



Somerset
NHS Foundation Trust

Somerset NHS Foundation Trust Annual Report and Accounts 2023/24





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Annual Report and Annual Accounts 2023/24

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1. INTRODUCTION FROM THE CHAIR

Welcome to the annual report for Somerset NHS Foundation Trust (SFT) which provides detail of our operational and financial performance for 2023/24. This will be my last annual report, having served as chair of SFT and of predecessor trusts for the past ten years, and I would like to provide a strategic overview of our achievements and challenges in a very important year for our Trust.



This year was the first for us as a trust unique in England which provides: acute services from Yeovil District Hospital and Musgrove Park Hospital; community services from our 13 community hospitals and out of hospital teams across Somerset; mental health and learning disability services across the county; and a quarter of the county's GP practices via our wholly owned subsidiary Symphony Healthcare Services. It represented the culmination of a process started in 2016 of bringing together the three separate competing organisations (Somerset Partnership, Taunton and Somerset and Yeovil District Hospital foundation trusts) which previously existed in Somerset. The first two merged on 1 April 2020, followed by the merger with Yeovil District Hospital NHS Foundation Trust on 1 April 2023.

We merged because we want to provide better care for our patients. We recognise that one and the same individual may have a variety of needs, including acute, community and mental health. We want to minimise 'handovers' from one organisation to another, which are so frustrating for all concerned, and to ensure that everyone in the county enjoys consistent access to high quality services irrespective of where they live. At the same time, we wanted to remove the bureaucracy associated with having three separate competing trusts. Working as one organisation, and therefore eliminating organisational boundaries, puts us in a better position to support people to achieve the aims of our clinical strategy, which was developed in consultation with colleagues, patients, and system partners.

Our aims are to:

- Improve the health and wellbeing of our population. Enable people to live socially connected healthy, independent lives, promote early intervention, and prevent avoidable illness.
- Provide the best care and support to children and adults. Ensure safe, sustainable, effective, high quality, person-centred support in the most appropriate setting.
- Strengthen care and support in local communities. Develop and enhance support in local neighbourhood areas and bring care closer to home.
- Reduce inequalities. Value all people alike, target our resources and attention where it is most needed, giving equal priority to physical and mental health.
- Respond well to complex needs. Improve outcomes for children and adults with complex needs through personalised, co-ordinated support.



In line with those aims, colleagues have developed integrated services in partnership with other NHS and local authority services and with the voluntary sector, for the benefit of our patients and the people of Somerset.

A few examples include:

- The Somerset Homeless Health Service, which supports people who live on the streets, in hostels, tents and in vans, to access support for both their physical and mental health. When individuals don't have a fixed address, the barriers they face to accessing healthcare can be virtually impossible to navigate. This often means they end up attending an emergency department (ED), when they don't really need to be there, or sadly, simply not accessing healthcare at all. Our Trust delivers outreach nursing care to those who need it as part of the Somerset Homeless Health Service.
- A self-referral service for those experiencing postmenopausal bleeding, which can be a symptom of womb cancer. The transformed service has reduced workload for GP colleagues; enables patients to be seen in a variety of our community hospitals; and has had a dramatic effect on our waiting times. Before we introduced the service, the average time from presentation to a diagnosis was in excess of 60 days, with only 29% of patients receiving a diagnosis within the national Faster Diagnosis standard of 28 days. The service launched in September 2023 and performance against the standard is now 83% for February 2024 (the national target is 75%). Historically patients on a suspected womb cancer pathway would attend 3 appointments taking 63 days on average. Now patients attend only 1 appointment, on average taking 4 days from self-referral.
- The use of different techniques to deliver a variety of surgical procedures as day cases thereby improving access to services and driving down waiting times and improving patients' recovery and experience. Examples of these include performing a laparoscopic hysterectomy and vaginal hysterectomy as day cases, treatment for small bladder cancer tumours as a day case, and use of an endoscopic spinal surgical system which means many more patients can leave hospital on the same day as their spinal surgery with very little physiotherapy or follow-up care needed.
- Development of a variety of new services to support our patients. Examples of this are:
 - our Transcranial Magnetic Stimulation treatment – also known as rTMS – which is used to treat people with depression that haven't responded well to other medical treatment, such as antidepressants;
 - our team of nurse specialists who are providing support for patients being cared for at Musgrove Park Hospital who have struggles with alcohol;
 - a new service within our learning disabilities specialist team to help ensure that patients with a learning disability get the same level of access to cancer care as everyone else – something that traditionally hasn't been the case across the country; and



- a new service in Somerset to give children under the age of four-years-old, who are living with severe obesity, and their families, access to specialist compassionate support.

As chair of our Trust, I have also been very concerned to ensure that we continue to renew and upgrade our infrastructure to meet current and developing healthcare needs. Work has begun on a new stand-alone community diagnostic centre adjacent to Yeovil District Hospital (YDH) to match the very successful and ground-breaking one opened some years ago in Taunton; the new centre will operate 7 days per week and will provide more than 70,000 diagnostic tests and outpatient appointments a year. We opened a new £5 million day case theatre at YDH, and work is continuing on a new ward and fifth operating theatre and refurbishment of theatres at the hospital. At Musgrove Park Hospital (MPH), work continues apace on our £87 million surgical centre which will replace the current hospital theatres and critical care unit, which were built during the Second World War as part of a temporary casualty evacuation hospital for the D-Day landings.

We have long flagged the critical need for a complete rebuild of our women's and children's facilities at MPH, which again date back to the 1940s, and are not of the modern standard which the people of Somerset and our colleagues deserve. I am pleased that this remains part of the government's national New Hospitals Programme. Equally critical is the need for a new digital Integrated Health Record to replace our current plethora of separate systems and enable us to reap the full benefits of our recent mergers. We are progressing a business case in association with NHS trusts in Dorset.

We were inspected by the Care Quality Commission in 2023/24, specifically focussed on the Trust's maternity services. This inspection illustrated that we had fallen short of the standards we expected to be delivering and we want to say sorry to our families that use these services and to our hard-working colleagues. Since these inspections we have made significant changes and will continue to do so. More information on our actions is provided within this report.

Alongside this, the Care Quality Commission's inspection of the Trust's Children and Adolescent Mental Health Services highlighted how investment in early intervention can significantly improve outcomes for children and young people. The inspection found outstanding practice relating to the Trust's specialist community teams, which had implemented a number of strategies to decrease their wait times.

One of the biggest privileges of being chair of Somerset NHS Foundation Trust, is meeting and working alongside 13,000 dedicated colleagues. NHS Staff Surveys and similar metrics along with Leadership Quality Walkarounds are important guides to how our colleagues are coping and feeling. The 2023/24 Staff Survey results covering the post-merger period surpassed the already strong results from our separate organisations in 2022/23. Teams and leaders are looking at these results closely to see where we can spread learning, and where we can improve.

We are privileged to touch the lives of thousands of people every day, and we enjoy incredible support from partners, charities, governors, patients, and experts by experience. This year we have seen work begin on our new Breast Cancer Unit at



Yeovil District Hospital that has come about because of the incredible fundraising efforts of the Yeovil Hospital Charity and its many passionate supporters. Similarly, we benefit hugely from the support of our independent Leagues of Friends at each of our various hospitals, who have enabled the Trust to provide new state-of-the-art treatment and services, including becoming the first in the south west to offer patients a new state-of-the-art treatment for an enlarged prostate on the NHS. Without such support from charities, third sector partners and individuals, the health and social care system in Somerset would be hard pressed to cope.

I thank you all, colleagues, partners, and friends, for the support and comradeship which you have provided in so many ways and over so many years.

With best wishes

Colin Drummond OBE DL
Chair



2. PERFORMANCE REPORT

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

History of Somerset NHS Foundation Trust and its Statutory Background

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

The merger between the legacy Somerset NHS Foundation Trust and YDHFT was in response to the recognition that no individual organisation in Somerset had what it would take to respond to the challenges alone. The merger brought 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 YDHFT and the legacy Somerset NHS Foundation Trust 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.

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.



Purpose and Activities of the Trust

Somerset NHS Foundation Trust provides a wide range of services for the whole of Somerset, as well as parts of North and West Dorset. We work with health and social care partners in Somerset to ensure that we deliver outstanding services that meet the needs of our population. The Trust's general services are commissioned by the local Integrated Care Boards while specialist services are nationally commissioned.

The Trust provides acute services from Musgrove Park Hospital (MPH) in Taunton, which has around 700 inpatient beds, and Yeovil District Hospital (YDH) in Yeovil, which has around 330 beds. We also operate 13 community hospitals (with over 220 beds), providing inpatient, outpatient and diagnostic services, six Urgent Treatment Centres and one Minor Injuries Unit.

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

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

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

Somerset NHS Foundation Trust cares for some people from neighbouring counties who live close to the county border, including people from across north Somerset, north and west Dorset, Devon, Bristol, Bath & North East Somerset (BANES), Wiltshire, Swindon, and South Gloucestershire.

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

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

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Map of key Somerset Healthcare Sites



Some key facts about the Trust and our services

Urgent, Emergency and Elective care

Emergency Attendances	155,080
Non elective and emergency care spells	72,323
Outpatient attendances (inc via telehealth)	707,686
Elective spells, inc day surgery	74,883
Minor Injury Unit attendances	114,574
Inpatient beds	1,081
Theatres	27

Dental

Number of Locations	Somerset	4
	Dorset	3
Number of appointments	Somerset	10,352
	Dorset	12,195

Somerset NHS Foundation Trust
 CQC Rated as Good
 Contracted employees 14,715
 Bank employees 2,752
 Total 17,467

Community services

Open Community Hospitals (ALL the community hospitals are open. Three have no inpatient services currently.)	10
Total Beds (at 31 March 2024)	204
Community Health Admissions	1,720
Clinic Attendances at Community Hospitals	173,892
Clinic Attendances in non-Hospital settings	569,662
Virtual Attendances	65,230

Mental health and learning disability services

Mental Health Wards	10
Mental Health Admissions	505
Outpatient Appointments	
Somerset Patients	338,241
Non-Somerset Patients	8,534
Total	346,775



Statement from the Chief Executive on performance over the period

This is the first year where Somerset NHS Foundation Trust provided the whole range of provider services within one organisation and like other NHS providers across England, we saw continued growth in activity within all of our hospitals and services. We faced inevitable operational challenges as we have sought to balance the needs of those who require urgent care and those who have been waiting for planned treatment, as well as those who are treated in our community and mental health services.

As we have tackled these challenges, we have worked to integrate services following our merger to streamline patient pathways and reduce time wasted for patients and service users. Alongside managing and responding to these operational challenges, we have also focussed on ensuring that both our organisation, and our facilities, are best placed to support our services and colleagues to succeed in the future.

Whilst it is a challenging time in the NHS, we are proud of what we have achieved as an organisation, although we do recognise that there is more to do to be the best possible organisation that our patients, service users and colleagues deserve.

Towards the latter end of the financial year, the Trust was inspected by the Care Quality Commission, which focussed on the maternity services provided within Musgrove Park Hospital, Yeovil Hospital and the Mary Stanley midwife-led unit at Bridgwater Community Hospital. The reports illustrate that we have fallen short of the standards we expected to be delivering and we want to say sorry to our families that use these services and to our hard-working colleagues.

As an organisation, we are committed to improving so that we can provide an excellent service that supports women, birthing people, and families in Somerset. We have made significant changes since the inspection and will continue to do so. Further information on the inspection reports and actions taken can be found on page 48-50.

During the year, we saw a significant impact of industrial action which caused disruption to both teams and our patients. This reduced the number of elective operations and outpatient appointments which took place, although significant efforts were made to minimise the impact on both urgent and long waiting patients. However, it did limit our ability to treat the longest-waiting patients during the defined periods of action, but also in aggregate across the year.

From a financial perspective, the Trust delivered a small surplus against our planned breakeven position. Capital investment in infrastructure and equipment has helped to ensure the Trust has the buildings, equipment, and IT to continue to deliver high quality safe services for its patients. The delivery of the financial plan becomes increasingly more challenging as demand continues to increase on us and our public sector partners.

Strategic Context

Somerset is a largely rural county with a population of circa 572,000. In recent years, the Somerset population has continued to grow in size, with an ageing demographic.



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

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

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

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

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

Benefits arising from the merger between legacy Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust

As outlined in the history of the Trust above, the journey towards merging the Trust started in May 2020, with the two Trusts committing to work together for the benefit of the Somerset population. Merger has enabled us to build a stronger, more resilient organisation that provides an environment where colleagues can thrive, develop their careers, and are enabled to do the best job they can. Our People Strategy sets out how we 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 key benefits of merger are summarised in the table below. In line with our clinical strategy, we considered patient benefits in terms of time – both maximising years of healthy life and making time in healthcare count. Merger has offered us significant scope to deliver benefits for patients and it has helped us tackle our workforce issues, which in turn helps to drive high quality patient care.

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 Trust has completed a one-year review of the merger which is available on the Trust's public website.

Benefits
Patients
<p>More time in good health (from better health outcomes)</p> <ul style="list-style-type: none">• Earlier intervention meaning illness is less likely to escalate to crisis or emergency.• Quicker access to diagnosis and treatment, including specialist care• Improved access to holistic care which meets both physical and mental health needs.• Improved patient safety from simpler, quicker pathways and shared patient record systems.• Better health outcomes as colleagues see wider range of clinical cases, share knowledge & best practice.• Unwarranted variation reduced through consistent county-wide pathways.• Ready access to patients' full clinical history via shared IT systems which increases patient safety and good clinical outcomes.• Equity of care across the county from consistent approach.• Improved patient experience from streamlined pathways, and in some cases less travel for care. <p>Making every minute count (by eliminating wasted time in healthcare)</p> <ul style="list-style-type: none">• Effective use of spare diagnostic and treatment capacity wherever it exists in the county.• Eliminating wasteful steps in pathways, including duplicate investigations or steps without clinical value.• Smoother transfer between acute, community and mental health settings when all are run by the same Trust.• More care closer to home (in community settings) which increases patient choice and reduces patient travel time & inconvenience.•
Colleagues
<ul style="list-style-type: none">• 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.<ul style="list-style-type: none">• Greater colleague capacity to implement transformational changes which benefit patients.
Trust & System
<ul style="list-style-type: none">• 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.

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) grew out of Sustainability and Transformation Partnerships (STPs), which were 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 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. They are designed to 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 in Somerset, prior to the formal establishment of ICSs, 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, Somerset NHS Foundation Trust 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 the two previous providers in Somerset.

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. 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.

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.

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

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

- **Staffing Pressures** - The Trust has continued to identify risks in a number of services around staffing pressures arising from vacancies, sickness absence and increasing levels of demand. This has led to the temporary closure or reduction of some services specifically within community hospital services and ongoing pressures within our acute hospital wards. We have a recruitment and retention strategy in place to attempt to mitigate these pressures, which are felt across the whole NHS.
- **Finance** - The system-wide risks in relation to the financial position have been significant during the year as we continue to recover from the pandemic, making headway in reducing waiting lists. We are working with partners across the system to improve our financial position and deliver more efficient and effective services within budget.



- **Waiting Times** – During the year we have continued to struggle to meet national waiting time targets, similar to trusts across the country. The restoration and managing the resultant backlog continues to be a key focus, and the Trust has an elective recovery plan with clear targets to reduce waiting times and eliminate exceptionally long waits. This has however been impacted by the level of industrial action that has taken place during 2023/24.
- **Discharge pressures** – We continue to face difficulties in discharging patients, particularly into social care settings, or back home where care packages are required. We work closely with partners from the Council and other organisations to facilitate easier discharge, and our specialist teams have put together pathways which further enhance our ability to help patients get out of hospital. But demand on our own and others’ services continues to rise.
- **Our ageing estate** – We have continued to try to improve our ageing estate, particularly on the Musgrove Park Hospital site where some of our buildings date from the 1940s and are expensive to maintain as well as no longer fit for purpose. This year has seen significant progress on our new Surgical Centre, which will replace theatres from the 1970s and some of our oldest buildings. This major project will continue in 2024/25 as the latest in our multi-phase “Musgrove 2030” plan to create a transformed, modern hospital site. On the Yeovil District Hospital site, significant progress has been made on developing the site, with the ongoing construction of the Ambulatory Breast Unit, a new theatre suite and modular ward. In addition, work has commenced in February 2024 on the Yeovil Diagnostic Centre, which will deliver over 70,000 diagnostic tests and outpatient appointments every year.

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

The 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. 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 highest risks identified across the objectives are:

- workforce shortages.
- core numbers of junior and consultant medical workforce.

- access to primary care / increasing emergency department demand.
- lack of pace of system-wide changes to address deficit.
- insufficient capacity to meet demand.

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. The recent Care Quality Commission inspections have also highlighted areas where improvements are required, and more information can be found on the Trust's response within this report.

Our Vision, Strategy, Values and Behaviours

As a merged Trust, we have developed a vision, values and strategies that built 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 developed following a widespread consultation exercise with colleagues from both organisations ahead of merger.

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

Mission

To improve the health and wellbeing of everyone in Somerset and to deliver outstanding integrated care by supporting our colleagues and nurturing an inclusive culture of kindness, respect and teamwork

Vision

Thriving Colleagues, Integrated Care, Healthier People

We will deliver this mission and vision via our single organisation strategy, which 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, 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 and with our people strategy and finance strategy as our core three strategies. The final objective describes the type of organisation we want to be, linked to the delivery of our vision and values.

We know that we cannot deliver the 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.

Our Values

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

Respect		
Honesty	I will... make it safe and easy for people to speak up about issues, give kind and fair feedback, and be open to receiving it too	I won't... criticise people for mistakes, stay silent when needing to speak up, be closed to feedback about myself
Integrity	I will... set and deliver high standards, adhere to follow agreed, evidence-based practice, professional, ambitious, try to do the right thing, put patients first	I won't... 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	I will... embrace others' strengths, value different	I won't... dismiss others' views, experiences or backgrounds,



	backgrounds, cultures and stories, include others, advocate for equity and diversity in the organisation	ignore if you see someone being treated differently because of their background
Civility	I will... be polite approachable and welcoming to everyone, challenge each other respectfully, be considerate of others	I won't... belittle or dismiss others, be rude, uncivil, or use an abrupt tone of voice, undermine or bully others, be reactive to others or ignore others
Kindness		
Compassion	I will... treat people as valued individuals, protect their dignity and privacy with compassion, be patient, understanding, self aware, patient	I won't... be indifferent to others struggles, or dismissive of their feelings, stories or journeys, make mean comments or be unkind
Positivity	I will... be optimistic, bring a positive, 'can-do' attitude, bring a smile, welcome change, be hopeful about what is possible, act with courage	I won't... focus on problems rather than solutions, moan, be negative or complain without acting to solve or improve the situation, avoid challenges and growth opportunities
Understanding	I will... put myself in other people's shoes, act with empathy; take the time to understand others' concerns, be self aware; be authentic, calm	I won't... refuse to see things from other people's perspectives, or consider what might be going on for other people
Appreciation	I will... notice the little things other people do to make a difference and give ABC appreciation so that they feel valued, celebrate success	I won't... ignore it when people do great things or 'take the credit' for others' achievements, only give negative feedback without appreciating what is going well
Teamwork		
Support	I will... be attentive to other people's needs and feelings, reliable, offer help, do what I say I will, encourage others and help them take responsibility	I won't... avoid helping when I see someone in need, make people feel 'a burden', have a 'not my patient / job' attitude
Collaboration	I will... work together, seek opportunities to share, ask for ideas and input, seek cross team and service input, involve and encourage others, communicate clearly	I won't... work in 'silos', not seek out opportunities to work with or share learning with other teams, services or divisions, isolate or exclude others
Listening	I will... listen with curiosity and empathy, giving people time to speak, welcome different views, seek out information	I won't... dismiss others' views or ideas without giving them a chance to explain, talk over people as if they aren't there, ignore concerns,



		dictate, interrupt, lecture or argue
Trust	I will... be open and transparent when communicating, building trusting relationships with colleagues, reassuring	I won't... be 'economical with the truth', make no effort to share information, withhold information others need, or leave them 'in the dark'

Equality of service delivery

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

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

This means that the Trust should:

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

As a Trust, we are committed to equality of opportunity and equity of opportunity in the provision of services. In line with our strategic objectives and values, we aim to create the best possible quality of care by delivering the highest quality service to all sections of the community that we serve without discrimination. One of the Trust's strategic objectives, Reduce Inequalities, is directly responsible for monitoring the position. A key action that is being taken is the development and incorporation of deprivation and exclusion markers into Trust data. Alongside this, the Trust is reviewing and taking action on the recently published NHS England Statement of Information on Health Inequalities to meet provider actions. This piece of work is being completed in conjunction with the Somerset Integrated Care Board.

As a single provider that provides the comprehensive range of services for the people we serve, we need to ensure that these have and are continued to be developed to meet a variety of needs. We seek to ensure that in delivering these services they are provided in a fair and equitable manner. We want our services to be accessible and useful to everyone, regardless of age, disability, gender, race, national origin, sexuality or any other factors which may cause disadvantage or inequity. We will not tolerate any



practices that result in the provision of a lower standard of service to any group or individual because of unfair or unlawful discrimination.

The Trust will be working closely with the Somerset Integrated Care System, including with public health colleagues and local communities, to look at specific interventions that may be required. In particular, the system will tackle specific inequalities for people with serious mental illness, people with a learning disability and/or autistic people, such as lower life expectancy, higher levels of smoking, alcohol use, obesity, and increased risk for other physical health problems.

