
Expected timing of cashflows:					
Within 1 year	61	3	32	2,961	**3,057**
1 - 5 years	234	15	0	0	**249**
over 5 years	390	280	0	571	**1,241**
	685	**298**	**32**	**3,532**	**4,547**

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

£99,645,975 is included in the provisions of the NHS Resolution at 31 March 2023 in respect of clinical negligence liabilities of the Group, (£122,084,215 at 31 March 2022). There has been a significant decrease in the total NHS Resolution provision and the Groups proportion due to reducing claims outstanding, this is still significantly higher than historically as a result of the COVID -19 pandemic.

25. Legal Claims

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

26. Borrowings

	Group		Trust	
	31 Mar 2023	31 Mar 2022	**31 Mar 2023**	31 Mar 2022
	£'000	£'000	**£'000**	£'000
Current				
Other Loans	**29**	2	**0**	0
Intercompany lease & loans	**0**	0	**3,041**	2,706
Lease liabilities	**2,568**	118	**1,784**	118
Obligations under PFI & service concessions	**692**	683	**3,587**	3,082
Total current borrowings	**3,289**	803	**8,412**	5,906
Non-current				
Other Loans	**1,026**	1,083	**0**	0
Intercompany lease & loans	**0**	0	**32,110**	31,522
Obligations under leases	**53,433**	877	**33,975**	877
Obligations under PFI & service concessions	**3,461**	2,400	**1,696**	1,944
Total non-current borrowings	**57,920**	4,360	**67,781**	34,343

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

Managed Equipment Solution for Diagnostic Imaging

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

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

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

The accountancy treatment is that the Group’s future assets within the scope of the managed service will be purchased by the managed service provider.
New equipment bought by the service provider has been capitalised under IFRIC 12 where their useful lives are fully utilised during the 10 years of the managed equipment solution agreement. Where new asset lives extend beyond the 10 years of the agreement equipment has been accounted for as operating leases.

The total unitary payment made to the managed equipment solution provider during the 2022/23 financial year was £1,398,000 (2021/22 £1,324,000).

The values of payments due for 2023/24 for the managed facility service is £787,000.

26.2 Total future payments committed in respect of PFI, LIFT or other service concessions (Includes but is not limited to total future unitary payments)

	Group	
	31 Mar 2023	31 Mar 2022
	£'000	£'000
Not later than one year	**1,577**	1,400
Later than one year less than five years	**7,887**	5,597
Later than five years	**0**	2,799
Total	**9,464**	9,796

These payments include but are not limited to the total future unitary payments.

26.3 Total future payments committed in respect of PFI, LIFT or other service concessions

	Group	
	31 Mar 2023	31 Mar 2022
	£'000	£'000
Not later than one year	**885**	717
Later than one year less than five years	**4,426**	2,867
Later than five years	**0**	1,433
Total	**5,311**	5,017

27. Capital Commitments

There is £2,000,000 of capital commitments at 31 March 2023 (31 March 2022 £2,963,000). All commitments relate to plant, property and equipment.

28. Contingent Assets and Liabilities

There is contingent liabilities of £18,000 for the year ended 31 March 2023. There were no contingent assets or liabilities for the year ended 31 March 2022.

29. Movements in Public Dividend Capital

	Group and Trust	
	31 Mar 2023	31 Mar 2022
	£'000	£'000
Public dividend capital at 1 April	**143,300**	138,274
New public dividend capital received	**2,798**	5,026
Public dividend capital at 31 March	**146,098**	143,300

30. Movement in Investment in Subsidiary Undertakings

	Trust	
	31 Mar 2023	31 Mar 2022
	£'000	£'000
Shares in subsidiary undertakings	**14,987**	14,987
Loans to subsidiary undertakings > 1 year	**20,544**	23,189
	35,531	38,176
Loans to subsidiary undertakings < 1 year	**1,124**	1,124
Total	**36,655**	39,300

31. Related party transactions

The Group is under the common control of the Board of Directors. During the year none of the Board members or members of the key management staff or parties related to them, has undertaken any material transactions with Yeovil District Hospital NHS Foundation Trust.

During the year ended 31 March 2023, Yeovil District Hospital NHS Foundation Trust has had a significant number of material transactions with other entities for which the Department of Health and Social Care is regarded as the parent department as well as transactions through subsidiary companies and joint ventures. These entities are listed below:

	Group and Trust			
2022/2023	**Income £'000**	**Expenditure £'000**	**Receivables £'000**	**Payables £'000**
Dorset County Hospital NHS FT	102	447	0	89
Dorset University Healthcare NHS FT	17	95	4	0
Royal Devon University Healthcare NHS FT	772	270	139	52
Gloucestershire Hospitals NHS FT	6	938	6	62
Somerset FT	5,575	6,239	233	512
Health Education England	5,437	21	59	21
Dorset CCG	4,891	0	0	0
Dorset ICB*	16,684	0	56	0
Somerset CCG	45,813	0	0	0
Somerset ICB*	140,570	123	1,232	123
NHS England	19,224	0	5,436	0
NHS Resolution	0	4,901	0	124
Southwest Pathology Services (JV)	0	3,067	0	18
SPS Facilities (JV)	0	2,950	0	45

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

*On 1 July 2022 Integrated Care Boards (ICBs) became legally established through the Health and Care Act 2022 and CCG's were closed down. ICBs are partnerships or organisations that come together to plan and pay for health and care services to improve the lives of people who live and work in their area.

In addition, the Group has entered into transactions with other Government Departments and other central and local Government bodies. The Group has also received revenue and capital payments from a number of charitable funds. Some of the Groups of these charitable funds are also members of the Board of the NHS Foundation Trust. Full audited accounts are prepared for the Funds held on Group.

32. Group Structure

Simply Serve Limited – Company Number: 10847254

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Simply Serve Ltd (SSL) was incorporated on 3 July 2017 and became operational on 1 February 2018. Simply Serve Ltd is 100% owned by Yeovil District Hospital NHS Foundation Trust.

SSL has been set up to support the Group's strategic objectives, improve efficiency and develop more cost effective ways of working. SSL provides a full range of professional estates and facilities services along with IT and procurement services to Yeovil District Hospital NHS Foundation Trust and other clients.

The key objectives of establishing SSL are as follows:

- Maintain and improve quality of services
- Free up Group management to focus on healthcare
- Develop a more efficient and cost effective service
- Retain staff within the YDH group providing opportunities and security
- Enhance the ability to recruit and retain key staff groups
- Enhance focus and flexibility on developing additional income generation opportunities

SSL operates as an arm's length organisation with its own board of directors and governance structure. Services are provided under contractual arrangements with detailed service specifications and key performance indicators.

Symphony Healthcare Services Ltd – Company Number: 06633460

Registered office – Wynford House, Yeovil, Somerset, BA22 8HR

During 2016/17 Yeovil District Hospital NHS Foundation Trust acquired Pathways Healthcare and Social Care Alliance Ltd, the company was renamed to Symphony Healthcare Services Ltd.

As at 31 March 2023 Symphony Healthcare Services operates primary care services at locations within Somerset; Ilchester GP practice, Yeovil Health Centre, Buttercross Health Centre, Highbridge Medical Centre, Crewkerne Health Centre, Oaklands Surgery, Hamdon Medical Centre, Wincanton Health Centre, Crewkerne West One Surgery, The Meadows Surgery, Martock Surgery, South Petherton Surgery, Bruton Surgery and Exmoor Surgery, Ryalls Park Medical Centre, Lynton Health Centre, Creech Medical Centre, Lister House Surgery, North Petherton Surgery and Warwick House Medical Centre.

Yeovil District Hospital NHS Foundation Trust owns 100% of the equity and no goodwill arose in respect of the acquisitions. As per the NHS Act 2006 section 259 no goodwill can arise as part of the sale of primary care businesses.

	£000's
Consideration paid	0
Net Assets Aquired	**0**
Goodwill	**0**

Yeovil Estates Partnership LLP – Company Number: OC396172

Registered office – 5 The Triangle, Worcester, Worcestershire, WR5, 2QX

During 2014/15 Yeovil District Hospital NHS Foundation Trust procured a Strategic Estates Partner and as a result established the Joint Venture Yeovil Estates Partnership LLP to undertake strategic estates activity on behalf of the Group.

Yeovil Estates Partnership LLP was established on 29 October 2014. Yeovil District Hospital NHS Foundation Trust owns 50% of the equity of Yeovil Estates Partnership LLP and holds 50% of the voting rights.

No goodwill arose in respect of the subsidiary as the reporting Group established the company and received an interest in the company equal to the fair value of assets on its formation.

Southwest Pathology Services LLP – Company Number: OC370482

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is Southwest Pathology Services LLP incorporated in the United Kingdom with its principal place of business being Somerset.