During 2023/24 we focused particularly on those in our population with severe mental illness and our 'stolen years' flagship programme which seeks to support people with severe mental illness (SMI) who struggle to live independently, are at greater risk of developing health problems and are less equipped to recognise when and how to respond to worsening signs. We know that people living with severe mental illness have higher rates of cardiovascular disease, diabetes, lung conditions and obesity. Our work this year has looked to:

- Expedite access to elective care for those with severe mental illness, learning disabilities and those people living in the most socially deprived areas of the county.
- Improve access to physical health checks for those people currently open to our mental health.
- Improve access to talking therapies.
- Improve access to tobacco reduction programmes.

In 2024/25, we are looking to expand our stolen years programme to wider areas of inequality across the county.

Achievements, Celebrations and Anniversaries within 2023/24

Staff Survey Results

The 2023 Staff Survey was completed throughout October and November. The survey provides feedback on the nine elements and themes of the NHSE People Promise, with Somerset NHS Foundation Trust scoring higher than the average results in all nine elements and themes. Further information on the staff survey can be found within the People Report from page 92.

Total hip replacement day case procedure wins Health Service Journal Partnership award

A total hip replacement procedure, that can now be done without the patient needing an overnight hospital stay, won the prestigious Health Service Journal Partnership Award.

The procedure has been available at both acute hospitals for almost two years, where it's performed by each hospitals' respective trauma and orthopaedic teams. It means a patient is assessed, operated on, and discharged from hospital on the same day, back to their home environment to continue their rehabilitation and recovery. It took home

first prize at the prestigious national HSJ Partnership Awards in the 'Best Elective Care Recovery Initiative' category, alongside Johnson & Johnson MedTech, who partnered with the hospitals to deliver this solution to optimise hospital productivity.



Colleagues celebrate award of MBE to Associate Director

In February 2024, our Associate Director for International Recruitment, Trish Spruce, was awarded an MBE by Prince William.

Trish was given the honour in a ceremony at Windsor Castle for her outstanding services to the NHS, particularly around recruiting international medics to the NHS.



"I'm so incredibly proud and humbled to have been awarded an MBE, and it's a true testament to the amazing work of our whole team. I see myself as just one small cog in the journey of our overseas colleagues, so I'm really proud that my small part has been recognised in this way."

Development of the new Yeovil Diagnostic Centre



Building work for the new diagnostic centre in Yeovil, announced by NHS England last summer, began in February 2024. The modern, state-of-the-art, centre, which is planned to open in winter 2024, will sit adjacent to Yeovil Hospital and will deliver over 70,000 diagnostic tests and outpatient appointments every year. It will benefit not only our patients in Somerset, but also those in north west Dorset,

who will receive quicker diagnostic tests thanks to the additional capacity the centre will provide.

Award winning service helps patients with late effects from radiotherapy



Patients treated for cancer in Somerset are benefitting from an award-winning clinical service that provides continued support in the months and years after radiotherapy treatment. The Macmillan Radiotherapy Late Effects service provides specialist advice, support and management for people who are experiencing ongoing effects from radiotherapy.

The service was initially pioneered at Musgrove Park Hospital in 2014 but has since grown to offer clinics at Yeovil District Hospital and Bridgwater Community Hospital. The support provided by the service ranges from lifestyle changes and self-management, through to prescribing medications, and referrals to specialist regional and national services. This work was recognised with a prestigious Macmillan Professionals Award for Innovation Excellence in November 2023.

Burnham and Berrow Medical Centre achieves 'Good' CQC rating

Healthcare services at Burnham and Berrow Medical Centre, part of Symphony Healthcare Services, was rated 'Good' in all elements (safe, effective, caring, responsive to people's needs and well-led) following an announced comprehensive Care Quality Commission (CQC) inspection on 13 September 2023. The inspection report sets out the significant improvements that have been made since the previous inspection in November 2022, and the inspection report of January 2023, when urgent conditions were applied to the practice after it was rated inadequate overall.

Top award for our interventional radiology team

Colleagues in our interventional radiology team are celebrating the award of 'Exemplar Status' by leading figures in the profession. The British Society of Interventional Radiology (BSIR), a charitable foundation that aims to promote and develop the practice, has named the trust as an exemplar for our "excellence in service provision".

Interventional radiology is a specialty that uses imaging in the form of ultrasound, fluoroscopy or CT, to guide doctors so they can perform a range of minimally invasive surgical procedures. Musgrove Park Hospital is the home of interventional radiology in Somerset, and we also provide treatment for patients under the care of North Devon District Hospital.



Group Entities

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

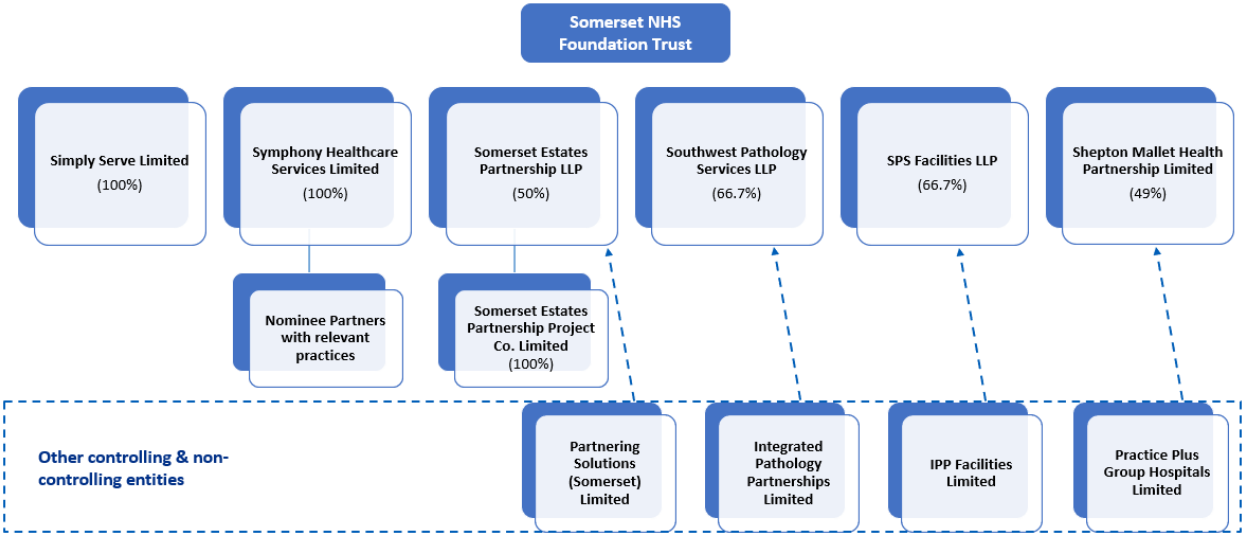
During 2023/24, Somerset NHS Foundation Trust owned or had shares in the following subsidiary companies:

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

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

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

The group structure (as of 31 March 2024) can be seen below:



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

Simply Serve Limited’s overall performance has grown in strength with most key service metrics showing strong performance and financial position. The organisation has provided vital support to Yeovil Hospital in its response to the continued demands on the NHS. The Company has also expanded its customer base providing medical supplies, maintenance, compliance and cleaning services to other customers.

During the year, Simply Serve Limited retained its accredited service status from the Royal College of Physicians JAG accreditation for its endoscopy decontamination service and maintained ISO 13485 for processing Sterile Instrument sets on behalf of the Trust.

In previous years, 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 established following the national Vanguard programme which was designed to stabilise primary care as well as being the vehicle through which new models of care can be delivered.

Following establishment in April 2016, the organisation has continued to develop over the last seven years and now provides primary care services to approximately 134,000 patients. During 2023/24, Symphony Healthcare Services integrated Burnham & Berrow Medical Centre. Prior to integration, Symphony Healthcare Services provided management support services to the practice following it's 'Inadequate' CQC rating. Within less than a year, Symphony Healthcare Services has enabled the surgery to achieve a 'Good' CQC rating and the surgery continues to make improvements for its patient population.

Practice	Integration	Merged	List Size: March 2024
Buttercross Health Centre	07/04/16	1 July 18	7,797
The Ilchester Surgery	07/04/16		
Yeovil Health Centre	07/04/16	1 Sept 17	11,144
Oaklands Surgery	01/08/17		
Highbridge Medical Centre	01/04/17	1 July 18	13,691
Crewkerne Medical Centre	01/07/17		12,574
West One Surgery	01/07/18		
Wincanton Health Centre	01/10/17		8,914
Hamdon Medical Centre	01/05/18		6,146
The Meadows Surgery	01/11/18		4,329
Martock Surgery	01/12/18	Pre-integration	10,641
South Petherton Medical Centre	01/12/18		
Bruton Surgery	01/02/19		5,285
Exmoor Medical Centre	01/04/20		3,917
Ryalls Park Medical Centre	01/04/21		5,909
Lyn Health Centre	01/07/21		2,428
Creech Medical Centre	01/10/21		5,084



Lister House Surgery	01/10/21		6,825
North Petherton Surgery	01/10/21		7,167
Warwick House Medical Centre	01/10/21		7,863
Burnham & Berrow Medical Centre	01/04/23		14,625
TOTAL			134,339

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 2023 Symphony annual staff survey, with 80% of staff responding, providing a good cross section of staff views to support changes and improvements.

Despite taking on a surgery within the year, the organisation also made the decision to hand back the contract for Lynton Health Centre to the NHS Devon Integrated Care Board. The surgery, which sits along the Somerset border, originally joined the organisation in July 2021 and the organisation had strategic intentions of supporting other neighbouring and local practices in Devon. With the ongoing development of Primary Care Networks, the establishment of integrated care boards and most recently the merger between the two provider trusts, this intention did not come to fruition. Due to the size and recruitment challenges of the surgery in isolation, the Board made the difficult decision to hand back the contract to focus its attention on Somerset. The organisation no longer provides the contracted services of Lynton Health Centre from 1 May 2024.

During 2023/24, the Symphony Healthcare Services practices continued 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.

Following the merger between Yeovil District Hospital NHS Foundation Trust and Somerset NHS Foundation Trust, the organisation used this as an opportunity to review its governing structures to support good decision making, reporting and risk management. The review led to a number of new governing documents and a revision to the organisations Articles of Association which can be found on Companies House.

The organisation has also initiated a joint Transformation Programme with the neighbourhood and community service group of Somerset NHS Foundation Trust to support seamless care across services and better understand where patient care is best provided from at a local level. Several workstreams are underway with patient engagement supporting the outcomes of these.

The practices have demonstrated impressive quality despite the challenges, with all practices rated CQC ‘Good’ or above and the organisation achieving 93% for the national Quality Outcomes Framework (QOF) programme. Furthermore, patient satisfaction has remained high with nearly 37,000 patients responding to the Friends and Family feedback questionnaire with 92% positive about the services provided.



Symphony Healthcare Services returned a small deficit in 2023/24 but remains dependent on significant funding from the Somerset Integrated Care Board. The compound effect of sub-inflationary contract uplifts and continued high and complex demand is putting strain on finances across the sector. There are signs of improved GP recruitment which, if it continues, will have a positive financial impact on the business with less reliance on locum doctors.

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

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

Details of Overseas Operations

The Trust has no overseas operations other than recruitment campaigns.

Peter Lewis, Chief Executive, 25 June 2024



3. PERFORMANCE ANALYSIS

Oversight Framework targets

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

Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
A&E maximum waiting time of four hours from arrival to admission/transfer/discharge (1)	76%	77.7%	75.9%	73.9%	75.6%	75.8%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway (2)	92%	61.7%	61.6%	61.7%	62.5%	-
Number of patients waiting over 78 weeks from referral to treatment (RTT)	Zero (year-end)	61	70	61	40	-
Cancer - 28 days Faster Diagnosis: all Cancers (3)	75%	72.0%	78.1%	76.8%	79.7%	-
Cancer 62 Day Waits for first treatment (3)	85%	69.7%	72.2%	67.7%	69.5%	-
Percentage of ambulance handovers waiting less than 30 minutes	95%	81.0%	76.8%	69.8%	69.2%	-
Percentage of Urgent Community Response referrals reached within two hours	70%	90.9%	94.4%	90.9%	95.9%	-
Children and Young Persons Eating Disorders: urgent referral to be seen with 24 hours of referral	95%	100%	-	-	-	100%
Children and Young Persons Eating Disorders: routine referrals to be seen with four weeks of referral	95%	100%	100%	100%	96.9%	99.0%
Early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE-approved care package within two weeks of referral	56%	83.3%	82.4%	82.4%	87.5%	-
Talking therapies: people with common mental health conditions referred to the service will be treated within six weeks of referral.	75%	70.3%	72.4%	82.9%	82.9%	-



Target	Threshold	Performance				
		Q1	Q2	Q3	Q4	Full year total
Talking therapies: people with common mental health conditions referred to the service will be treated within 18 weeks of referral	95%	99.1%	99.5%	98.5%	98.9%	-
Diagnostic tests: percentage of people waiting under six weeks from referral (4)	95%	79.7%	74.4%	74.3%	76.0%	-
Clostridium difficile (all cases including community associated)	54	26	18	17	33	94
MRSA (Trust apportioned cases)	0	1	1	0	1	3
E-coli bloodstream infections	105	45	34	31	22	132
Talking therapies: Percentage of people completing a course of treatment moving to recovery	50%	59.2%	58.7%	59.0%	58.0%	58.8%
The percentage of adult mental health inpatients who were followed up within 72 hours after discharge from psychiatric inpatient care during the reporting period	80%	98.3%	97.8%	98.5%	97.6%	98.1%
Inappropriate out-of-area placements for adult mental health services	0	202	14	54	105	375
Admissions to adult facilities of patients under 16 years old	0	0	0	0	0	0

- 1) A&E maximum waiting times - the indicator is expressed as a percentage of all A&E attendances where the patient spends four hours or less in A&E from arrival to transfer, admission or discharge. The national standard is 95%, but in December 2022, England implemented an intermediate minimum standard, where at least 76% of A&E attendances should be seen within four hours.
- 2) RTT incomplete pathways – the indicator is expressed as the percentage of patients on an incomplete pathway (i.e. those still awaiting first consultant led treatment) who have waited less than 18 weeks from referral.
- 3) Cancer figures are for April 2023 to March 2024; but please note that due to national reporting of March 2024 performance taking place in May the March figures have been estimated and may be subject to change.
- 4) The national standard is 99%, but the 2023/24 NHS priorities and operational planning guidance confirmed the requirement to increase the percentage of patients who receive a diagnostic test within six weeks in line with the March 2025 ambition of 95%.



NHS Oversight Framework

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

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


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

Somerset NHS Foundation Trust is in Segment 2. This segmentation information is the Trust's position as at March 2024. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website.

More detailed analysis and explanation of performance during the year

There has been continued focus across the country as part of the national elective recovery plan, to reduce the number of longest-waiting patients from referral to treatment (RTT). The national maximum wait in 2023/24 was 104 weeks RTT, with a target set to treat all these very longest-waiting patients by the end of June 2023. Although the Trust did not achieve the zero target in June 2023, only one reported breach of the 104-week standard was reported beyond October 2023, with a total of 11 patients reported as waiting over 104 weeks across 2023/24 as a whole. The number of patients waiting over 78 weeks also reduced across 2023/24. In April 2023 the Trust reported 84 patients waiting over 78 weeks RTT, but this was reduced to 40 patients in March 2024 (subject to final reporting). Industrial action taken by a number of different healthcare professionals across 2023/24 reduced the number of elective operations and outpatient appointments which took place and impacted heavily on the delivery of a maximum 78-week wait in-year, although significant efforts were made to minimise the impact on both urgent and long waiter patients. However, industrial action did limit our ability to treat the longest waiting patients during the defined periods of action, but also in aggregate across the year.

The greatest progress was made in reducing the number of patients waiting over 65 weeks RTT, with the number of patients waiting reduced from 714 in April 2023 to 538 in February 2024. The expected position for March 2024, subject to final reporting, is 444 patients waiting over 65 weeks. This represents an overall reduction across the year of 270 patients, although the number of additional patients



treated across the year to reduce the number of actual over 65 weeks was significantly greater because more patients need to be treated to prevent patients tipping over the 65-week target as well as reducing the over 65-week backlog itself.

Weekly monitoring of the cohort of patients who would breach 65 weeks by the end of March 2024 was put in place at the start of the year, with the rate of clearance of this cohort reported by specialty, hospital site and pathway type (i.e. non-admitted and admitted pathways). Additional capacity was planned-in across the year, in the specialties with the longer-waiting patients. In addition, in-year, action was taken to put in place additional capacity where the rate of cohort clearance dipped below plan and solutions could be found. The additional capacity was delivered through a combination of weekend theatre sessions, waiting list initiative clinics, insourcing and outsourcing. These actions also supported reductions in 78-week waiters. Similar actions will be taken in 2024/25 to reduce 78-week waiters down to zero by the end of June 2024, and achieve a maximum 65-week wait by the end of September 2024.

The national elective recovery plan, published in February 2022, also set out the priority to achieve a maximum waiting time for a diagnostic test of six weeks, for at least 95% of patients, by March 2025. The target set for March 2024 was for at least 85% of patients to be waiting under six weeks for their diagnostic test.

Unfortunately, this target was not achieved, with performance against the six-week wait standard being maintained between 74% and 80% across the year. This contrasts with 2022/23, when improvements in performance were delivered.

Demand for diagnostic tests has remained very high over the last year, reflecting the high level of complexity of patients on our waiting lists and the growth in referrals by GPs for urgent conditions. The diagnostic modalities with the highest number of six-week waiters were MRI, ultrasound, audiology, colonoscopy, gastroscopy, and echo.

Meeting the very high levels of demand for MRI scans, driven by high levels of growth from suspected cancer and musculoskeletal referrals and from other sources, continued to be a challenge in 2023/24. The gap between capacity and demand was added to by the failure of one of the Musgrove MRI scanners for a two-week period in late September 2023. A modular MRI scanner was procured and commissioned in quarter 4 of 2023/24, which has helped to start to reduce routine waiting times going in to 2024/25. During 2023/24 there was also a shortfall in ultrasound capacity due to staff vacancies and sickness. Additional capacity was put in place to reduce the backlog of over six-week waiters during the year, which has meant that, at the year-end, over 90% of patients are now waiting under six weeks for an ultrasound. A proposal to invest in trainee posts was also developed and supported, to enable greater resilience in future years to meet volatility in either demand or capacity.


We reported a significant increase in the number of patients waiting for a gastrointestinal endoscopy from the end of October 2023. This was a result of a change in reporting of patients waiting for a surveillance (planned follow-up) endoscopy at the Yeovil site. Because there was a backlog of patients needing their procedure, additional weekend endoscopy sessions were established as well as additional sessions being put-on in Bridgwater, to add to the county-wide capacity overall. This has reduced the number of patients waiting over six weeks for their procedure, although additional capacity will continue to be provided in 2024/25 to further reduce the number of overdue patients.



Following approval of a business case going in to 2023/24, audiology successfully appointed to a number of additional audiologist posts to increase internal capacity and reduce reliance on outsourcing capacity solutions. In addition, four audiology booths were installed across Wellington Community Hospital, Williton Community Hospital and Bridgwater Victoria Park, to increase our physical capacity to see patients, but also enable more patients to be seen closer to home. Lastly, the echo service started 2023/24 with a backlog of overdue patients at the Yeovil site. Additional capacity was put in place through weekend sessions and the use of an insourcing company. An additional room was created to allow more patients to be scanned at the same time. In addition, a new reporting system was put in place on the Yeovil site, to facilitate cross-site working and image sharing. Through these actions, the number of patients waiting over six weeks for an echo scan has reduced significantly, with over 90% of patients now waiting under six weeks for their test.

The Yeovil Diagnostic Centre is due to open during the latter half of 2024/25. This will provide additional diagnostic capacity for MRI, CT, echo, endoscopy and audiology. Together with the expanded capacity provided by the Taunton Diagnostic Centre for audiology, neurophysiology, respiratory and audiology, this will put the Trust in a better position to meet the rising demand for diagnostic tests and help us work towards achievement of the national standard of 95% of patients waiting less than six weeks for the test they need, by the end of March 2025.


The very high levels of demand for cancer services continued for certain types of cancer in 2023/24, including gynaecology and prostate. The growth in gynaecology referrals mirrored the national increase in Hormone Replacement Therapy (HRT) usage. Bleeding during HRT usage is not an uncommon symptom when the dosage of HRT is not right, but post-menopausal bleeding is also a symptom of endometrial cancer which needs to be ruled-out if bleeding does not stop with the cessation of HRT. As a result, the gynaecology service was struggling to meet the heightened demand for its urgent suspected cancer services. This led to waits of several weeks for patients to be seen in clinic by a member of the consultant team, with a further wait to go on to have diagnostic tests needed. To manage the higher volumes of patients needing to be seen, both more quickly and closer to home, community-based post-menopausal bleed clinics were established. The clinics were set-up in six community locations plus Yeovil Hospital from October 2023 to make services as accessible as possible to all people across the county. The process for accessing an appointment was designed to allow patients to self-refer, which in addition to reducing the time to be seen will also reduce the pressure on already busy Primary Care services. These are the first self-referral clinics of their kind in the country. The clinics run as a 'one-stop', with patients having an ultrasound and seeing a clinician in the single attendance and have enabled patients to be seen in significantly under 14 days from receipt of an appointment request, and usually in less than seven days. This has led to an improvement in the performance of gynaecology against the national 28-day Faster Diagnosis Standard (FDS), which measures the time from referral through to diagnosis (cancer diagnosis or cancer being ruled-out), from 29% in May 2023 to 79% in January 2024. This innovation has been one of the major contributors to an improvement in FDS performance for the Trust as a whole, with the Trust achieving the national 75% standard each month between July 2023 and December 2023 and again in February and March 2024.



Performance against the range of other cancer waiting times standards varied across the year and was largely driven by high levels of demand. Performance against the 62-day GP referral to treatment cancer standard remained below the 85% national standard across the year but was, in most months, better than the national average. The same was true of the new 62-day combined standard, which came into effect at the beginning of October 2023. Performance against the two-week wait urgent GP suspected cancer standard was below the 93% across the year. This standard was formally superseded by the 28-day Faster Diagnosis Standard at the beginning of October 2023. The national FDS target of 75% was met in every month from July 2023, with the exception of January 2024, with January's performance being affected by a loss of capacity due to the Christmas and New Year bank holidays, patient choice to defer appointments and diagnostic tests over the festive period, and to a lesser extent, industrial action. All actions were taken to try to avoid any impact of industrial action on cancer pathways and treatment, and where there were delays, the potential impact on patient care was reviewed on a case-by-case basis. Lastly, performance against the 31-day decision to treat to treatment first and subsequent treatment standards also varied across the year, with the national standard not being achieved for first definitive or subsequent surgery but achieved in some months for subsequent radiotherapy and most months for drug therapy. However, since the new combined 31-day standard came into effect from the beginning of October 2023, the Trust's performance has been above the national average performance.

During 2024/25 the Trust will be continuing to focus on redesigning cancer pathways to streamline the diagnostic phase to further reduce waiting times. This will include specific focus on the prostate cancer pathway, for which the Trust has seen ongoing high levels of growth in referrals, as well as introducing a new way of managing the triage and booking of the first diagnostic tests, to reduce the time it takes to reach a cancer diagnosis or rule-out cancer. Building upon the success of the post-menopausal bleed clinics, the Trust is also planning to expand its self-referral services to other types of cancer referrals, to improve service accessibility, improve health inequalities and achieve earlier diagnoses of cancer.

Although the performance of our Emergency Departments in relation to the four-hour target was below the intermediate minimum standard for the year, it has been above the national average, and continued good performance by our Minor Injury units has seen overall Trust-wide performance remain strong in relation to the overall regional and national position. Somerset NHS Foundation Trust also remains one of the highest-performing Trusts in the southwest region, in relation ambulance handover times. 2023/24 continued to be challenging, particularly as a result of pressures associated with patient flow and bed availability, with very high numbers of patients on both of our acute sites not meeting the criteria to reside. The percentage of acute bed days occupied by patients not meeting the criteria to reside was typically between 15% and 20% at both Musgrove Park Hospital and Yeovil District Hospital, throughout the year. There is strong system-wide working to improve patient flow to support appropriate and timely discharge from the hospital setting, and continued emphasis on the development of alternate pathways of care in reducing pressures on urgent and emergency care. Actions being taken to improve patient flow, to care for people at home where appropriate, and to facilitate timely and appropriate



discharge from hospital include the expansion of Criteria-Led Discharge, to enable the timely discharge a patient when they meet pre-agreed clinical criteria for discharge, as identified by the lead clinician. This reduces delays in the discharge process and ensures that patients can be discharged in an appropriate and timely way. Significant work has also been undertaken to expand the capacity of our virtual wards, enabling patients to receive care in their own homes, where appropriate.


As part of our arrangements to ensure that our services were accessible, our community-based physical and mental health services have continued to offer patients, where appropriate, appointments via telephone and a virtual video clinic 'Attend Anywhere'. The expansion of services also continued, including our Community Mental Health Service Transformation work, Open Mental Health. Appointment outcomes remained favourable, with the standard for the percentage of people completing a course of talking therapies treatment moving to recovery consistently being met and exceeded throughout the year.

Activity levels and referrals to our mental health services and community physical health services remained high throughout 2023/24. Referrals to our community mental health services between 1 April 2023 and 31 March 2024 were 25.3% higher than in the same months of 2022/23. Attendances for our community mental health services in 2023/24 were 12.5% higher than the corresponding months of 2022/23. Activity increases occurred across a range of mental health services, including Primary Care Mental Health Services (Open Mental Health), Home Treatment, and Older People's Community Mental Health services. It should be noted that investment has facilitated the expansion of some community mental health services.

Direct referrals to our community physical health services in 2023/24 were 7.3% higher than in the same months of 2022/23. Attendances during 2023/24 increased by 3.6% compared to 2022/23.

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

We made good progress in reducing the length of time patients waited to be seen by our community physical health services. The number of people who had waited over 18 weeks from referral to be seen by our community physical health services reduced from 4,065 as at 31 March 2023 to 3,607 as at 31 March 2024, a reduction of 458 patients. Similarly, the numbers waiting over 52 weeks reduced from 1,455 as at 30 April 2023 to 827 as at 31 March 2024, a reduction of 628 patients; the numbers waiting over 65 weeks reduced from 887 as at 30 April 2023 to 472 as at



31 March 2024, a reduction of 415 patients, and the numbers waiting over 78 weeks reduced from 514 as at 30 April 2023 to 228 as at 31 March 2024, a reduction of 286 patients. The majority of the long-waiting patients are waiting to be seen by our Podiatry and Community Dentistry services, both of which have experienced considerable challenges due to vacancies, sickness absence and insufficient cover for colleagues on maternity leave. The Podiatry service continues to have a significant level of vacancies, which is a national issue. Priority continues to be given to high risk vascular / diabetic foot care and acute nail surgery cases. All routine patients are contacted by letter and telephone to provide advice and guidance. With demand currently exceeding capacity, the service has been reviewing pathways and is reviewing trajectories and actions to reduce numbers waiting.

Our urgent community response service, which provides urgent care to people in their own homes, and which helps to avoid hospital admissions and enable people to live independently for longer, also performed well throughout 2023/24. Against a national standard to see at least 70% of people within two hours, our service achieved performance of over 90% in every month throughout the year.

For Child and Adolescent Mental Health Eating Disorders Services (CEDS), at least 95% of urgent referrals should be seen within one week and at least 95% of routine referrals should be seen within four weeks, based on performance across a rolling three-month period. In 2023/24, all six urgent referrals to our CEDS were seen inside the reporting standard (100% compliance), and of 98 routine referrals, 97 patients were seen inside the four-week reporting standard (99% compliance).


The percentage of women accessing our specialist community perinatal mental health service continued to improve throughout the year and exceeded the 10% national standard from August 2023 onwards. At the year-end, performance was 12.5%, around 3% better than the national average.

Good performance was maintained throughout the year, in respect of adult mental health inpatients receiving a follow up within 72 hours of discharge from psychiatric inpatient care, with compliance of 98.1% being achieved against a required standard of at least 80%.

Performance was also maintained throughout the year in respect of the 18-week national waiting time standard for Talking Therapies, and performance in relation to the six-week waiting time standard was restored to a level above the 75% target level in October 2023 and maintained thereafter.

For Early Intervention in Psychosis (EIP), the requirement that at least 60% of people should begin treatment with a NICE-recommended care package within two weeks of referral was maintained throughout the year, with performance exceeding 80% in every month.

Our numbers of inappropriate out-of-area placements for adult mental health services remained amongst the lowest nationally. The majority of out of area placements are due to patients requiring admission into our Psychiatric Intensive Care Unit (PICU). With only ten beds available there are occasions when, due to



clinical acuity or gender, it would be unsafe to admit a patient. When a patient is so placed, a key worker is immediately assigned to maintain regular contact with the patient until the patient is either transferred back to our wards, discharged, or moved to secure services. The placements sought are always as close to Somerset as possible. At times, episodes relate to patients awaiting transfer to secure services. We continue to work closely with other NHS providers, to facilitate such transfers and closely monitor processes to minimise risk. The service has reviewed processes to ensure that barriers to repatriation and/or discharge of patients are minimised and escalated with system partners where appropriate.

We had no admissions to adult facilities of patients under 16 years old in 2023/24.

The Trust had three cases of MRSA bloodstream infection in 2023/24. Ninety-four *Clostridium difficile* cases were recorded during the year, which is higher than the threshold for the year of 54. All Trust associated cases are thoroughly investigated to assess whether there was any lapse in care that may have contributed. These assessments are subsequently peer reviewed and validated with the Trust's commissioners.

Tackling Healthcare Inequalities

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

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

To this end, this is the first time that we have incorporated Health Inequality insights within the Annual Report and reporting will continue to evolve in 2024/25. To ensure a consistent approach across Somerset Integrated Care System, we have worked collaboratively with partner organisations, using the same data sources; we have utilised a combination of nationally published and locally compiled reports to enable more up to date reporting (and also to allow drill through to understand if variation exists). This has ensured that we have a commonality of approach and understanding of the issues on both a Trust and Somerset ICB basis.



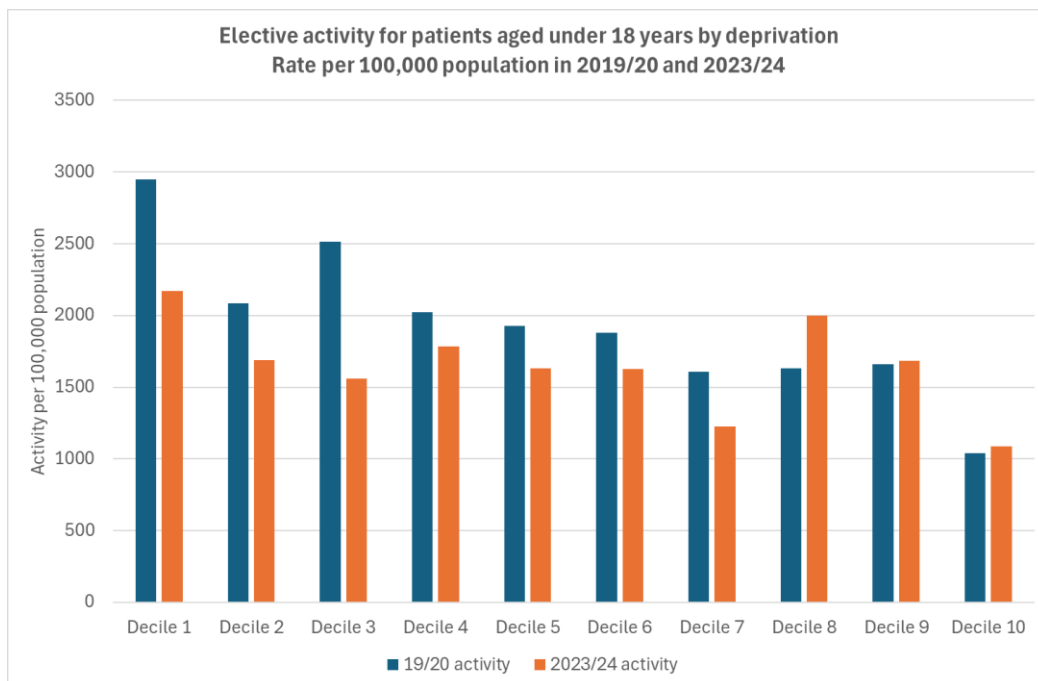
Some nationally published metrics pre-date 2023/24 (notably, relating to mental health) and we will be working together in 2024/25 to develop regular reporting arrangements across all metrics as well as a focus upon improving ethnicity coding as we recognise the issues relating to the high level of unknown ethnicity at both a provider and commissioner level, making it difficult to draw meaningful conclusions from the data.

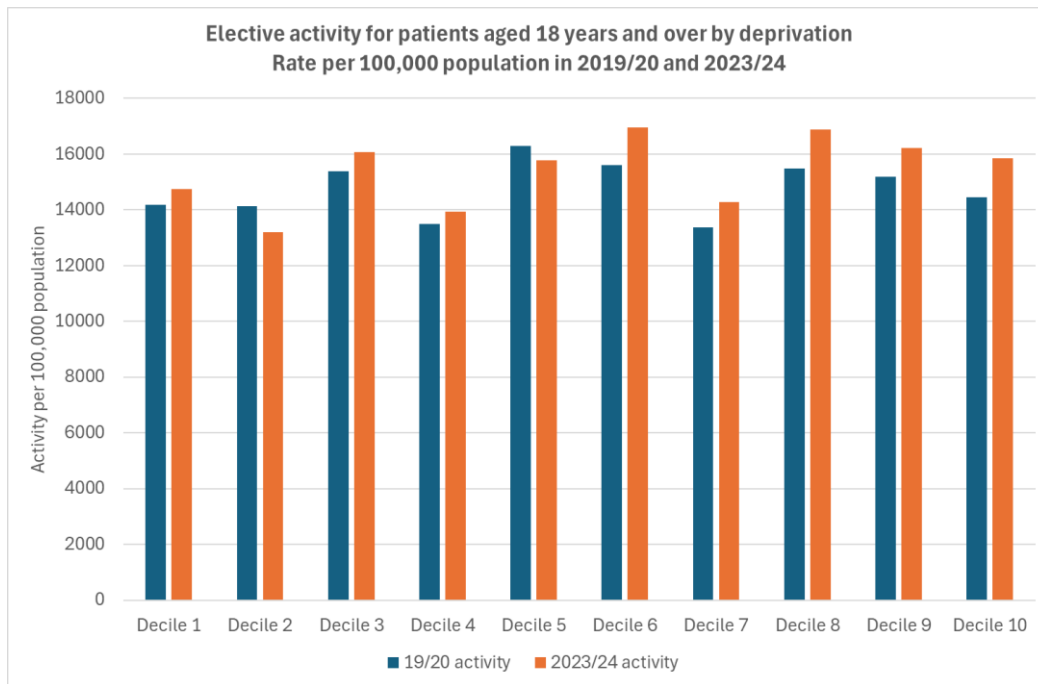
Elective activity vs pre-pandemic levels for under 18s and over 18s

Elective activity data for the years 2019/20 and 2023/24 shows that the total number of elective admissions of patients aged under 18 years reduced from 2,345 admissions in 2019/20 to 2,034 admissions in 2022/23, a reduction of 13%. Further work is needed to confirm the reason for this reported reduction, but initial work suggests a potential over-statement of activity levels in two specialty areas (Dental Medicine and Ear, Nose & Throat) in 2019/20. Adjusting for these two areas, overall activity shows an increase of 0.4% in 2023/24 compared to 2019/20. During the same years, the total number of elective admissions of patients aged 18 years or more increased from 71,205 admissions to 74,161 admissions, an increase of 4%.

In 2019/20, the data shows that 2.3% of all patients aged under 18 years who were admitted electively were recorded as being of an ethnicity other than 'White'; the percentage in 2023/24 was 3.2%. For patients aged 18 years and over, the percentages in those years were 0.8% and 0.9% respectively. It should be noted that the percentage of patients aged under 18 years whose ethnicity was recorded as 'Unknown' was 26% in 2019/20 and 27.8% in 2023/24. For patients aged 18 years and over, the percentages were 22% and 30.4% respectively.

The rates of activity per 100,000 population in 2019/20 and 2023/24, for patients aged under 18 years, and for patients aged 18 years or over in each deprivation decile are shown in the charts below.





Due to a data quality issue, associated with a change to the arrangements for recording Same Day Emergency Care (SDEC) activity, it has not been possible to produce a reliable comparison of health inequalities relating to emergency admissions.

Tooth extractions due to decay for children admitted as inpatients to hospital, aged 10 years and under

At this point in time, due to the way in which waiting list data is recorded, there is no denominator available to provide insight into those who have had completed tooth extractions compared with those who remain on the waiting list, which might provide further understanding into potential health inequalities risks. This is something the system will aim to explore in future iterations.

The data indicates that there are currently more extractions taking place in the most deprived decile, although it should be noted that the numbers are fairly modest (a total of 137 extractions for a population of over 63,000 across all deciles, with nine extractions in Decile 1). NHS dental access remains a challenge in Somerset and nationally. It is currently unclear whether fluctuations in extractions data across deciles is correlated with ongoing dental access and referral pathway and this requires more exploration.

While monitoring tooth extractions is important as a means of understanding health inequalities implications, work to prevent tooth decay in under 10s is imperative and continues.

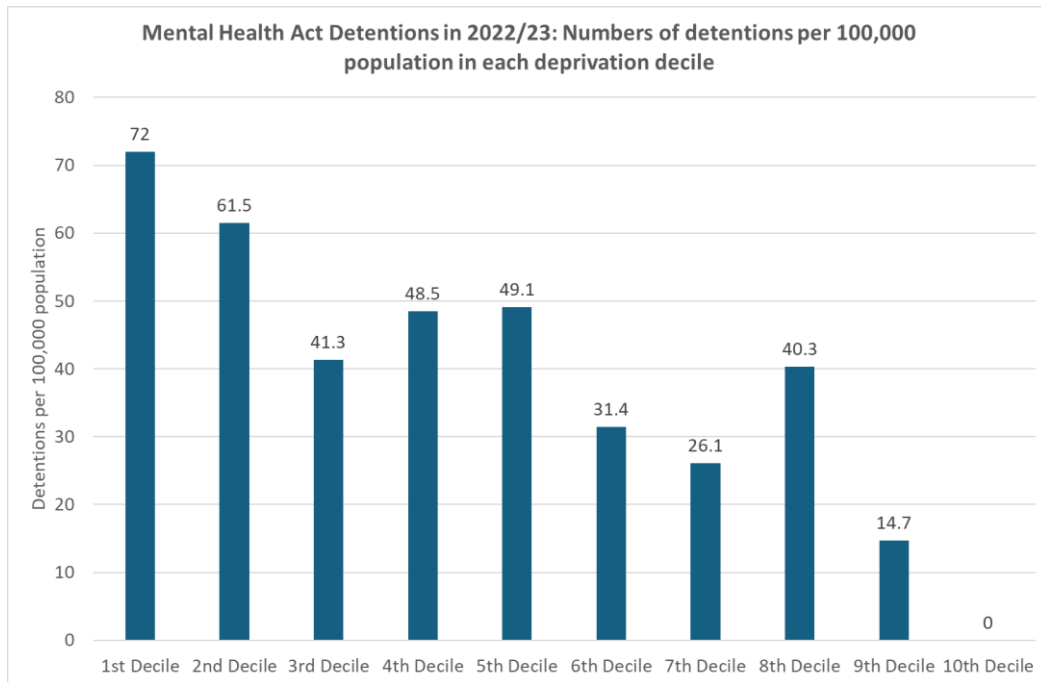
Rates of total Mental Health Act detentions

Mental Health Act detentions in 2022/23 – the latest full-year nationally-published data currently available – were slightly higher amongst males (39.4 per 100,000



population) than females (35.8 per 100,000 population). The data indicates that all those who were detained were from white ethnic groups, although this may be a coding issue and further investigations are taking place in respect of this to ensure accurate reporting against this measure.

Detentions were considerably higher amongst those from most deprived decile (72 per 100,000 population) than from the least deprived (zero).



Rates of restrictive interventions

Due to some patients being the subject of multiple instances of restrictive interventions, it is difficult to analyse the significance of the difference between deprivation quintiles and ethnic groups. In 2021/22 - the latest full-year nationally published data currently available - 11% of restricted interventions related to patients of an ethnicity other than 'White', compared to 4% in 2019/20. Overall, there has been a higher number of restrictive interventions for those from the most deprived communities versus those from least deprived communities, with the highest rate of restrictive interventions relating to quintile 1.

NHS Talking Therapies (formerly IAPT) recovery

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



Children and young people's mental health access

Data for 2022/23 - the latest nationally published data currently available - shows that 2.7% of appointments for children and young people with the Trust's mental health services service were with patients of an ethnicity recorded as other than 'White', compared to 3.7% in 2020/21. Again, drawing meaningful conclusions from the data is a challenge, as the nationally published numbers are rounded to the nearest five patients, and the percentage whose ethnicity was recorded as 'Unknown' in 2022/23 was 31%.

The data shows that the highest rate of attendances related to patients from the most deprived decile.