Southwest Pathology Service LLP provided pathology testing for the Group and other clients up until 28 February 2015. From 1 March 2015 it provides the analytical elements of pathology testing for the Group and other clients.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of Southwest Pathology Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SPS Facilities LLP – Company Number: OC397788

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SPS Facilities LLP incorporated in the United Kingdom with its principle place of business being Somerset.

SPS Facilities LLP was established 1 March 2015 and provides the facilities elements of pathology testing for the Group and other clients and is expected to continue to do so for the long term.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SPS Facilities LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SW Path Services LLP – Company Number: OC383198

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SW Path Services LLP incorporated in the United Kingdom with its principle place of business being Somerset.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SW Path Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

Yeovil District Hospital NHS Foundation Trust Charitable Fund

Registered Charity Number: 1057580

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

The charitable purpose or purposes relating to the National Health Service (NHS umbrella charity) wholly or mainly for Yeovil District Hospital NHS Foundation Trust.

33. Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity. IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The financial assets and liabilities of the group are generated by day to day operational activities rather than being held to change the risks facing the Group in undertaking its activities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

34. Financial Risk Management

The Group's financial risk management operations are carried out by the Group's Treasury Function, within the parameters formally defined within the Treasury Management Guidance, agreed by the Group Audit Committee. Group treasury activity is routinely reported and is subject to review by internal and external auditors.

The Group's financial instruments comprise of cash and liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The Group does not undertake speculative treasury transactions.

34.1 Liquidity Risk

The NHS Foundation Trust's net operating costs are incurred under contracts with commissioners, which are financed from resources voted annually by Parliament. Yeovil District Hospital NHS Foundation Trust submitted an annual plan to its regulator NHS England for 2023/24.

34.2 Interest Rate Risk

100% of the Group's financial assets nil or fixed rates of interest. The Groups financial liabilities are subject to interest rate changes. This has been assessed as minimal, therefore, the Group is not exposed to significant interest rate risk.

34.3 Foreign Currency Risk

The Group has negligible foreign currency income or expenditure.

34.4 Credit Risk

The majority of the Group's income comes from Government bodies or other NHS organisations under contractual arrangements meaning that the Group is not exposed to high levels of credit risk.

Other income is subject to credit control procedures which are regularly reviewed by management. Outstanding debtors are referred to a credit collection agency once the Group has exhausted all other methods of collection.

34.5 Price Risk

The Group invests its surplus cash in Government Banking Services Accounts (GBS) therefore it is not subject to market price risk.

34.6 Cashflow Risk

Cash is invested in accordance with approved procedures. Cashflows are monitored and weekly forecasts are produced to ensure commitments are met. Payables are also monitored and managed to ensure all commitments are met.

34.7 Financial Assets

Group	**Carrying Amount 31 Mar 2023**	**Fair Value 31 Mar 2023**	Carrying Amount 31 Mar 2022	Fair Value 31 Mar 2022
	£'000	**£'000**	£'000	£'000
Trade and other recievables	**12,865**	**12,865**	11,295	11,295
Cash at bank	**24,464**	**24,464**	30,463	30,463
	37,329	**37,329**	41,758	41,758

Trust	**Carrying Amount 31 Mar 2023**	**Fair Value 31 Mar 2023**	Carrying Amount 31 Mar 2022	Fair Value 31 Mar 2022
	£'000	**£'000**	£'000	£'000
Trade and other recievables	**36,052**	**36,052**	30,979	30,979
Cash at bank	**12,836**	**12,836**	22,606	22,606
	48,888	**48,888**	53,585	53,585

34.8 Financial Liabilities

Group	**Carrying Amount 31 Mar 2023**	**Fair Value 31 Mar 2023**	Carrying Amount 31 Mar 2022	Fair Value 31 Mar 2022
	£'000	**£'000**	£'000	£'000
Borrowings	**1,055**	**1,055**	1,085	1,085
Leases	**60,154**	**60,154**	4,078	4,078
Other creditors	**38,452**	**38,452**	39,865	39,865
	99,661	**99,661**	**45,028**	**45,028**

Trust	**Carrying Amount 31 Mar 2023**	**Fair Value 31 Mar 2023**	Carrying Amount 31 Mar 2022	Fair Value 31 Mar 2022
	£'000	**£'000**	£'000	£'000
Leases	**79,118**	**79,118**	40,249	40,249
Other creditors	**35,468**	**35,468**	29,298	29,298
	114,586	**114,586**	69,547	69,547

Fair value is not significantly different from book value since, in the calculation of book value, the expected cashflows have been discounted by the HM Treasury discount rates.