Smoking cessation services

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

Commissioning for Quality and Innovation (CQUIN) Targets

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

In 2023/24 the five CQUIN indicators selected for the contract were across Acute, Community and Mental Health Services and included the following programmes:

- Supporting patients to drink, eat and mobilise, within 24 hours of surgery
- Identification and response to frailty in emergency departments
- Assessment, diagnosis and treatment of lower leg wounds
- Routine outcome monitoring in community mental health services
- Reducing the need for the use of restrictive practices in adult and older adult inpatient settings

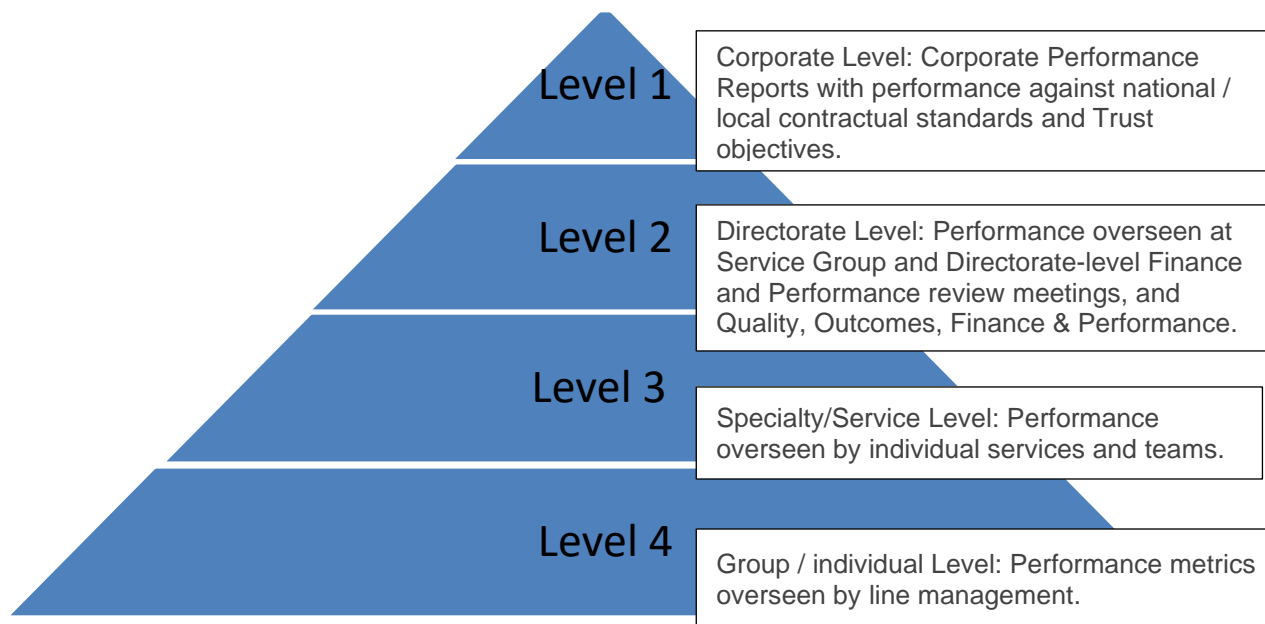
The financial risk associated with performance of the CQUIN indicators was removed during 2023/24 due the CQUIN income being included in the block contract value.

Monitoring Performance, Improvements in Quality and Meeting National Targets

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

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

Performance Management System Hierarchy




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

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

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

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



Underpinning each of these key questions are Quality Statements, which outline the commitments that providers, commissioners and system leaders should live up to. Expressed as ‘we statements’, these show what is needed to deliver high-quality, person-centred care. As a provider, we aim to ensure that we meet the requirements of these ‘we statements’, as well as the accompanying ‘I statements’, which reflect what people have said matters to them.

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


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

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

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

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

In addition to our Quality and Performance report and corporate balanced scorecard, we also maintain service group-level performance dashboards for each of our six operational service groups, and our Estates and Facilities service. Each service group dashboard sets out the performance of the service group, in relation to key targets relating to the services managed within that service group. This allows our key corporate performance measures to be managed at a more granular level, and




to identify any areas of concern which may lie below an overall incidence of underperformance, or even areas of concern which are component elements of an aggregate level of performance which meets the required corporate level standard.

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

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

The key purposes of these meetings include:

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



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

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

Care Quality Commission (CQC)

Somerset NHS Foundation Trust' maternity services were inspected by the CQC between 20 and 21 November 2023 and the report published on 10 May 2024.

This was a short notice announced inspection as part of the CQC's national maternity inspection programme, which aimed to give an up-to-date view of hospital maternity care across the country. The maternity services at Yeovil District Hospital, Musgrove Park Hospital and the Mary Stanley midwife-led unit at Bridgwater Community Hospital were inspected as part of this visit.


The reports indicated that we have fallen short of the standards we expected to be delivering and we apologise to our families who use these services and to our hard-working colleagues.

Whilst there was evidence of good and outstanding practice within the three units, there were a number of areas of significant improvement identified. In January 2024, following the inspection, the CQC issued the Trust with a Section 29a Warning Notice in January 2024. This outlined a conclusion that the quality of health care provided by the Trust for maternity services requires significant improvement due to the following:

- *The service at Musgrove Park Hospital does not operate clear triage processes to ensure the safety of women, birthing people, and babies.*
- *Somerset NHS Foundation Trust does not have an effective program of regular audits to ensure the safety and quality of maternity services are monitored, and processes to learning from incidents are not effective.*
- *Leaders at Somerset NHS Foundation Trust do not operate effective systems and processes to improve the quality of the maternity service, nor do they maintain clear oversight of maternity services to keep women, birthing people, and babies safe.*
- *Improvement to systems is needed to ensure that policies and procedures are in place to provide staff with relevant guidance.*

CQC Ratings

As a consequence of these inspections, the overall rating for Musgrove Park Hospital maternity services has decreased from Good to Inadequate. The rating for how well-led it is has decreased from Good to Inadequate. How safe it is has



decreased from Requires Improvement to Inadequate. This was a focused inspection, and the areas of effective, caring and responsive retain their previous ratings of Good. Following the maternity services inspection, the overall rating for the Musgrove Park Hospital as a service location has also decreased from good to requires improvement.

Yeovil District Hospital maternity services have been rated as inadequate overall, as well as for being safe and well-led and the overall rating as a service location has also decreased from good to requires improvement.

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

Response to Inspections


The Trust has taken immediate action following the inspections and an action plan outlining the relevant steps and actions to be completed to address the findings is monitored through a newly formed Maternity and Neonatal Action Group. This group meets on a weekly basis and is jointly chaired by the Chief Nurse and Chief Operating Officer. It supports and monitors progress against the high-level action plan that includes the following areas:

- Governance oversight
- Clinical pathways and processes
- People issues relating to CQC
- Estates issues
- Equipment issues
- Governance process review and development

We have strengthened our processes to provide ongoing review of quality, performance and governance including developed a strong audit and policy programme to drive continual improvements in our services. All guidance and policies that were highlighted have been reviewed and updated and we have increased scrutiny and governance around our policy processes ensuring these are available to all colleagues. We have also reviewed and mapped all mandatory training, strengthened our oversight, and significantly improved our compliance.

At Musgrove Park Hospital's maternity unit, we have put in place a new evidence-based, standardised triage process to risk assess and prioritise care based on clinical need and reconfigured the ward to facilitate safe and effective clinical oversight of our service users. In addition, we immediately sourced additional emergency equipment at Musgrove Park and Yeovil District Hospital.

The CQC report for Musgrove Park's maternity service particularly highlights issues that are as a result of the poor condition of the building. There are plans to replace this as part of the national New Hospitals Programme but we have already made improvements specifically around safety and security.



The inspectors noted an open culture, good engagement with local communities to make improvements and plan services, good team working, and that colleagues felt valued and supported.

The Trust met with the CQC in May 2024 where the Trust provided detailed summaries of the improvements made in response to the Section 29a Warning Notice and the ongoing plans to continue to develop, embed and sustain those improvements. At this meeting it was recognised that the Trust had made significant changes since the inspection and would continue to do so and were confident that these gave a good foundation on which to build and to move forward. Following assessment, the CQC confirmed it was satisfied that the actions described manage the risks identified within maternity services.

We anticipate that follow up inspections will take place within maternity services at Musgrove Park Hospital, Yeovil District Hospital and the Mary Stanley midwife-led unit during 2024/25. We will continue to work with the CQC to address all of the points identified in the full inspection reports.

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

NHS England's NHS foundation trust annual reporting manual has adopted a phased approach to incorporating the TFCD recommended disclosures as part of sustainability annual reporting requirements for NHS bodies, stemming from HM Treasury's TFCD aligned disclosure guidance for public sector annual reports. TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TFCD aligned disclosure application guidance, will be implemented in sustainability reporting requirements on a phased basis up to the 2025/26 financial year. Local NHS bodies are not required to disclose scope 1, 2 and 3 greenhouse gas emissions under TFCD requirements as these are computed nationally by NHS England. The phased approach incorporates the disclosure requirements of the governance pillar for 2023/24.

Why is it necessary and even vital to maintain the global temperature increase below 1.5°C versus higher levels? Adaptation will be less difficult. Our world will suffer less negative impacts on intensity and frequency of extreme events, on resources, ecosystems, biodiversity, food security, cities, tourism, and carbon removal. IPCC Special report on impacts of global warming (2018)

A Green Plan has been developed and approved by the Trust Board in 2022. The Green Plan brings together the sustainability objectives of Somerset NHS Foundation Trust. 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. Objectives and actions have been set to drive the Trust towards achieving these aims and net zero target of 2040. The strategic aims are:

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



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

The Green Plan will be reviewed and updated in 2025. The update will include stakeholder engagement to set objectives to work towards in the coming years.

Challenges

Wholesale energy prices have reduced from the highs seen last year. The long-term purchasing strategy protected the Trust from the dramatic increase seen in domestic energy bills, though this also means that reductions in the current market are not reflected in our energy costs for this year.

Travel remains one of our biggest challenges. Reducing carbon emissions associated with not only the travel that is undertaken by staff for work, but also commuting and visitor travel to our sites. We continue to work with the Somerset Council on opportunities to improve public transport options to our sites and infrastructure for cyclists and pedestrians to promote active travel.

Funding to progress towards our net zero carbon targets is an ongoing challenge. When grant opportunities are available, we seek to apply for them. This primarily relates to decarbonising our estate. Other targets such as electric vehicles, waste and others need to be funded directly by the Trust.

Achievements

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

- The project to decarbonise heat at Wincanton Community Hospital has been completed. The oil boilers have been removed and the hospital has been heated by the combined heat pump and gas boiler systems over the 23/24 winter.
- Over the next 12 months monitoring will be undertaken to identify carbon emission reductions from these projects.

- The £10m grant funded decarbonisation work at Yeovil Hospital has been moving forward.
 - LED Lighting upgrade with improved controls has been completed.
 - An updated Building Management System to control heating, ventilation and hot water systems has been installed.
 - The gas-fired Combined Heat and Power plant has been removed and an Air Source Heat Pump has been installed pending commissioning when the electrical works are completed.
 - The ongoing installation of a brand-new High Voltage Ring Main, generators and increased electrical capacity in order to support the new occupied areas on the site.
- At Yeovil Hospital a new food waste processing machine has been installed. The machine dehydrates the food waste, significantly reducing the waste weight and volume, reducing the number of collections and cost.
- Frome Community Hospital completed its programme of sustainability events this year. A survey of colleagues at the hospital demonstrated that 83% were aware of the project and over 50% had taken action as a result.
- LED lighting continues to be installed at our sites as replacement for older fluorescent lighting. The Trust was successful in gaining funding from NHS England for new LED lighting in two buildings at Musgrove Park Hospital.
- The 'Infrastructure Study' for Musgrove Park Hospital has been completed. This provides a strategy for decarbonising heat at the hospital for the existing buildings on the site alongside the new net zero carbon buildings that will be constructed through the New Hospital Programme.
- Dr Bike sessions took place at various Trust sites. The sessions provided a free service for over 50 bikes to encourage people to use their bicycles for travel for work.

Governance, Monitoring and Performance

Our interim targets are to achieve a 47% reduction in the NHS carbon footprint, by 2032 at the latest and a reduction of 73% in the NHS carbon footprint plus by 2038 at the latest. The latest figures (for 21/22 currently available) show that after an increase in our carbon footprint between 19/20 and 20/21, our carbon footprint reduced in 21/22. Updated figures for 22/23 and 23/24 have been requested but are not yet available. Data for our carbon footprint plus is not currently available. Our carbon footprint and carbon footprint plus data is provided by NHS England through the pilot Green Plan Support Tool. We must achieve net zero by 2040 for the NHS carbon footprint and 2045 for the NHS carbon footprint plus.

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

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



More detail on the Trust's Green Plan can be found on the public website [here](#).

Human Rights

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

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

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

Peter Lewis, Chief Executive, 25 June 2024



4. ACCOUNTABILITY REPORT

Financial Overview and Review

Overview

2023/24 was another challenging year for our organisation. Our colleagues and services were under sustained pressure as demand for our services remained exceptionally high and periods of industrial action disrupted service delivery throughout the year.

Operational and financial performance continued to be strong. We delivered a small financial surplus against our planned breakeven position, based upon the regime under which NHS England assesses the financial performance of organisations. Capital investment in infrastructure and equipment totalled over £79.7million in year and will help to ensure the Group has the buildings, equipment, and IT to continue to deliver high quality safe services for its patients.

The delivery of the financial plan becomes increasingly more challenging as demand continues to increase on us and our public sector partners. We will continue to face financial challenges in 2024/25 as we strive to deliver the NHS priorities:

- Maintain our focus on quality and safety, particularly in maternity and neonatal services.
- Improve waiting times in our A&E departments by supporting admission avoidance and hospital discharge while maintaining our acute hospital bed capacity.
- Continuing to reduce our elective long waits and improve performance against the core cancer and diagnostic standards.
- Make it easier for people to access community and primary care services, particularly general practice and dentistry.
- Improve access to mental services for people of all ages.
- Improve staff experience, retention and attendance.

We will work closely with our system partners as we seek to continue to improve our efficiency and productivity. We want to ensure our services are delivered as efficiently as possible and will continue to transform how our services are provided to the population of Somerset. This will require us to deliver a challenging efficiency programme as we continue our journey towards financial sustainability.

Going Concern

International Accounting Standards (IAS1) require the directors to assess, as part of the account's preparation process, the Foundation Trust's ability to continue as a going concern. In accordance with the NHS Foundation Trust Annual Reporting Manual paragraph 2.14:

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



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

The Trust has submitted detailed draft financial plans for the financial year to NHS England to the end of March 2025. Based on current assumptions, it is unlikely that the Trust will require additional cash support in the form of interim revenue loan support from the Department of Health and Social Care.

For these reasons and following assessment, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the accounts.

Financial Instruments

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

Income Disclosure Statement

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2022) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust confirms that income from health services is greater than income from any other source.

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

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

Political Donations

Somerset NHS Foundation Trust has not made any political or charitable donations in 2023/24.

Better Payment Practice Code

The Better Payments Practice Code requires the Trust to aim to pay all undisputed invoices by the due date, or within 30 days of receipt of goods or receipt of invoice, or from the invoice date, whichever is the later. The results against this target for the financial year 2023/24 are shown below.



	Number	£
Total non-NHS trade invoices paid in period	169,303	536,229,154
Total non-NHS trade invoices paid within target	156,801	502,406,199
Percentage of non-NHS trade invoice paid within target	92.6%	93.7%
Total NHS trade invoices paid in period	2,939	54,150,101
Total NHS trade invoices paid within target	2,659	51,186,816
Percentage of NHS trade invoices paid within target	90.5%	94.5%

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

Financial Statements and Accounting Policies

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

Cost Improvement Plans (CIP)

In year, savings of £30,931k were delivered which were £2,869k below plan. 51% of cost improvement plans achieved were recurrent (£15,731k). 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.

Peter Lewis, Chief Executive, 25 June 2024



Directors' Report

Code of Governance for NHS Provider Trusts Disclosures

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

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

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

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

The Board

The membership, skills and expertise of the Board of Somerset NHS Foundation Trust during 2023/24, together with attendance at meetings, the commitments of the Board members are outlined below.

Non-Executive Directors

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



Colin was previously chairman of Somerset NHS Foundation Trust from 1 April 2020 until the merger between Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust on 1 April 2023. He was chairman of Taunton and Somerset NHS Foundation Trust from 2014 and pro-chancellor and chair of governors of the University of Plymouth from 2016 - 2022.

From 1992 to 2013 Colin was chief executive of Viridor, one of the UK's leading recycling, renewable energy and waste management companies, and an executive director of Pennon Group PLC. He was then chairman of Viridor until the end of 2014. Prior to joining Pennon, Colin was chief executive of Coats Viyella Yarns Division, an executive director of Renold



PLC, a consultant with the Boston Consulting Group and an official with the Bank of England. Colin was chairman of the Government's Living with Environmental Change' Business Advisory Board from 2009 to 2015 and of the Environmental Sustainability Knowledge Transfer Network from 2007 to 2013. He was master of the Worshipful Company of Water Conservators for 2022/23 (as previously in 2007/08) and chair of the 'WET 10' City Livery Companies from 2008 to 2013. From 1997 to 2015 he was a trustee, and is now honorary vice president, of the Calvert Trust Exmoor. Colin holds an MA from Oxford University and an MBA from Harvard Business School where he held a Harkness Fellowship. He was appointed an OBE in the Queen's Birthday Honours 2012 for services to technology and innovation, and a Deputy Lieutenant (DL) of Somerset in 2016.

Appointed: 1 April 2020

Public Board Attendance: 12/12

Re-appointed: 1 April 2023

Board Remuneration Committee Attendance: 1/1

Term Expires: 31 March 2026

Audit Committee: 1/1

Kate Fallon

Non-Executive Director (Senior Independent Director)



Kate was appointed as a non-executive director on 1 July 2015 and has great experience in the strategic direction and transformation of services within the NHS. She established a new NHS Trust in 2010, which trebled in size in 2011 and became the first community trust to be licensed by Monitor as a Foundation Trust in November 2014. Previously, Kate transformed her own GP practice, taking it from a traditional reactive business to a forward-planning, innovative beacon site, with a sustained Investors in People accolade. Kate is currently a trustee of the Board of Skills for Health, a

member of the Board of the National Skills Academy for Health, and a non-executive director at Symphony Health Services. In 2015 she was included in the HSJ Top 50 NHS Chief Executives list, being recognised for her approach to service transformation and the integration of services across NHS boundaries.

Appointed: 29 May 2018

Public Board Attendance: 11/12

Re-appointed: 29 May 2021
and 29 May 2024

Board Remuneration Committee Attendance: 1/1

Term Expires: 28 May 2025

Quality and Governance Assurance Committee:
11/12

Finance Committee: 11/12

People Committee: 5/5

Martyn Scrivens

Non-Executive Director (Deputy Chairman from 1 October 2023)



Martyn is a Fellow of the Institute of Chartered Accountants and chairs the Institute's Internal Audit Advisory Panel. He has 40 years of experience in audit and risk management, operating at board level with both the public and private sector. Over the last 15 years he has led the internal audit functions first at a major UK bank and then at a global investment and wealth management bank. From 2010 to 2012, he was a board member of the East Kent Hospitals NHS Trust. Martyn chairs the Trust's Financial Committee.

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

Appointed: 1 October 2021 as Associate Non-Executive Director and 1 November 2021 as Non-Executive Director	Public Board Attendance: 11/12 Board Remuneration Committee Attendance: 1/1 Quality and Governance Assurance Committee: 6/12
Re-appointed: 1 April 2024	Audit Committee: 4/6
Term Expires: 31 March 2027	Finance Committee: 12/12 People Committee: 2/5

Graham Hughes

Non-Executive Director



Graham has over 40 years of experience in the financial and legal sectors and was previously an executive director of Bank and Clients PLC. Prior to this, in his capacity as managing partner and latterly chairman, he developed a legal practice to a multi office large employer. He has a deep understanding of commercial and risk management within the financial sector together with a thorough knowledge of the core strategic principles of heavily regulated and competitive sectors. He has also been involved in change management, developing policies for

large and complex organisations including whistle blowing, IT security and data protection and people policies. Graham joined the Trust Board of Yeovil District Hospital NHS Foundation Trust in April 2018 and subsequently joined the Trust Board of the merged trust in April 2023.

Appointed: 1 April 2023	Public Board Attendance: 10/12
Term Expires: 31 March 2026	Board Remuneration Committee Attendance: 0/1 Quality and Governance Assurance Committee: 12/12 Charitable Funds Committee: 6/6 People Committee: 2/5

Paul Mapson

Non-Executive Director



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

Appointed: 1 April 2023

Term Expires: 31 March 2026

Public Board Attendance: 11/12

Board Remuneration Committee Attendance: 1/1

Audit Committee: 5/6

Finance Committee: 11/12

Jan Hull

Non-Executive Director

(Deputy Chair until 1 October 2023)



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

significant experience of structural change, having led the merger of three commissioning support units in 2015. Jan was previously also a non-executive director at Yeovil District Hospital NHS Foundation Trust prior to the merger of the trusts in April 2023.

Appointed: 1 August 2017

Re-appointed: 1 August 2020
and 1 August 2023

Term Expires: 31 July 2024

Public Board Attendance: 11/12

Board Remuneration Committee Attendance: 1/1

Quality and Governance Assurance Committee:
12/12

People Committee: 3/5



Alexander Priest **Non-Executive Director**



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

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

Appointed: 1 April 2020	Public Board Attendance: 12/12
Re-appointed: 1 April 2023	Board Remuneration Committee Attendance: 1/1
Term Expires: 31 March 2026	Charitable Funds Committee: 4/6
	Audit Committee: 4/6
	Finance Committee: 10/12

Barbara Gregory **Non-Executive Director**



Barbara Gregory is a chartered accountant who has worked at senior management level in the NHS since 1993, including 15 years at board level in many different parts of the health system. She has an excellent working knowledge gained from first-hand experience of the health and social care system including working in strategic transformation programmes. Barbara has also worked closely with senior colleagues from local authorities on the integration of provision and commissioning and on the opportunities for the devolution of expenditure to providers as part of the potential development of accountable care

organisations/systems.

Appointed: 1 August 2017	Public Board attendance: 9/12
Re-appointed: 1 August 2020 and 1 August 2023	Board Remuneration Committee Attendance: 1/1
Term Expires: 31 July 2024	Charitable Funds Committee: 5/6
	Audit Committee: 4/6
	Finance Committee: 10/12



Inga Kennedy CBE **Non-Executive Director**



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

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

Appointed: 1 October 2023 as Associate Non-Executive and 1 February 2024 as Non-Executive Director
Term Expires: 30 September 2027
Public Board Attendance: 6/7
Board Remuneration Committee Attendance: 1/1
Quality and Governance Assurance Committee: 5/7
Audit Committee: 1/2

Sube Banerjee **Non-Executive Director**



Professor Sube Banerjee is Executive Dean of the Faculty of Health and Professor of Dementia at the University of Plymouth and an Honorary Consultant in Psychiatry at Plymouth University Hospitals NHS Trust. Sube brings an extensive knowledge and understanding of dementia and older people’s health. He has worked on health policy and strategy internationally with the World Health Organisation and led the development of the National Dementia Strategy for England. He has extensive strategic and research experience at board level in the NHS and the university sector as an executive and clinical director.

Appointed: 1 May 2021 as Associate Non-Executive Director and 7 July 2021 as Non-Executive Director
Resigned: with effect from 1 February 2024
Public Board Attendance: 4/9
Board Remuneration Committee Attendance: 0/1
Charitable Funds Committee: 0/6



Tina Oakley Associate Non-Executive Director



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

Tina has also had involvement in crisis and emergency planning. Until recently Tina held the post of Amazon's HR Director of Operations for the UK and Ireland where she managed the speed of growth from 8,000 employees to 60,000 employees. In addition, Tina was previously a non-executive director for Frimley Health NHS Foundation Trust and is a Trustee and volunteer for the Trussell Trust Foodbank. The key focus in all her roles has been a passion for the employee and customer experience. Tina is currently a Parish Councillor for her local village.

Appointed: 1 October 2023 Public Board Attendance: 7/7
Term Expires: 30 September 2027 Board Remuneration Committee Attendance: 1/1
Quality and Governance Assurance Committee: 6/7
People Committee: 2/2

James Phipps Associate Non-Executive Director



James began his career with Excalibur Communications Group in 1998, a provider of IT and communications for over 3,000 organisations largely in the south west. James was initially a sales adviser, before going on to hold various positions including managing director, CEO, owner, chairman, non-executive director and board advisor.

Alongside these commitments, between 2013 to 2015 James held a number of non-executive director and investor positions. James co-founded, and acted as trustee and chairman for the Younite Foundation, which he created to help build schools in Kenya and fund projects in Wiltshire.

Appointed: 1 October 2023 Public Board Attendance: 5/5
Resigned: with effect from 1 March 2024 Board Remuneration Committee Attendance: 1/1
Charitable Funds Committee: 1/2
Finance Committee: 3/3
People Committee: 2/2

Executive Directors

Peter Lewis

Chief Executive



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

Public Board Attendance: 12/12

Audit Committee: 1/1

Hayley Peters

Chief Nurse



Hayley was previously the chief nurse for both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. Prior to becoming an executive director, Hayley worked in senior clinical leadership roles in the southwest, London and the southeast. Hayley's early professional career centred in critical care, first as an intensive care nurse and later, following a period of training at Birmingham Medical School, as one of the very first physician's assistants to practise in the UK. As part of Hayley's role at Somerset NHS Foundation Trust, she has executive responsibility for safeguarding, patient safety and quality (jointly with the chief medical officer). Hayley is Trust Board safety champion for our armed forces, children, maternity, and neonates.

Public Board Attendance: 10/12

Quality and Governance Assurance Committee: 10/12

Charitable Funds Committee: 0/6

People Committee: 2/5

Pippa Moger

Chief Finance Officer



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

Pippa joined Somerset Partnership NHS Foundation Trust in June 2013 as director of finance and business development.

She was then appointed as director of finance for Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust in October 2017 before the two trusts merged in 2020. Pippa believes NHS resources must be used in the most efficient and effective way while ensuring patient safety is not compromised. Pippa is a fellow of the Association of Chartered Certified Accountants (ACCA).

Public Board Attendance: 9/12

Charitable Funds Committee: 4/6

Audit Committee: 6/6

Finance Committee: 11/12

Dan Meron

Chief Medical Officer until 1 April 2024



Daniel was previously the chief medical officer for both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. Daniel joined Somerset NHS 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, some parts of Hampshire and the Isle of Wight. He was also deputy medical director at University Hospital Southampton Foundation Trust, a large teaching hospital

providing secondary and tertiary acute services in Wessex. Daniel combined senior leadership roles with active front-line clinical work as a consultant in liaison psychiatry in Southampton General Hospital, as well as being actively engaged in research at the School of Medicine, University of Southampton. Dan retired on 31 March 2024.

Public Board Attendance: 8/12

Quality and Governance Assurance Committee: 6/12

People Committee: 3/5



Andy Heron

Chief Operating Officer and Deputy Chief Executive



Andy was one of two chief operating officers for Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023 and is now the single chief operating officer and deputy chief executive. Andy joined the NHS in Somerset in 2014 when he joined Somerset Partnership NHS Foundation Trust as chief operating officer. Having originally qualified as an occupational therapist, he worked in a number of clinical roles within mental health across the south west before moving into leadership roles during the 1990s. Andy played a role in the establishment of a new specialist NHS mental health trust serving the Avon and Wiltshire areas and became the general manager of mental health services. Following this, Andy gained a broad range of experience in London and the south west in senior commissioning and provider roles in the NHS, and also in social care, with most of his work being focused on service modernisation. Andy maintains a strong interest in care pathway redesign and service transformation and in recent years has taken on a number of system leadership roles within Somerset, centred on improving patient flow and working with partners in the development of successful community alternatives to hospital admission.

Public Board Attendance: 10/12

Quality and Governance Assurance Committee: 6/12

Finance Committee: 9/12

People Committee: 1/5

Isobel Clements

Chief of People and Organisational Development



Isobel was previously the chief of people and organisational development at both Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust before the trusts merged in April 2023. Isobel started her career at Musgrove Park Hospital in 1988 and held several senior human resources and organisational development management roles, including at associate and deputy level, until she was appointed director of people and organisational development in 2018 for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust before the two trusts merged. Isobel has played a key role in developing the trust's system of distributed leadership, ensuring that the organisation's values are brought to life in everyday behaviour. Isobel is a fellow member of the Chartered Institute of Personnel and Development (CIPD).

Public Board Attendance: 10/12

Quality and Governance Assurance Committee: 11/12

People Committee: 5/5

Non-voting Directors

David Shannon

Director of Strategy and Digital Development



David was previously the director of strategy and digital development for both Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust before the trusts merged in April 2023. David first joined Musgrove Park Hospital in 2016 as director of finance and went on to become the director of strategic development and improvement for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust before the two trusts merged in 2020. David was previously director of operational finance at North Bristol NHS Trust from June 2014. Before that he spent six years at

Nottingham University Hospitals NHS Trust, most of them as assistant director of finance. He originally joined the NHS in 1998 on its graduate financial management training scheme.

Public Board Attendance: 11/12

Charitable Funds Committee: 5/6

Finance Committee: 10/12

Phil Brice

Director of Corporate Services



Phil was previously the director of corporate services for both Somerset NHS Foundation Trust and Yeovil District Hospital, NHS Foundation Trust before the trusts merged in April 2023. Phil joined Somerset Partnership NHS Foundation Trust in 2012, having worked in the NHS since 2000. He went on to become the director of governance and corporate development for both Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust before the two trusts merged in April 2020. He worked for the Somerset Health 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: 11/12

Quality and Governance Assurance Committee: 12/12

Audit Committee: 5/6

People Committee: 5/5

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



Statement of Disclosure to the Auditors

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

Modern Slavery and Human Trafficking Act 2015 Policy Statement

Section 54 of the Modern Slavery Act 2015 requires all organisations to set out the steps taken to ensure slavery and human trafficking is not taking place in any of its supply chains and in any part of its business. The Trust's statement is available on the public website.

Audit Function and Audit Committee Role

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


BDO 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 2023/24, KPMG reviewed whether their general procedures support their independence and objectivity, including any matters related to the provision of non-audit services, and positive affirmation has been presented to the Audit Committee. This is in line with guidance from the National Audit Office, which states that the total fees for advisory services should not exceed 70% of the total fee for all audit work carried out a public body.

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

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

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

- 
- Fraud risk from expenditure recognition – completeness
 - Management Override of Controls
 - Valuation of Land and Buildings
 - Merger accounting
 - Consolidation of new subsidiaries

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 2023/24. KPMG reported one significant weakness in relation to governance as part of their report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, which stemmed from the Care Quality Commission inspection as outlined within this report.

KPMG concluded that the Trust has completed a significant amount of work during the year in order to address the concerns identified through the CQC inspection surrounding maternity services in November 2023. Whilst progress has been made, due to the timing of the inspection a number of remedial actions had not been put in place by 31 March 2024 and the Trust were still working towards implementing a number of the required actions. Whilst the Trust have received confirmation from the CQC that they are satisfied with the progress made to date, the inspection findings were in place not originally captured as risks on maternity risk registers prior to the inspection being completed.

Due to the timing of the CQC inspection, and the finalised inspection reports not being published until May 2024, many of the remedial actions had not been in place for the full financial year and a number of actions had not yet been fully implemented as at year end. Therefore, KPMG considered this to be a significant weakness in the governance arrangements in place at the Trust and made the following recommendation:

The Trust should continue to maintain the current level of focus and direct resources to improve the levels of service provided by the maternity services at the Trust based on the Section 29A warning notice and the "Must Do" actions of the full CQC report.

This work continues to be overseen through the newly formed Maternity and Neonatal Action Group as outlined on pages 48-50.

[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. The Board of Directors' objectives are to govern the organisation effectively and to ensure that the Trust is providing safe, high quality, patient-centred care. The Board has the same role as that of any other unitary Board – to set strategic direction and to oversee the work of the executive to ensure that corporate objectives and performance targets are achieved. No individual on the Board has unfettered powers of decision. All powers which have not been retained by the Board or delegated to a committee of the Board are exercised on its behalf by the Chief Executive. If the Chief Executive is absent, powers delegated to him may be exercised by the Deputy Chief Executive. The Board remains accountable for all 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, Finance Committee, People Committee and a Nomination and Remuneration Group (which approves the appointment of executive directors and reviews their performance annually along with their levels of remuneration).

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

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

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

The Council of Governors comprises elected and appointed governors and is chaired by the Trust 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 2023/24 were: Nomination and Remuneration Committee, Strategy and Planning Group, Membership, Involvement and Communications Group, Quality and Patient Experience Group and the People Group. Members of the Board, including the non-executive directors, regularly attend the Council of Governors and



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

During 2023/24, 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 the Non-Executive Directors, requested updates and attended meetings of the Board and, where relevant, its assurance committees.

Where any disagreements between the Council of Governors and the Trust Board occur, the Trust policy "Policy and Procedure for Council of Governors: Raising Concerns" details the process by which these disagreements are resolved. A copy of the policy can be requested from the Secretary to the Trust by contacting foundationtrust@somersetft.nhs.uk. There were no disputes between the Council of Governors and the Board during 2023/24.

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 Secretary to the Trust at the Management Office, Yeovil District Hospital, Higher Kingston, Yeovil, BA21 4AT.


Governors and Membership Information

As part of the planning for the merger, the composition of the Council was reviewed in 2022 and the constitution was amended to increase the number of Governor positions in some constituencies to allow for greater representation in those areas following the merger. The latest change to the composition of the Council came into effect from 1 May 2023.

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

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

There are currently eight vacancies across the public and appointed sectors.



Members of the public who reside within the Trust's various constituencies can be elected as a public governor. Elected governors (public and staff) are usually appointed for three-year terms. Ian Hawkins stood down as Lead Governor and was replaced by Kate Butler in 2023/24.

Anyone aged 14 and over who lives in England may become a member of Somerset NHS Foundation Trust, subject to a small number of exclusions. The public constituency is divided into six areas, five of which cover core wards and districts served by the trust across Dorset and Somerset. The five areas are Mendip, Sedgemoor, South Somerset, Somerset West and Taunton, and Dorset. The sixth constituency (Outside Somerset and Dorset) acknowledges the interest of members from the wider catchment area.

As at 31 March 2024, membership of the public constituency was at 10,396. Public membership equates to approximately 4% of the Trust's catchment area. As at 31 March 2024 membership of the staff constituency was 16,341.

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

[Steps taken by Members of the Board in Understanding the Views of the Council of Governors and Membership](#)

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

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

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

During the year, three Governor Development sessions have been held. These development sessions covered: update on the time as a measure of success; update on acute home treatment; overview of subsidiaries, joint ventures and other contracts and the group governance structure, update on the green plan; and a presentation on Trust research. Alongside this, the Governors have created a Governor charter, looked at membership and engagement as part of a governor workshop on Membership, communication and involvement. Board members are invited to join the Development sessions and the agenda included Q&A sessions with a small number of Non-Executive Directors. Board members are not members of the Council but have a standing invitation to attend Council meetings.

Board Member Attendance at Council of Governors Meetings

		Meetings	
		Possible	Actual
Colin Drummond	Chairman	4	4
Jan Hull	Non-Executive Director	4	1
Barbara Gregory	Non-Executive Director	4	0
Kate Fallon	Non-Executive Director	4	1
Alexander Priest	Non-Executive Director	4	3
Sube Banerjee	Non-Executive Director	3	0
Martyn Scrivens	Non-Executive Director	4	2
Paul Mapson	Non-Executive Director	4	2
Graham Hughes	Non-Executive Director	4	3
Inga Kennedy	Non-Executive Director	2	0
Tina Oakley	Associate Non-Executive Director	2	0
James Phipps	Associate Non-Executive Director	2	1
Peter Lewis	Chief Executive	4	4
Daniel Meron	Chief Medical Officer	4	2
Pippa Moger	Chief of Finance	4	1
Phil Brice	Director of Corporate Services	4	4
Hayley Peters	Chief Nurse	4	1
Andy Heron	Chief Operating Officer	4	2
Isobel Clements	Chief of People and Organisational Development	4	4
David Shannon	Director of Strategy and Digital Development	4	3

Nominations and Remuneration Committee (Council of Governors)

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

The role of the Committee is:

- to consider the Non-Executive Director or Chairman vacancies due in the next 12 months and make recommendations to the Council of Governors (Annex 4, para 4.2 of the Standing Orders in place during 2023/24); and
- to advise the Council of Governors as to the remuneration and allowances and of the Terms and Conditions of the office of the Chairman and other Non-Executive Directors (para 33.2 of the Constitution in place during 2023/4).

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

The Committee met three times during the year on 19 May 2023, 5 December 2023 and 6 March 2024 to discuss:

- Feedback from the Non-Executive Directors appraisals and appraisal process for 2022/23;
- Chairman’s 360 degree appraisal feedback for 2022/23;
- Non-Executive and Chairman Remuneration;
- Chairman’s objectives and appraisal process for 2023/24;
- Re-appointment of a Non-Executive Director; and
- Non-Executive Director recruitment process and succession planning

The Committee’s attendance is set out below:

Nomination and Remuneration Committee – Attendance at meetings		
	Possible	Actual
Kate Butler (Chair)	3	3
Jeanette Keech	3	3
Paul Robathan	3	3
Shabnum Ali	3	2
Judith Goodchild	3	3

The Committee received feedback from the Non-Executive Directors performance reviews and concluded that all Non-Executive Directors had had a successful year, and all Non-Executive Directors had performed well above the standards required.

The Committee discussed feedback from the 360° degree Chairman’s performance review process and agreed that the Chairman’s performance during 2022/23 had been excellent.

The Committee further discussed the Chairman objectives for 2023/24 and recommended the approval of the objectives as well as the Chairman and Non-Executive Directors appraisal processes for 2023/24 to the Council of Governors.

The Committee carried out a recruitment campaign for three Associate Non-Executive Directors during 2023/24 following the plans for Non-Executive Directors’ succession. The Committee recommended the appointment of Inga Kennedy, Tina Oakley and James Phipps to the Council of Governors. The Committee further recommended the re-appointment of Martyn Scrivens and Kate Fallon for a further three years and one year’s term respectively. All appointments/re-appointments recommendations were based on the Board skills mix and previous appraisals.

The Committee reviewed the Non-Executive and Chairman remuneration during 2023/24 and recommended the proposed changes to Chairman and Non-Executive Director remuneration to the Council of Governors.

Elected Governors – Public Constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 23/24
Bob Champion	Mendip	1 May 2016 1 May 2019 1 May 2022	3 / 4
Virginia Membrey	Mendip	1 May 2023	3 / 4
Judith Goodchild	Sedgemoor	1 May 2019 1 May 2022	3 / 4
Jack Torr	Sedgemoor	1 September 2021 1 April 2023	2 / 4
Eddie Nicolas	Sedgemoor	1 May 2022 1 May 2023	4 / 4
Martin Davidson	Sedgemoor	1 May 2023	3 / 4
Jeanette Keech	West Somerset and Taunton	1 May 20219 1 May 2022	4 / 4
Ian Aldridge	West Somerset and Taunton	1 May 2016 1 May 2022 1 May 2023	4 / 4
Kate Butler	West Somerset and Taunton	1 May 2019 1 May 2022	4 / 4
Jane Armstrong	West Somerset and Taunton	1 May 2020 1 May 2023	4 / 4
Erica Adams	West Somerset and Taunton	1 April 2020 1 April 2023	3 / 4
Ian Hawkins	South Somerset	1 May 2020 1 May 2023	4 / 4
Sue Steele	South Somerset	1 May 2020 1 May 2023	4 / 4
Mick Beales	South Somerset	1 May 2022	3 / 4
David Recardo	South Somerset	1 May 2022	0 / 4
Paull Robathan	South Somerset	1 May 2022	4 / 4
Alan Peak	Outside Somerset	1 May 2019 1 May 2022	2 / 4
Peter Shorland	Dorset	1 May 2023	3 / 4

There are two vacancies in the Mendip constituency and one vacancy in the South Somerset constituency.

Elected Governors - Staff Constituency

Name	Constituency	Date Elected	Attendance at Council of Governor Meetings 23/24
Joe Silsby	Staff	1 May 2022	4 / 4
Shabnum Ali	Staff	1 May 2022	1 / 4
Phil Hodgson-Purves	Staff	1 May 2023	1 / 3
Adekunle Akinola	Staff	1 May 2023	3 / 3
Halley Kimber	Staff	1 May 2023	0 / 3
Heather Sparks	Staff	1 April 2023	1 / 3
Jonathan Moore	Staff	1 April 2023	2 / 3
Sun Sander-Jackson	Staff	1 April 2023	2 / 3
Julie Reeve	Staff	1 April 2023	3 / 3
Nick Crow	Staff	1 April 2023	1 / 3
Mark Robinson	Staff	1 April 2023	0 / 3
Lydia Karamura	Staff	1 April 2023	2 / 3

Appointed Governors

Name	Stakeholder Organisation	Attendance at Council of Governor Meetings 23/24
Dirk Williamson	Simply Serve Limited	4 / 4
Heather Shearer	Somerset Council	3 / 4
Adam Dance	Somerset Council	1 / 2
Caroline Gamblin	ICB	2 / 4
Jos Latour	Universities	2 / 4

There are three vacancies in the voluntary, community and social enterprise (VCSE), Somerset GP Board and Symphony Health Services Ltd partnership organisations.

Public Membership

Constituency	Mendip	Sedgemoor	West Somerset and Taunton	South Somerset	Outside Somerset	Dorset	Total
31 March 2024	1234	1688	3208	2119	1843	300	10396

Staff Membership

Staff Membership	2023/24
31 March 2024	16,341



Engagement with members

We recognise the importance of having a strong and engaged membership. With circa 26,000 members (public and staff combined), the Trust has access to the local population, interaction with which helps to improve services.

The membership strategy for 2023/26 came into effect from 1 April 2023. The focus of the Trust's membership strategy is on improving meaningful engagement with its members and a key form of engagement is through the annual members' meeting held in September each year. Membership and membership engagement is monitored via the Membership, Involvement and Communications working group.

Engagement with members during 2023/24 has been a work in progress. The Membership, Involvement and Communications group developed a membership workshop to discuss, review and formulate a plan for meaningful engagement. The group decided on re-introducing Governor Surgeries, Medicine for Members, and governor attendance at other events out in the communities. These sessions will be re-introduced in 2024.

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

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

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

Contact Information for Members

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



Performance Evaluation of the Board/Governance Arrangements (Including Details of External Facilitation and the NHS England Well-Led Framework)

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

NHS Foundation Trusts are subject to the recommendations of the NHS Foundation Trust Code of Governance for NHS Providers (modelled on best practice UK governance principles) and the Well-Led Framework, which encourage Boards to conduct a formal evaluation of their own performance and that of its committees and directors. The Trust has robust structures in place to ensure that services are well-led, and these are described within this section and throughout the Annual Governance Statement from page 105 onwards. This includes an overview of the Trust’s internal control and assurance framework and any actions to improve governance of quality.

The Trust continuously reviews its Board governance structure, and this has most recently been reviewed as part of the planning for the merger from 1 April 2023 to ensure clear lines of accountability from the Board to all teams across the organisation and its subsidiaries.

The effectiveness of the Board of Directors meetings is reviewed at the end of each meeting and annually as part of an annual review of the Board’s Terms of Reference. Effectiveness of Board sub committees is monitored through the Board through quarterly reports and as part of the annual effectiveness review of the Committees’ compliance with their Terms of References.

On the basis of the expertise and experience described in the overview of Board members; and the review and updating of the Board skills mix analysis in 2023/24, the Trust is confident that the necessary range of knowledge and skills exists within the Board of Directors and that its balance, completeness and appropriateness to the requirements of the NHS Foundation Trust constitute a high performing and effective Board. No company directorships or other material interests in companies are held by any Board members where those companies or related parties are likely to do business, or are possibly seeking to do business, with the Trust. The Chairman has held no other significant commitments during 2023/24. A register of interests of Board members is available from the Secretary to the Trust and is also included in the Board papers published on the Trust’s website. Declarations can also be accessed through the publicly available Conflict of Interest system.

Non-Executive Directors are subject to regular and annual appraisals by the Chairman; unsatisfactory appraisals could result in termination of their appointment. The decision to remove Non-Executive Directors rests with the Council of Governors. During 2023/24 a 360-degree appraisal of the Chairman’s performance was undertaken and feedback from the appraisal process was presented to the Nomination and Remuneration Committee, discussed with the Chairman and



summarised feedback was presented to the Council of Governors. The Chairman's appraisal process is agreed with the Council of Governors on an annual basis.

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

The Board considers that during 2023/24 all the Non-Executive Directors are independent in character and judgement and there are no known circumstances or relationships which are likely to affect, or could appear to affect, the directors' judgement. The Board also considers that all Board members meet the Fit and Proper Persons test.

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

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

Our performance against these is set out in the Financial Overview and Review section of this report on page 54.

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, 25 June 2024



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 Code of Governance for NHS Provider Trusts.

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

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

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

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

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

Board Remuneration Committee

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

The Committee met once in the financial year 2023/24 and attendance is set out in the accountability report. There was no requirement for the Director of People and Organisational Development to attend this meeting to provide further advice.

Remuneration Packages for Non-Executive Directors

The remuneration packages for Non-Executive Directors in 2023/24 was:

Salary	£16,500 per annum for all non-executive directors
Salary	£55,000 per annum for the non-executive chairman
Salary	£3,000 per annum for the additional roles of Senior Independent Director, Deputy Chairman and Chairman of the Audit Committee.

Remuneration packages and any changes made to it for Executive Directors

Element	Rationale
Salary	The Board approved the Trust Strategy. These are delivered by the Directors. This success measure is one of the ways in which the Directors performance is monitored. All executive director remuneration is subject to satisfactory performance of duties in line with their employment and monitored through regular 1:1 with the Chief Executive and annual appraisal. The Chief Executive performance review is led by the Trust Chairman. There is no performance related pay and Directors receive 100% of their salary subject to the relevant deductions. Salary is benchmarked and there are no automatic rises for executive directors.
Taxable Benefits	Any taxable benefit is agreed by the Nomination and Remuneration Committee. This forms part of the recruitment and retention of executive directors by ensuring that the Trust remains competitive. There is no maximum amount payable.
Bonus	No bonus scheme operates at the Trust therefore the maximum that could be paid is £0.
Pension	Standard pension arrangements are in place for 2023/24.

The Chairman of the Nomination and Remuneration Committee confirms that for the 2023/24 financial year all Executive Directors received a 5% pay uplift. In addition, one executive director received an additional uplift to bring remuneration up to benchmark with equivalent sized trusts. No new components of the remuneration package were introduced in 2023/24.

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



Expenditure on consultancy

A total of £70,000 was spent on consultancy in 2023/24 (2022/23: £298,000).

Off payroll arrangements

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

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

Payments for loss of office (subject to audit)

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

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

Acting Managing Director of Simply Serve Limited	£63,447.86
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This payment is made up from three elements: redundancy payment, lieu of notice and lieu of annual leave.

Payments to past senior managers (subject to audit)

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

Statement on remuneration levels higher than the British Prime Minister

Following guidance from the Secretary of State the Trust is required to disclose the steps it has taken to satisfy itself that the remuneration is reasonable in cases where senior managers are paid more than £150,000 p.a. There are 4 senior managers currently employed by the Trust who were paid more than £150,000 p.a. (the Chief Executive, the Deputy Chief Executive/Chief Operating Officer, the Chief Medical Officer and the Chief Finance Officer). The salaries for these posts have been benchmarked and are commensurate with national, regional and local comparator roles within the NHS, reflecting the very high levels of responsibility associated with the posts.



Executive Directors allowed to work elsewhere as a Non-Executive

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

Employment Conditions of Other Employees

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

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

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

Fair/Median Pay (subject to audit)

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

On 1 April 2023, Somerset NHS Foundation Trust merged with Yeovil District Hospital NHS Foundation Trust. The Median Pay comparative numbers (2022/23) relate only to employees of the legacy Somerset NHS Foundation Trust (pre-merger).

The banded remuneration of the highest paid director in the financial year 2023-24 was £230-235k (2022-23, £220-225k), which is a 6% change between years (2022-23 – 7%).

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

For employees of the Trust as a whole, the range of remuneration in 2023-24 was £73 to £443,341 (2022-23, £78 to £426,517). 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 4.0% (2022-23 – 10.1%). 126 employees received remuneration in excess of the highest-paid director in 2023-24 (2022-23 – 77 employees).

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce. The 2022/23 pay ratio for the highest paid director is reported net of recharges to Yeovil District Hospital where 2023/24 is gross (post-merger).

	25th percentile	Median	75th Percentile
Salary component of pay	£24,336 (22/23: £24,891)	£30,639 (22/23: £31,114)	£42,618 (22/23: £43,842)
Total pay and benefits excluding pension benefits	£28,273	£37,850 (22/23: £36,509)	£50,278
Pay and benefits excluding pension; pay ratio for highest paid director	8.3:1 (2022/23: 6:1)	6.2:1 (22/23: 4:1)	4.7:1 (2022/23: 3:1)

Expenses of the Governors

During 2023/24, the expenses paid to the members of the Council of Governors totalled £1445.30 compared to £244.70 for 2022/23.



Salary and Pension Entitlements of Senior Managers 2023/24 (subject to audit)

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



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

Notes

1. To 31 December 2023. The salary includes exit package "other departure" costs of 60 - 65.
2. Director of Procurement to 10 September 2023, Acting Managing director from 11 September 2023.
3. To 31 January 2024.
4. To 31 January 2024.
5. To 31 October 2023.
6. To 1 February 2024.
7. Associate non-executive director from 1 October 2023 and non-executive director from 1 February 2024.
8. From 1 October 2023.
9. From 1 October 2023 to 1 March 2024.

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

**The value of pension related benefits is determined in accordance with the HMRC method, which incorporates pensions payable for a 20-year period. Individuals may have opted out of the NHS pension scheme and no other contributions are made.

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

Total remuneration 2022/23	Note	Salary	Taxable benefits *	Pension related benefits **	Total Remuneration	Recharges Salary	Recharges Taxable Benefits *	Recharges pension related benefits	Remuneration Net of recharges ***
Name and Title		(Bands of £5,000)	(To nearest £100)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(To nearest £100)	(Bands of £2,500)	(Bands of £5,000)
		£000		£000	£000	£000		£000	£000
Peter Lewis Chief Executive		220 – 225	400	0	220 – 225	(65 – 70)	(300)	0	155 – 160
Matthew Bryant Chief Operating Officer (Hospital Services)	1	125 – 130	0	10 – 12.5	140 – 145	(35 – 40)	0	(2.5 – 5)	95 – 100
Andy Heron Deputy Chief Executive & Chief Operating Officer	2	140 – 145	300	37.5 – 40	175 – 180	(40 – 45)	(100)	(10 – 12.5)	125 – 130
Phil Brice Director of Corporate Services		120 – 125	200	62.5 – 65	180 – 185	(35 – 40)	(100)	(17.5 – 20)	125 – 130
Pippa Moger Chief Finance Officer		140 – 145	500	80 – 82.5	220 – 225	(40 – 45)	(200)	(22.5 – 25)	155 – 160
Hayley Peters Chief Nurse		125 – 130	400	52.5 – 55	180 – 185	(35 – 40)	(100)	(15 – 17.5)	125 – 130
David Shannon Director of Strategy and Digital Development		130 – 135	500	47.5 – 50	180 – 185	(40 – 45)	(200)	(12.5 – 15)	125 – 130
Isobel Clements Chief of People and Organisational Development		130 – 135	600	70 – 72.5	200 – 205	(35 – 40)	(200)	(20 – 22.5)	140 – 145
Daniel Meron Chief Medical Officer		210 – 215	0	67.5 – 70	280 – 285	(60 – 65)	0	(20 – 22.5)	195 – 200
Shelagh Meldrum Chief Officer-Collaboration and Partnerships	3	n/a	n/a	n/a	n/a	5 – 10	0	n/a	5 – 10
Colin Drummond Chairman		50 – 55	0	n/a	50 – 55	n/a	0	n/a	50 – 55



Total remuneration 2022/23 (continued)	Note	Salary	Taxable benefits	Pension related benefits **	Total Remuneration	Recharges Salary	Recharges Taxable Benefits *	Recharges pension related benefits	Remuneration Net of recharges ***
Name and Title		(Bands of £5,000)	(To nearest £100)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(To nearest £100)	(Bands of £2,500)	(Bands of £5,000)
		£000		£000	£000	£000		£000	£000
Barbara Gregory Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	0	n/a	15 – 20
Kate Fallon Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	0	n/a	15 – 20
Stephen Harrison Non-Executive Director		10 – 15	0	n/a	10 – 15	n/a	0	n/a	10 – 15
Jan Hull Non-Executive Director		20 – 25	0	n/a	20 – 25	(5 – 10)	0	n/a	10 – 15
Alexander Priest Non-Executive Director	4	5 – 10	0	n/a	5 – 10	(2.5 – 5)	0	n/a	5 – 10
Sube Banerjee Non-Executive Director		15 – 20	0	n/a	15 – 20	n/a	0	n/a	15 – 20
Martyn Scrivens Non-Executive Director		n/a	n/a	n/a	n/a	10 – 15	0	0	10 – 15

Notes

1. To 6 March 2023.
2. Deputy chief executive & Chief operating officer (Mental health & community services) to 26 Feb 2023.
Deputy chief executive & chief operating officer from 27 Feb 2023.
3. To 7 June 2022.
4. Joint Non-Executive Director from 10 June 2022.

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

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

Pension Benefits of Senior Managers 2023/24 (subject to audit)

Pension Benefits	Note	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2023	Lump sum at pension 60 related to accrued pension at 31 March 2023	Cash equivalent transfer value at 31 March 2023	Cash equivalent transfer value at 1 April 2022	Real increase in cash equivalent transfer value	Employer's contribution to stakeholder pension
Name and Title		(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)				
		£000	£000	£000	£000	£000	£000	£000	£000
Andy Heron Deputy Chief Executive & Chief Operating Officer		2.5 - 5	0 – 2.5	50 – 55	70 – 75	1141	894	134	n/a
Pippa Moger Chief Finance Officer	2	0	37.5 – 40	50 – 55	135 – 140	1153	870	174	n/a
Phil Brice Director of Corporate Services	2	0	17.5 – 20	35 – 40	100 – 105	953	777	80	n/a
Hayley Peters Chief Nurse	2	0	32.5 – 35	50 – 55	140 – 145	1156	894	152	n/a
David Shannon Director of Strategy and Digital development	2	0	32.5 – 35	45 – 50	125 – 130	975	740	141	n/a
Isobel Clements Chief of People and Organisational Development	2	0	30 – 32.5	60 – 65	165 – 170	1409	1085	195	n/a
Daniel Meron Chief Medical Officer	1&2	0	0	0	10 – 15	175	1467	0	n/a
Katie Mattravers SSL Acting Managing Director	2	0 – 2.5	0	5 – 10	0	112	69	29	n/a

Notes

Where individuals are not shown above, this is due to an opt-out of the NHS pension scheme and no other contributions are made.

1. Retired 10 January 2024 from the 1995 scheme and returned 12 January 2024 on the 2015 scheme.

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

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

The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS



pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV -This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table.

2. 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."

Where a senior manager is affected by 'rollback' into a previous pension scheme resulting from the remedy to previous age discrimination, this may result in a negative real increase in pension, lump sum, CETV values or pension related benefits. In such cases the negative value has been substituted with a zero. Colleagues affected by this "rollback" are indicated above.



Exit Packages

	2023/24	2023/24	2023/24	2022/23
	Compulsory redundancies	Other departures	Total Number	Total number
< £10,000	1	0	1	4
£10,001 - £25,000	1	3	4	5
£25,001 - £50,000	1	4	5	3
£50,001 - £100,000	2	5	7	2
£100,001 - £150,000	2	0	2	2
£150,001 - £200,000	0	0	0	0
>£200,000	0	0	0	0
Total Number	7	12	19	16
Total resource cost	£456,400	£549,900	£1,006,300	£654,000

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



Peter Lewis, Chief Executive, 25 June 2024

People Report

Headcount and Full-Time Equivalent Colleagues

The Group employs the following people (as at 31 March 2024):

Headcount (Excluding Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	5	6	11
Non-Executives & Chairman	5	5	10
Other Senior Managers	44	32	76
All other employees	11601	3017	14618
Grand Total	11655	3060	14715

Headcount (Including Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	5	6	11
Non-Executives & Chairman	5	5	10
Other Senior Managers	44	32	76
All other employees	13560	3714	17370
Grand Total	13614	3757	17467

Full-Time Equivalent (Excluding Bank Employees)			
	Female	Male	Grand Total
Directors & Chief Executive	5.91	9.1	15.01
Non-Executives & Chairman	1.61	3.68	4.61
Other Senior Managers	42.91	32.23	75.13
All other employees	9899.11	2817	12715.82
Grand Total	9949.54	2862	12811.25

The average number of employees employed by the Group:

Average Number of Employees (Full-Time Equivalent)	2023/24			2022/23
	Permanent	Other	Total	Total
Medical and dental	1,062	104	1,166	829
Ambulance staff	19	-	19	4
Administration and estates	2,525	73	2,598	2,381
Healthcare assistants and other support staff	2,716	336	3,052	2,049
Nursing, midwifery and health visiting staff	3,643	271	3,914	3,623
Scientific, therapeutic and technical staff	1,358	78	1,436	475
Healthcare science staff	241	18	259	82
Other	-	-	-	14
Total Average Numbers	11,564	880	12,444	9,457



Staff Costs

Group	2023/24	2022/23
	Total	Total
	£000	£000
Salaries and wages	495,696	358,466
Social security costs	60,726	38,026
Apprenticeship levy	2,531	1,795
Employer's contributions to NHS pensions	93,155	63,451
Pension Cost – other	2,496	-
Termination benefits	1,006	-
Temporary staff	74,304	51,847
Total staff costs	729,914	513,585

Absence Data

Sickness absence rates has experienced fluctuation across the year, with an average sickness absence rate of 5% for 2023/24.

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

Staff Turnover

In recent years, the Trust has seen a fluctuation in staff turnover rates. In March 2024, the staff turnover rate was 10.8%, which was a reduction from previous months. 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. This includes a flexible working leadership development programme in conjunction with NHS England and Timewise undertaking a small national pilot.

Retirements due to ill-health

During 2023/24 there were 12 early retirements from the Trust agreed on the grounds of ill-health (2022/23: 13 early retirements). The estimated pension liabilities of this ill-health retirement was £1,175,219 (2022/23: £496,879).

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

Employees with disabilities

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



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

In 2023/24, the Trust implemented a series of recommendations following an internal audit of our recruitment and employment practices of disabled colleagues. The audit assessed our progress against the national Disability Confident scheme. The Trust currently holds a Level 1 award (Disability Confident Committed) and aspires to apply for a Level 2 (Disability Confident Employer). Following this audit, a series of improvements have been developed and implemented. This work was developed in collaboration with teams across the Trust, and with our Disability Network and Neurodiversity Network. These improvements included a new policy and process for supporting reasonable adjustments, identifying pilot programmes of tailored support for neurodiverse colleagues, and improvements to our recruitment process to support applicants with disabilities.

[Information on diversity and inclusion, initiatives and longer-term ambitions](#)

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

As part of these accreditations, the Trust has committed to offering a guaranteed interview to applicants with a disability, or applicants who are a veteran or member of the armed forces, if they meet the minimum requirements for a role.

Data, insight, and recommendations from these accreditation and national standards inform our new annual inclusion report, which is presented and discussed at Board each year, and underpin the development of the workforce inclusion plan 2023-2028.

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 have been moving from a ‘project’ based model, to providing consultation and advice for leaders and teams to embed inclusion within their work and behaviours.

The inclusion team has been working in collaboration with our Executive Team to develop a series of systemic inclusion objectives. We have also been running a series of development workshops for colleagues in leadership roles focusing on inclusive leadership skills and Allyship. These sessions have now reached over 400 people, and each member of the Executive has co-delivered allyship workshops.

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

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

People Policies and Actions applied during the Financial Year

In 2023/2024 a transitional plan for the alignment of policies was implemented to ensure that colleagues from across both legacy trusts were being treated fairly. A people policy review group was developed with our trade union colleagues to ratify our new policies, in line with our just and restorative principles for our organisation. Several policies have been ratified through the group and a schedule for the remainder people policies to be developed throughout the coming year. At the same time National Policies are being developed and we have agreed that we will adopt and adapt these for our organisation.

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

The Trust continues to foster a culture of openness and transparency where colleagues feel safe and able to speak up about any concerns including concerns impacting patient safety and/or experience or anything impacting colleagues experience at work. The Trust as Freedom to Speak up Guardians in place, who provide a simple and accessible route for all colleagues including learners to speak up in confidence.



The Guardians take every concern seriously and will explore options with individuals supporting and guiding them and working with others to find some form of resolution.

With the establishment of the Advisory Action Group and the Culture Strategy Group, themes are shared to ensure appropriate learning can be taken to support the Trust to address any concerns in a systemic way and mitigate these happening again.

Board Members participate in an annual review of Freedom to Speak up ensuring learning is taking place and there is progress in fostering the culture of a compassionate, inclusive and learning environment.

Health and Safety

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

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

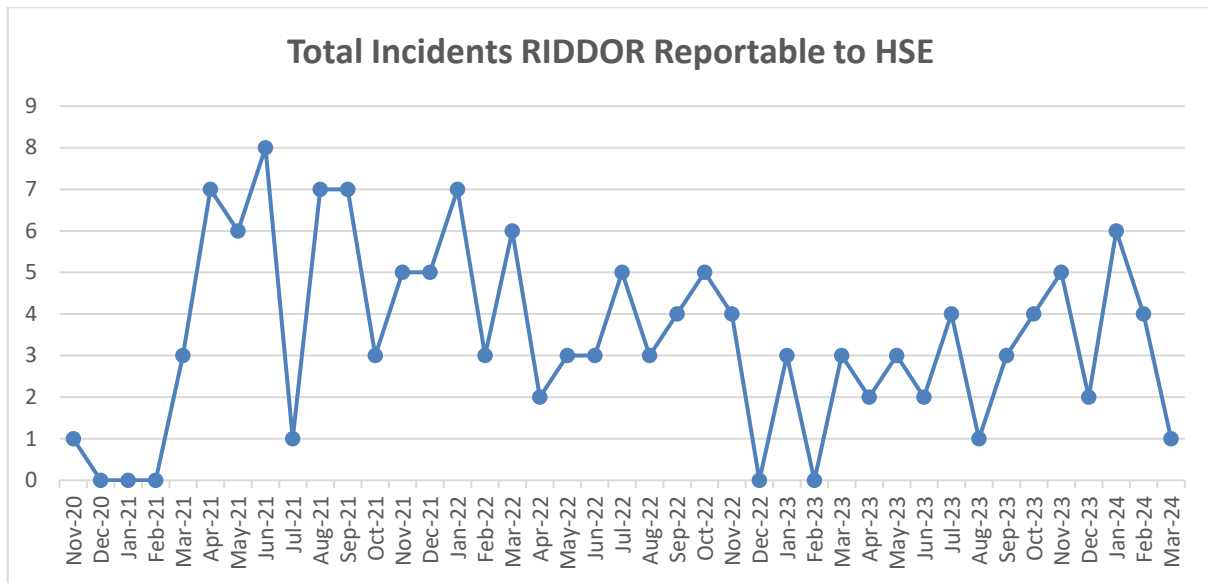
The Health and Safety Committee is in place to ensure appropriate consultation with colleagues on all issues affecting their health and safety. Terms of reference are in line with relevant health and safety legislation.

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

Incidents report to the Health and Safety Executive (HSE) under RIDDOR

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 2013 (RIDDOR) requires the Trust to report deaths, certain types of injury, specified occupational diseases and dangerous occurrences that 'arise out of or in connection with their work'. An annual RIDDOR report is prepared and shared widely for consideration / action. All RIDDORs are fully investigated and monitored. An overview of all RIDDORs is a standing agenda item on the safety committees.

During 2023/24 the Trust reported 37 incidents to the Health and Safety Executive (HSE). This is a slight increase on 2022/23 of 35. The largest proportion of the incidents (29) were reported as over 7-day injuries with 13 of these being as a result of slips, trips and falls. Nearly half of the incidents (17) were reported with the mandatory reporting guidelines to the HSE.



Occupational Health

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

Our Colleague Support Service and wellbeing team, assists our people by offering specialist support on a range of topics such as counselling, financial wellbeing, stress management and Staff Support Post Incident (SSPI), to name a few. All our people are able to access the service via a freephone hotline, which is available 9am – 5pm Monday - Friday, or by using our colleague wellbeing and support intranet pages with comprehensive information and guidance.

Counter Fraud and Corruption

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

Somerset NHS Foundation Trust supports the NHS Counter Fraud Authority strategy that aims to reduce fraud, bribery and corruption within the NHS. We are committed to the prevention, detection and investigation of any such allegations and will seek to apply criminal, disciplinary, regulatory and civil sanctions where allegations are upheld. This includes the recovery of identified financial losses to ensure that NHS resources are used for their intended purpose - the delivery of patient care.

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

The Trust employs Counter Fraud Managers who conduct both proactive and reactive



work in line with the requirements of the Government Functional Standard 013: Counter Fraud ('functional standards').

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

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

During 2023/24 colleagues had the confidence to report concerns of suspected fraudulent activities. This enabled the Trust's Counter Fraud Managers to conduct comprehensive investigations, which led to a number of cases being submitted to the Crown Prosecution Service.

Engaging our People

Our aim is to ensure our colleagues are informed, engaged, that they feel connected to their team, their service, site, and the trust, and that their hard work is recognised.

Our shared values of Kindness, Respect and Teamwork govern how we behave and interact with colleagues, patients, their families and carers. These values were developed from extensive engagement with colleagues from both our legacy trusts before we merged, and they were launched on 1 April 2024. They are front and centre in our communications with our colleagues and in the visual elements of our communications.

At the start of April 2023, as part of the merger of our legacy trusts, we launched trust-wide internal communications channels aimed at all colleagues right across our new organisation, providing a regular drumbeat that keeps colleagues up to date about the trust's work. These include a weekly online newsletter, new intranet cover page, three-weekly online briefings with the chief executive and colleague emails or announcements to support large trust-wide announcements.

The Senior Leadership Forum is held once a quarter and brings together senior leaders and the executive team on a regular basis throughout the year to discuss, debate and agree an approach to quality, performance, operational, financial, and other issues. The Operational Leadership Team meets once a month and brings our senior leaders together.

Each service group, and professional networks such as our senior nurse and medical leadership, hold regular meetings at all levels across our service groups and services. Our aim is to ensure that teams are connected, work well together, understand how they contribute to the trust's work, and that team members are well supported.

This financial year we also launched our recognition framework across our new merged



trust, taking the best elements from both our legacy trust's frameworks. This framework provides opportunities for thanks and recognition of excellent work with thank you cards for teams to use; "everyday champions" which say well done when a colleague or team has done something above and beyond; our "star of the month" which enables teams to submit a nomination to be judged against others; and our annual awards process - the OSCAs (Our Somerset Colleague Awards). We also recognise long service and retirement.

Our colleagues have been through an enormous amount of organisational change – the majority of our workforce has worked through two organisational mergers in three years – and we have worked through a pandemic. Many of our clinical teams are still going through change processes.

We were therefore particularly interested in our NHS Staff Survey 2023 results to see overall how supported our colleagues feel, the teams that need more support, and the areas where we do not score as well as we would like. Just over 53% of colleagues completed the survey, providing us invaluable insight into our colleagues' experiences of working at our newly formed organisation. Both our legacy trusts started from good bases with high results, but this year's results have surpassed even the combined results of from 2022. When compared against our comparative trusts, we were amongst the highest scoring trusts for morale and colleague engagement.

Despite these good overall scores, we know that we are not getting it right for every colleague and our plans for 2024/5 include:

- Building and embedding a 'just and restorative culture' with focus groups for colleagues taking place in April
- Focusing on violence and aggression prevention through training and communications campaigns
- Providing heatmaps with demographic data for service groups.
- Continuing the work in engaging and collaborating with our Colleague networks.

Staff Survey

The 2023 NHS Staff Survey was completed during October and November 2023 with a 53% response rate. This year was the third year that the staff survey was aligned to the themes of the NHS people promise and our first year as a newly merged Trust. Our results can be seen in the table below and include responses from Simply Serve Limited.

The table below highlights the overwhelmingly positive feedback from our people and in every theme the Trust scored higher than the benchmark group average. We are really encouraged that our results have remained so positive despite so many challenges, however the promise of 'we each have a voice that counts' fell slightly compared to the 2022 survey.



The strongest themes for the Trust in 2023 remain the People Promises of:

- We are compassionate and inclusive
- Staff engagement

The element of “we are always learning”, which is made up of the element of appraisals and development, is our lowest ranked and has made a slight improvement on last year's results (5.60 to 5.75). This was on the back of a significant improvement from the 2021 result in 2022.

In last year's report, the people promises of ‘we are safe and healthy’ and ‘morale’ were noted to have significantly lower scores than the 2021 survey. These promises have both increased in score in the 2023 survey.

The staff survey for 2023 was the third to be aligned to the national themes of the people promise, retaining staff engagement and morale themes from staff surveys before 2021. The comparator data against the previous years are shown in the following table:

People Promise Theme	2023		2022		2021		
	SFT Score	Benchmarking Group Score	SFT & YDH Score	Benchmarking Group Score	SFT Score	YDH Score	Benchmarking Group Score
We are compassionate and inclusive	7.54	7.24	7.54	7.2	7.5	7.7	7.1
We are recognised and rewarded	6.32	5.94	6.22	5.7	6.2	6.5	5.8
We each have a voice that counts	7.00	6.70	7.03	6.6	7.0	7.2	6.6
We are safe and healthy	6.34	6.06	6.17	5.9	6.1	6.4	5.9
We are always	5.75	5.61	5.60	5.3	5.2	5.6	5.2



learning							
We work flexibly	6.59	6.20	6.51	6.0	6.4	6.7	5.9
We are a team	7.04	6.75	7.00	6.6	6.9	7.1	6.5
Staff engagement	7.49	6.91	7.15	6.8	7.2	7.3	6.8
Morale	6.25	5.91	6.10	5.7	6.1	6.4	5.7

Score: 0 = low 10 = high

Benchmarking data for previous years is shown below.

Staff Survey Theme	2020			2019			
	SFT Score	YDH Score	Benchmark Group	TST Score	SomPar Score	YDH Score	Benchmark Group
Equality, diversity and inclusion	9.3	9.2	9.1	9.3	9.4	9.3	9.0
Health and wellbeing	6.5	6.9	6.1	6.3	6.3	6.7	5.9
Immediate managers	7.2	7.2	6.8	7.1	7.2	7.4	6.8
Morale	6.6	6.6	6.2	6.6	6.4	6.6	6.1
Quality of appraisals	n/a	n/a	n/a	5.7	5.0	5.9	5.6
Quality of care	7.5	7.7	7.5	7.6	7.3	7.7	7.5
Safe environment – B&H	8.2	8.4	8.1	8.3	8.1	8.3	7.9
Safe environment – violence	9.5	9.3	9.5	9.4	9.5	9.4	9.4
Safety culture	7.0	7.0	6.8	7.0	6.8	7.0	6.7
Staff engagement	7.3	7.4	7.0	7.4	7.2	7.4	7.0
Team working	6.8	6.7	6.5	n/a	6.9	7.0	n/a

Score: 0 = low 10 = high

Future

The People Strategy, released in 2023, provides a clear direction for the people priorities within the Trust and as part of the first year, nine workstream groups were created to drive the initial work forward. The groups are:

1. Violence and aggression
2. Just and restorative culture
3. Digital
4. Leadership capability
5. Engagement
6. Retention
7. Recruitment
8. Future workforce models
9. Strategic workforce planning

The result of the 2023 Staff Survey will support the measures of work within the people strategy as well as providing an opportunity to reflect if any plans need to be recalibrated. Reassuringly, the areas being highlighted are already under focus.



Appraisals remain an area of focus into 2024 and work continues to ensure that the quality of the conversation as well as numbers completed are a priority.

We note that whilst our staff survey scores are encouraging there are still colleagues within our organisation that do not have as positive an experience as others do. Work that has already been started but will continue to develop include:

- aligning the work of people services and network leads, with monthly meetings that are joining up crucial relationships between networks leads and Heads of Service within People Services.
- arrangements for co-design and co-delivery of training between the organisational development team and network members.
- Inclusion colleagues embedding themselves within the HR Advisory and organisational development teams to help create a thread of inclusion throughout the support that is provided to leaders, managers and colleagues.

Freedom to Speak up remains strong as a Trust score however, we recognise improvements can be made and survey data informs us that some colleagues feel less able to speak up than others more notably colleagues aged 51 and over, and colleagues reporting a disability or long-term condition. Further work to understand the barriers to enable improvements in the service are underway and one of the key actions taken is for the Freedom to Speak Up Guardians working alongside the networks and being a member of the group and regular meetings that take place. This work will be incorporated into the engagement workstream that is part of further work emanating from the people strategy. This is looking to provide a listening roadmap to ensure that feedback loops are completed, and the second year of this deliverable will look to operationalise this.

Future Priorities and Targets

The People Strategy 2023 – 2028 is designed around 5 commitments; care for our people, develop our people, compassionate and inclusive leadership, retain and attract talent and learning and transforming. Each commitment has several high-level ambitions which describe the commitment in more detail and is aligned to one or more elements of the NHS People Promise. The purpose of the strategy is to set out the framework for achieving corporate objective 6, Support our colleagues to deliver the best care and support through a compassionate, inclusive and learning culture. The ambitions within the People Strategy support the core focus of improving retention and is supported by the Trust values, Respect, Kindness and Teamwork.

In the first year of the strategy the focus was on nine key deliverables, spanning reducing violence and aggression towards our colleagues, implementing a just and restorative culture for our people polices, creating a People Digital strategy, understand leadership capability and developing plans to support leaders to create an environment where colleagues thrive, development of a listening roadmap, improving talent management, moving to skills based inclusive recruitment practices, developing a resource strategy and improving approaches to workforce planning. It was an ambitious year one, with many of the workstreams continuing into year two of the strategy. In addition to embedding the year one focus, the second year of the strategy will focus on:

- How we ensure healthy working lives for our colleagues where we prioritise their physical and mental health equally, where we create roles where are colleagues thrive and through this support the population of Somerset to life healthy lives.
- Developing packages of support for leaders to ensure they are compassionate, overtly respect and value equity, quality, diversity and inclusion through engaging and empowering their teams.
- How we drive improvement through ensuring decision making is underpinned by evidence and where the research strategy is central to all we do, attracting and retaining colleagues.

Trade Union Disclosures

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

	2023/24
Number of Staff Side Representatives (FTE)	27.25
Percentage of time spend on facility time	10.42%
0%	0
1%-50%	29
51%-99%	2
100%	0
Amount spend on facility time: <ul style="list-style-type: none"> • Total cost of facility time • Total pay bill 	£131,798.75 £707,327,407
Percentage of paid facility time spend on trade union activities calculated as (total cost of facility time/total pay bill) x 100	0.02%

Board Members and/or senior officials with significant financial responsibility

	2023/24
	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".	14



Statement Of the Chief Executive's Responsibilities as the Accounting Officer of Somerset NHS Foundation Trust

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

NHS England has given Accounts Directions which require 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, 25 June 2024



9. ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Somerset NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Somerset NHS Foundation Trust for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

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

The non-executive director who chairs the Audit Committee, supported by the Quality and Governance Assurance Committee, independently reports to the Board with assurance on the appropriateness and effectiveness of risk management and internal control processes. A Quality Assurance Group chaired by the Director of 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 colleagues are clear as to their responsibilities with regard to risk management with communication of the risk management strategy amongst staff. Guidance and training are provided by the Deputy Director of Integrated Governance and the Trust's Risk Managers to all new senior members of staff on the risk management process at Somerset NHS Foundation Trust. Additional on-going training is also provided through supported team one-to-one or group department-led training sessions. The Deputy Director of Integrated Governance and the Trust's Risk Managers meet regularly with risk owners and service leads to ensure all risks on the risk register, and identified risks managed locally within departments, are scored, actioned and reviewed appropriately.


A review of the 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 actions to address the risks to reduce the risk rating to the target level and to meet the risk appetite set. Links to risks on the Corporate Risk Register are included within the BAF to demonstrate the relationship between operational risks to the delivery of the strategic objectives.

During the year, an internal audit report was commissioned to help ensure an effective risk management culture becomes embedded across the Trust, by highlighting areas where processes could be improved. This audit highlighted a number of areas of strength, including the Trust's detailed Risk Management Strategy, the clear risk appetite and risk tolerance statement, the Corporate Risk Register arrangements and the risk management arrangements within the various Service Groups.

Some areas for improvement were identified, of which the Trust was aware and had actions identified to address. These followed on from existing plans to fully integrate risk management processes following the merger of the two legacy organisations. Overall, the audit outlined that structures within the Trust relating to risk management are clearly described and the Trust's risk maturity is 'managed' within continuous improvement and 'defined' across the four domains: governance, risk assessment, risk management, and reporting. This is operating effectively in many areas but to be fully operating as designed it needs to focus on the areas for improvement. The Audit Committee is responsible for overseeing the risk management arrangements within the Trust and receives updates on progress on the identified actions.

Training

Risk management training is completed through various in-house channels at Somerset NHS Foundation Trust; this training is designed to equip staff with the necessary skills to enable them to manage risk effectively. For colleagues who are likely to be risk



owners or services lead, training is provided by the Deputy Director of Integrated Governance or the Trust's Risk Managers. In addition, and to act as a reminder, all members of staff are required to complete mandatory training. This training reflects the essential training needs and includes risk management processes such as fire, health and safety, manual handling, resuscitation, infection control, safeguarding and information governance. Skills and competencies are also assessed for medical device equipment and for blood transfusion to ensure safety in care. E-learning and workbooks support this programme and are provided as the preferred model of training.

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

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

The Risk and Control Framework

The Board of Directors 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 out for consultation with stakeholders and is due to be approved and disseminated throughout the organisation in May 2024.

The Risk Management Strategy applied to Somerset NHS Foundation Trust, with the Trust's subsidiary companies Simply Serve Limited and Symphony Healthcare Services adopting the Somerset NHS Foundation Trust strategy. All risks across these subsidiary entities were managed through the implemented Ulysses Risk Management System during 2023/24. The Deputy Director of Integrated Governance is currently working with the Trust's subsidiary companies to develop separate strategies and policies based on the approved Trust Risk Management Strategy and Risk Management Policy.

During 2023/24 a pre-market engagement exercise was undertaken to award a contract to the successful supplier for the Risk Management System that would be in place across the Trust from April 2024.



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

During 2022/23 the Board of Directors supported by the Deputy Director of Integrated Governance, 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 Trust Board. The risk appetite and risk tolerance statement does not negate the opportunity to potentially take decisions that result in risk-taking that is outside of the risk appetite.

The risk appetite approved in March 2023 was based on the [Good Governance Institute Risk Appetite for NHS Organisations Matrix](#), for the Trust 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	Seek (4)



support through a compassionate, inclusive and learning culture	
Live within our means and use our resources wisely	Financial Management - Open (3) Commercial – Seek (4)
Develop a high performing organisation delivering the vision of the trust	Seek (4)

Continuing risks affecting the organisation

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

Notwithstanding the risks outlined above, the Trust still faces a number of risks continuing into 2024/25, including:

- Risk 2044 – Vacancies and absence rates within senior doctor workforce
- Risk 0004 – Demand
- Risk 0012 – Waiting times
- Risk 0862 – Use of escalation beds across the Trust
- Risk 0960 – Failure to deliver financial plan
- Risk 2192 – Symphony Healthcare Services not becoming financially self-sustaining

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

Principles of Corporate Governance

The Board is satisfied that in 2023/24 Somerset NHS Foundation Trust applied those principles, systems and standards of good corporate governance, which reasonably would be regarded as appropriate for a supplier of healthcare services to the NHS. The Trust had structured governance arrangements in place with clear lines of reporting from “ward to Board” across operational, quality, safety, patient experience and finance, through assurance committees, to the Board.

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

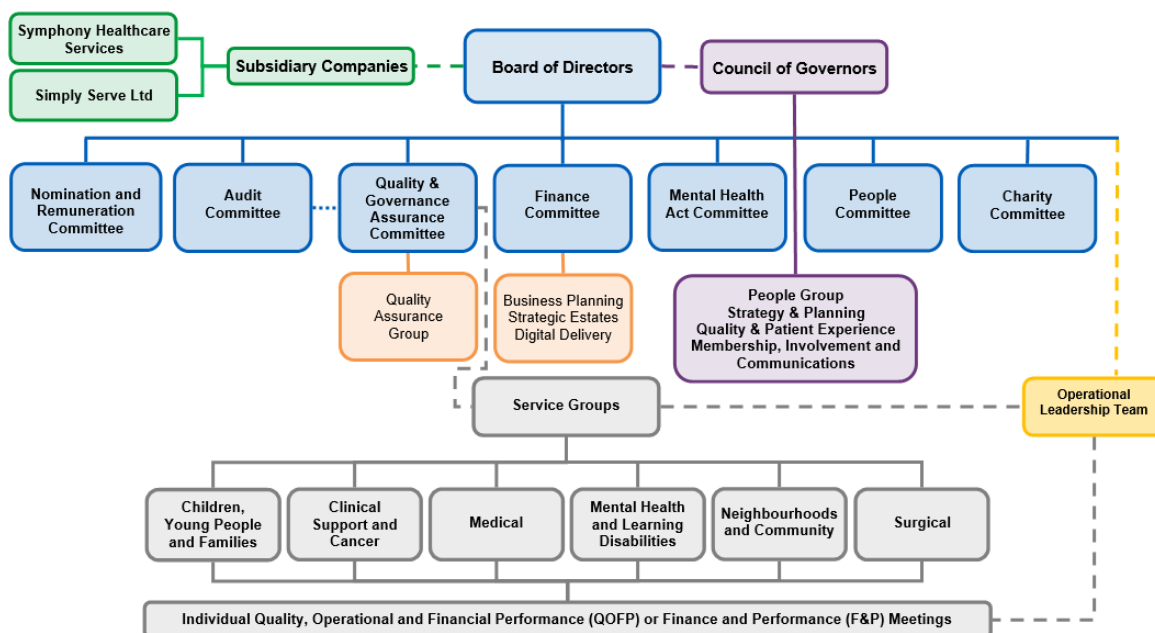
Frameworks.

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

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

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

The Board Governance Structure in place during 2023/24 is shown below:



Version 1.0 – April 2023

Board Assurance Sub-Committees	Service Group Structures	Operational Groups	Sub Committees	Subsidiary Companies
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The **Audit Committee** provides objective assurance to the Board and management as to the adequacy and effectiveness of the organisation’s risk management. The Committee is required to discharge a number of statutory duties and assists the Board with its responsibilities to strengthen and improve the risk management and controls framework. The Audit Committee considers the findings and recommendations of internal and external audit reports, counter fraud reports and monitors the Trust’s Assurance Framework. Membership of the Audit Committee comprises four Non-Executive Directors.

The Board’s sub-committee for quality and patient safety is the **Quality and Governance Assurance Committee (QGAC)**.



The QGAC receives reports covering three areas:

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

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

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

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

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

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

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

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



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

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

The **People Committee** oversees the development and delivery of the People Strategy. The Committee monitors development and performance against the core objectives of the policy relating to colleague engagement; leadership; learning and development and workforce planning. The Committee comprises non-executive directors; the Chief of People and Organisational Development, Deputy Chief People Officer, Chief Operating Officer, Director of Strategy and Digital Development or Director of Corporate Services and the Chief Medical Officer or Chief Nurse. Freedom to Speak Up Guardians; staff governors and staff side representatives also attend the meeting.

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

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

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

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

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



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

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

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

The Board monitors quality through the following processes:

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

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

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

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

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

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

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

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



Public engagement with risk management

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

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

Developing Workforce Safeguards

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

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

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


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

Emergency Preparedness, Resilience and Response

Ahead of the merger a new Resilience Team was formed to lead and guide the Trust on Emergency Preparedness, Resilience and Response (EPRR) and to work closely with partner agencies in Somerset.

The NHS England Core Standards for EPRR are the minimum national standards which NHS organisations must meet in order to meet their legal requirements set as Category One responders under the Civil Contingencies Act. They enable the Trust to co-ordinate its EPRR activities, such as planning, training, exercising and learning from incidents.

The Trust self-assesses its EPRR activities against these standards on an annual basis. This year was therefore the first single assessment against the national standards since our merger in 2023. The previous 2022 assessment rated our legacy organisations as having achieved substantial compliance. The Trust was required to submit its self-assessment against the national core standards to the Somerset Integration Care Board



(ICB) which were discussed and agreed with the ICB at a joint confirm and challenge meeting with the ICB. The assessments set out the 68 core standards divided into ten domains to provide an overall compliance rating. Somerset NHS Foundation Trust achieved full compliance, being assessed as fully compliant against all the core standards.

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

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

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

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

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

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

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

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



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 developed an action plan against the recommendations outlined as part of the review and is able to confirm that all actions identified have been completed.

As described in this report, the Trust was inspected by the Care Quality Commission during 2023/24, where the Trust was issued with a Section 29a notice. This outlined a conclusion that the quality of health care provided by the Trust for maternity services requires significant improvement. The actions taken to address this are outlined on pages 48-50. As a consequence, KPMG identified one significant weakness in the Trust's arrangements in relation to governance. Further information can be found on pages 68-69.

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 2023/24 will be completed in June 2024. It is expected that all mandatory evidence items will be reached, with an assessment status of 'standards exceeded.'



In line with the DSPT reporting tool, 7 incidents were reported to the ICO in 2023/24. The ICO has acknowledged the reported incidents, and no further action has been taken. All incidents are fully investigated; action plans created where appropriate and additional targeted IG training sessions made available. Data security and information governance breaches are reported and monitored through the Data Security and Protection Group, which, in turn, reports to the Quality Assurance Committee.

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

Data Quality and Governance

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

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


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

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

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

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

The metrics include key measures developed with the Trust's principal commissioners, the Somerset Integrated Care Board, to provide them with assurance that the Trust is providing high quality care. Additional measures relating to patient experience are



provided by the monthly assessments that the Trust has established, overseen by the Trust's Quality and Patient Experience Group.


Review of Effectiveness

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

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

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

- The effects of any significant changes in the organisation's objectives, systems, and governance. On 1 April 2023 legacy Somerset NHS FT and legacy Yeovil District Hospital NHS FT merged to form Somerset NHS FT. The Executive Team were already in place as at January 2023, and a merged governance framework (e.g. committees in common) prior to the official merger date. This ensured a successful merger process, and BDO have reported no control issues emerging as a result of the merger. In particular, BDO evidenced a strengthening of the Trust's two subsidiaries governance and oversight arrangements as a result of the merger.
- BDO were directed to a significant number of the audit reviews within the agreed audit plan, defining the scope based on areas of concern where BDO could add value in identifying the root cause of the issue. This has been reflected in the higher proportion of high priority findings in year.
- Two reviews provided substantial assurance for design of controls and operational effectiveness, including Key Financial Systems and Freedom to Speak Up.
- BDO have been able to sign all recommendations as complete from the Symphony Key Financial Systems audit that reported limited assurance in both design and operational effectiveness.

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- BDO have been able to fully sign off all recommendations from three audits completed in year: Symphony Governance, Symphony Key Financial Systems and Research and Development. Good progress has been reported on the remaining audits. All 77 high and medium priority recommendations from the 2022/23 audits have been signed off as complete as at 31 March 2024.
 - All significant recommendations and the consequent risks have been accepted by management.
 - BDO have excellent engagement with the whole Executive team and Trust staff, from audit planning, scoping audit review and follow up of audit recommendations.
 - The Trust's maternity service at Musgrove Park Hospital, Yeovil District Hospital and Bridgwater Community Hospital were inspected in November/December 2023 and the Trust received these reports in May 2024. Both Acute sites were rated as Inadequate and the Community Hospital as Requires Improvement by the CQC, leading to a reduction from Good to Requires Improvement in the Trust's overall rating.
 - Any limitations which may have been placed on the scope of internal audit – no restrictions were placed on their work.
 - The Trust ended the financial year with a small surplus of £23k, a small favourable position compared with the breakeven plan.

Conclusion

I am satisfied that there are systems of internal control are in place and that the culture of risk management is embedded at Somerset NHS Foundation Trust. As described on pages 68-69, one significant weakness was identified in relation to governance, stemming from the Care Quality Commission inspection of maternity services.



Peter Lewis, Chief Executive, 25 June 2024

Somerset NHS Foundation Trust

Annual accounts for the year ended 31 March 2024

Foreword to the accounts

Somerset NHS Foundation Trust

These accounts, for the year ended 31 March 2024, have been prepared by Somerset NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

On 1 April 2023, Somerset NHS Foundation Trust acquired (transfer by absorption) Yeovil District Hospital NHS Foundation Trust and the combined organisation became known as Somerset NHS Foundation Trust.

Somerset NHS Foundation Trust (pre-merger) provided community, mental health and learning disability services to the whole of Somerset and acute hospital services in the North, West and Central Somerset, whilst Yeovil District Hospital NHS Foundation Trust provided acute services to the population of South Somerset, North and West Dorset and parts of Mendip.

These accounts cover 1 April 2023 to 31 March 2024 for services provided by the merged Somerset NHS Foundation Trust. The comparator figures (2022/23) relate only to the services provided by Somerset NHS Foundation Trust (pre-merger).

Signed



Name Peter Lewis
Job title Chief Executive
Date 25 June 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Somerset NHS Foundation Trust (“the Trust”) for the year ended 31 March 2024 which comprise the Group and Trust Statements of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Taxpayers Equity and Group and Trust Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and the Trust as at 31 March 2024 and of the Group’s and the Trust’s income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2024 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we performed procedures to address the risk of management override of controls in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the nature of the funding provided to the Group and the Trust during the year. We therefore assessed that there was limited opportunity for the Group and the Trust to manipulate the income that was reported.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to 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 unexpected account pairings with revenue, expenditure, accruals, borrowings and post close journals.
- For a selection of cash payments and purchase invoices in the period post 31 March 2024, verifying that the expenditure had been recognised in the correct accounting period to which the expenditure related.
- Performing a year on year review of accruals to identify whether the accruals balance at 31 March 2024 is complete.

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

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

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

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

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

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have

properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information in the Annual Report

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

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

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

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 2023/24. 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 2023/24.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 104, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease the services provided by the Group and the Trust or dissolve the Group and the Trust without the transfer of their services to another public sector entity.

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.

Significant Weakness 1 – Governance

During the year to 31 March 2024 the Trust was subject to a CQC inspection of its maternity services.

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

- The lack of clear triage in place at Musgrove Park Hospital to ensure the safety of women, birthing people and babies, which was not included on the relevant maternity risk register;
- The service not having a regular program of audits to ensure the safety and quality of the service is monitored and processes to learn from incidents were not found to be effective;
- Leadership systems were found to be ineffective to improve quality of the service or maintain clear oversight of maternity services to keep women, birthing people and babies safe; and
- The service did not ensure that Policies and Procedures were in place to provide staff with relevant guidance.

In addition to the above, as a result of the maternity inspection, management were also issued with a Section 31 Health and Social Care Act 2008 notice in December 2023. This related to concerns raised as part of the inspection process with regards to the security of the maternity wards at Musgrove Park Hospital. Management was given 48 hours to rectify the issues and this notice has since been withdrawn.

The final CQC report was published in May 2024, with the service being rated as "inadequate".

In response to the CQC report and warning notice, the Trust developed an improvement plan which identified "must-do" and "should do" actions, with reporting of the progress of the plan to both the Quality Committee and Trust Board. Due to the timing of the CQC inspection, many of the remedial actions had not been in place for the whole financial year and a number of actions had not been fully implemented at the year end.

Recommendation:

The following recommendation is raised in respect of the significant weakness above:

- Whilst we recognise the Trust has taken action in response to the warning notice, the timing of the notification means that the Trust has not been able to demonstrate sufficient action within the period. The Trust should continue to maintain the current level of focus and direct resources to improve the levels of service provided by the maternity services at the Trust based on the Section 29A warning notice and the 'Must Do' Actions of the full CQC Report.

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

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure which is unlawful, or is about to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.

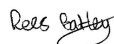
We have nothing to report in this respect.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Somerset NHS Foundation Trust for the year ended 31 March 2024 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

27 June 2024

Consolidated Statement of Comprehensive Income

	Note	Group		Trust	
		2023/24	2022/23	2023/24	2022/23
		£000	£000	£000	£000
Operating income from patient care activities	3	999,065	682,669	962,187	682,669
Other operating income	4	75,555	61,783	80,598	61,783
Operating expenses	6, 8	(1,065,645)	(775,422)	(1,035,506)	(775,422)
Operating surplus/(deficit) from continuing operations		8,975	(30,970)	7,279	(30,970)
Finance income	9	4,598	983	4,176	983
Finance expenses	10	(5,335)	(1,777)	(5,249)	(1,777)
PDC dividends payable		(7,561)	(6,933)	(7,563)	(6,933)
Net finance costs		(8,298)	(7,727)	(8,636)	(7,727)
Other gains / (losses)	11	(282)	249	(282)	249
Share of profit of associates / joint arrangements	19	-	379	-	379
Gains arising from transfers by absorption	38	90,043	-	83,459	-
Corporation tax expense		(347)	-	-	-
Surplus / (deficit) for the year		90,091	(38,069)	81,820	(38,069)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	7	(345)	(29,896)	-	(29,896)
Revaluations	17	-	12,794	-	12,794
Fair value losses on equity instruments designated at fair value through OCI	20	-	(147)	-	(147)
Other reserve movements		1,363	-	-	-
May be reclassified to income and expenditure when certain conditions are met:					
Total comprehensive income / (expense) for the period		91,109	(55,318)	81,820	(55,318)
Surplus/ (deficit) for the period attributable to:					
Non-controlling interest, and		548	-	-	-
Somerset NHS Foundation Trust		89,543	(38,069)	81,820	(38,069)
TOTAL		90,091	(38,069)	81,820	(38,069)
Total comprehensive income/ (expense) for the period attributable to:					
Non-controlling interest, and		548	-	-	-
Somerset NHS Foundation Trust		90,561	(55,318)	81,820	(55,318)
TOTAL		91,109	(55,318)	81,820	(55,318)

The notes on pages 8 to 73 form part of these accounts.

Statements of Financial Position

	Note	Group		Trust	
		31 March	31 March	31 March	31 March
		2024	2023	2024	2023
		£000	£000	£000	£000
Non-current assets					
Intangible assets	12,13	30,963	21,127	30,845	21,127
Property, plant and equipment	14,15	425,266	292,186	394,373	292,186
Right of use assets	18	83,669	25,943	92,852	25,943
Investments in associates and joint ventures	19,21	14	282	14,988	282
Other investments / financial assets	20	14	14	14	14
Receivables	23	2,957	2,369	19,042	2,369
Total non-current assets		542,882	341,921	552,114	341,921
Current assets					
Inventories	22	11,005	7,391	9,172	7,391
Receivables	23	32,013	44,446	27,703	44,446
Non-current assets held for sale	24	466	-	466	-
Cash and cash equivalents	25	76,580	42,510	69,417	42,510
Total current assets		120,065	94,347	106,758	94,347
Current liabilities					
Trade and other payables	26	(110,601)	(94,749)	(107,228)	(94,749)
Borrowings	28	(13,329)	(7,086)	(14,653)	(7,086)
Provisions	29	(7,281)	(1,836)	(5,844)	(1,836)
Other liabilities	27	(16,340)	(8,783)	(16,025)	(8,783)
Total current liabilities		(147,551)	(112,454)	(143,750)	(112,454)
Total assets less current liabilities		515,396	323,814	515,122	323,814
Non-current liabilities					
Borrowings	28	(112,884)	(45,121)	(121,888)	(45,121)
Provisions	29	(3,597)	(2,544)	(3,597)	(2,544)
Other liabilities	27	(1,682)	(1,941)	(1,682)	(1,941)
Total non-current liabilities		(118,163)	(49,606)	(127,167)	(49,606)
Total assets employed		397,233	274,208	387,954	274,208
Financed by					
Public dividend capital		363,753	232,022	363,752	232,022
Revaluation reserve		77,897	60,493	77,573	60,493
Financial assets reserve		(2,472)	(2,472)	(2,471)	(2,472)
Other reserves		(4,441)	-	-	-
Income and expenditure reserve		(38,051)	(15,835)	(50,900)	(15,835)
Non-controlling Interest		548	-	-	-
Total taxpayers' equity		397,233	274,208	387,954	274,208

The notes on pages 8 to 73 form part of these accounts.



Name: Peter Lewis
Position: Chief Executive
Date: 25 June 2024

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

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

Note a

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

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

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

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

The notes on pages 8 to 73 form part of these accounts.

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

Trust	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2023 - brought forward	232,021	60,493	(2,472)	(15,834)	274,208
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	(9,771)	(9,771)
Surplus for the year	-	-	-	81,820	81,820
Transfers by absorption: transfers between reserves (Note a)	83,459	17,154	-	(100,613)	-
Public dividend capital received	41,688	-	-	-	41,688
Other reserve movements (Note a)	6,584	(74)	1	(6,502)	9
Taxpayers' and others' equity at 31 March 2024	363,752	77,573	(2,471)	(50,900)	387,954

Note a

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

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

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

Trust	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2022 - brought forward	212,588	77,595	(2,325)	22,126	309,983
Implementation of IFRS 16 on 1 April 2022	-	-	-	109	109
(Deficit) for the year	-	-	-	(38,069)	(38,069)
Impairments	-	(29,896)	-	-	(29,896)
Revaluations	-	12,794	-	-	12,794
Recycling (losses) on disposal of financial assets mandated at fair value through OCI	-	-	(147)	-	(147)
Public dividend capital received	19,433	-	-	-	19,433
Taxpayers' and others' equity at 31 March 2023	232,021	60,493	(2,472)	(15,834)	274,207

The notes on pages 8 to 73 form part of these accounts.

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Financial assets reserve

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

Merger reserve

This legacy reserve reflects balances formed on previous mergers of NHS bodies.

Other reserve

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

Income and expenditure reserve

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

Non-controlling interest reserve

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

Statements of Cash Flows

	Note	Group		Trust	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Cash flows from operating activities					
Operating surplus / (deficit)		8,975	(30,970)	7,279	(30,970)
Non-cash income and expense:					
Depreciation and amortisation	6.1	37,606	26,777	37,305	26,777
Net impairments	7	-	38,644	-	38,644
Income recognised in respect of capital donations	4	(3,159)	(1,647)	(3,159)	(1,647)
Amortisation of PFI deferred credit		(259)	(259)	(259)	(259)
(Increase) / decrease in receivables and other assets		30,476	(22,671)	37,096	(22,671)
(Increase) / decrease in inventories		(172)	(1,668)	94	(1,668)
Increase / (decrease) in payables and other liabilities		(16,248)	28,020	(19,822)	28,020
Increase / (decrease) in provisions		2,285	683	1,764	683
Tax (paid) / received		(82)	-	-	-
Net cash flows from / (used in) operating activities		59,422	36,909	60,298	36,909
Cash flows from investing activities					
Interest received		4,598	983	4,176	983
Purchase of intangible assets		(11,686)	(5,927)	(11,686)	(5,927)
Purchase of PPE and investment property		(61,209)	(54,099)	(59,228)	(54,099)
Sales of PPE and investment property		-	693	-	693
Receipt of cash donations to purchase assets		2,048	1,193	2,048	1,193
Net cash flows from / (used in) investing activities		(66,249)	(57,157)	(64,690)	(57,157)
Cash flows from financing activities					
Public dividend capital received		41,688	19,433	41,688	19,433
Movement on loans from DHSC		(848)	(848)	(848)	(848)
Movement on other loans		(976)	(893)	(893)	(893)
Capital element of lease liability repayments		(7,598)	(2,964)	(7,272)	(2,964)
Capital element of PFI, LIFT and other service concession payments		(3,085)	(2,060)	(3,085)	(2,060)
Interest on loans		(199)	(217)	(199)	(217)
Interest paid on lease liability repayments		(747)	(277)	(1,712)	(277)
Interest paid on PFI, LIFT and other service concession obligations		(1,457)	(1,281)	(1,457)	(1,281)
PDC dividend (paid) / refunded		(7,759)	(7,757)	(7,759)	(7,757)
Cash flows from (used in) other financing activities		-	893	-	893
Net cash flows from / (used in) financing activities		19,019	4,029	18,463	4,029
Increase / (decrease) in cash and cash equivalents		12,192	(16,219)	14,071	(16,219)
Cash and cash equivalents at 1 April - brought forward		42,510	58,729	42,510	58,729
Cash and cash equivalents transferred under absorption accounting	38	21,878	-	12,836	-
Cash and cash equivalents at 31 March	25	76,580	42,510	69,417	42,510

The notes on pages 8 to 73 form part of these accounts.

Notes to the Accounts

Note 1 Group accounting policies and other information

Note 1.1 Basis of preparation

NHS England has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2023/24 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

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

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

There has been no application to the Secretary of State for Health and Social Care for the dissolution of the Trust and following the preparation of detailed financial plans for 2024/25, no such application is planned.

The Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the next 12 months from the date of signing the accounts (25 June 2024).

Note 1.3 Consolidation

Other subsidiaries

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

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

The Group wholly owns:

Symphony Healthcare Services Ltd which forms part of the consolidated accounts. Symphony Healthcare Services Ltd provides primary care services and turnover for the period ended 31 March 2024 was £35.4m (Period ended 31 March 2023: £29.3m).

Simply Serve Ltd which provides Estates and Facilities services; turnover for the period ended 31 March 2024 was £40.2m (31 March 2023: £36.6m) and forms part of the consolidated accounts.

The Group also owns a 67% share in each of Southwest Pathology Services LLP (SPS LLP), Southwest Path Services LLP (Services LLP) and SPS Facilities LLP (LLP) and is accounted for as full consolidation. The Southwest Pathology Services LLP (SPS LLP), was established to deliver and develop laboratory based pathology services throughout the region. Laboratory processing of tests is carried out by SPS LLP, whilst responsibility for the interpretation of the test results remains with the Trust.; turnover for the period ended 31 March 2024 was £27.3m and forms part of the consolidated accounts. (31 March 2023, the Trust accounted for this by the equity method). The change in accounting treatment is due to the merger with Yeovil District Hospital NHS Foundation Trust (transfer by absorption).

Somerset NHS Charitable Funds is not consolidated into the SFT Group Accounts on the grounds of materiality.

Note 1.4 Revenue from contracts with customers

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

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

In 2023/24, the Trust has accrued the £397k funding received from NHS England associated with the consultant pay award.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care Board (IC) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to Trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts (API) form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

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

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by the Trust at a rate of 75% of the tariff price.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

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

Elective recovery funding provides additional funding to Integrated Care Boards to fund the commissioning of elective services within their systems. In 2023/24, Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the Trust contributes to system performance and therefore the availability of funding to the Trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

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

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

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

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

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

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual using Build Cost Information published by the RICS Building Cost Information Service. During 2023/24, a desktop valuation exercise to update the latest carrying values as at 31 March 2024 was undertaken by Cushman & Wakefield DTZ. The last full valuation took place as at 31 March 2023.

No revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements (net impairments to operating surplus (£320k) and net impairments to revaluation reserve £2,032k). The impairment above relates to corrections to previously impaired assets in 2022/23 in the YDH Group accounts.

A 1% change in the valuation would have a £2.3m impact on the Statement Of Financial Position (2022/23: £1.8m) with a £40k change on the PDC dividend due to be paid next year (2022/23: £32k).

Value of land, buildings and dwellings £227,439,000 (2022/23 £177,178,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer; Cushman & Wakefield with extensive knowledge of the physical estate and market factors. No revaluation was booked in the Accounts in March 2024 as management decided it was not material to the financial statements.

The key judgements driving Land, buildings and dwellings valuations are:

- Building cost index reduction;
- Increased obsolescence factors, ventilation health regulation in healthcare patient flow areas;
- Updated MEA,

Of the £227m net book value of land, buildings and dwellings subject to valuation (2022/23: £177m), £217m relates to specialised assets valued on a depreciated replacement cost basis (2022/23: £173 m). Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

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

De-recognition

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

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

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

Donated and grant funded assets

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

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

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

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement Of Financial Position' by the Trust. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.

Initial recognition

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

Subsequent measurement

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

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

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

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

Initial application of IFRS 16 liability measurement principles to PFI and LIFT liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis has been applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

Comparatives for PFI, LIFT and other service concession arrangement liabilities have not been restated on an IFRS 16 basis, as required by the DHSC Group Accounting Manual. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate. The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as incurred.

Useful lives of property, plant and equipment

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

	Min life	Max life
	Years	Years
Buildings, excluding dwellings	36	76
Dwellings	55	58
Plant & machinery	2	20
Transport equipment	3	10
Information technology	3	30
Furniture & fittings	3	15

Symphony Healthcare Services buildings range from 1 to 50 years and Furniture & Fittings 5 to 10 Years.

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	2	10

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method [or] the weighted average cost method.

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

Note 1.12 Cash and cash equivalents

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

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

Note 1.13 Financial assets and financial liabilities**Recognition**

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

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

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

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

Financial assets and Financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets measured at fair value through other comprehensive income

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

Impairment of financial assets

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

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

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

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

Derecognition

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

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

Note 1.14 Leases

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

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

The Trust as a lessee

Recognition and initial measurement

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

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

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

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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

Subsequent measurement

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

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

The Trust as a lessor

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

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

Finance leases

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

Operating leases

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

Initial application of IFRS 16 in 2022/23

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

The standard was 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 were only 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 were not revisited.

The Trust as lessee

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

No adjustments were 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 had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Trust as lessor

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

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement Of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2024:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
	Exceeding 40 years	4.40%	3.00%

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 2024:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (prior year: 1.70%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 29.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 30 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 30, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 1.17 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State for Health and Social Care can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

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

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

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

Note 1.18 Value added tax

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

Note 1.19 Corporation tax

The Trust does not have a corporation tax liability for the year 2023/24. Tax may be payable on activities as described below:

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

Within the reporting group of Somerset NHS Foundation Trust subsidiary companies will have a corporation tax liability for 2023/24 financial year.

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

Note 1.20 Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement Of Financial Position date:

- Monetary items are translated at the spot exchange rate on 31 March;
- Non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and;
- Non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement Of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.21 Climate change levy

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

Note 1.22 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.23 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Transfers of functions to other NHS bodies

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

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

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

Note 1.26 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 18 was issued in April 2024 and applies to periods beginning on or after 1 January 2027. The standard has not yet been adopted by FRAB for inclusion within the FREM and therefore it is not yet possible to confirm how this will impact on the Trust accounts in the future.

Note 1.28 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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

It should be noted that while management must make judgements in relation to applying the recognition of balance sheet items (trade payables; provisions, deferred and accrued income) these are not considered significant judgements.

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

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

Land, buildings and dwellings

Value of land, buildings and dwellings £227,439,000 (2022/23 £177,178,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer; Cushman & Wakefield with extensive knowledge of the physical estate and market factors. No revaluation was booked in the Accounts in March 2024 as management decided it was not material to the financial statements.

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

The majority of the Trusts estate is considered to be specialised assets as there is no open market for an acute, community and mental health facilities . The modern equivalent asset valuation is based on the assumption that a replacement facilities would be built on alternative site, within the surrounding area of Somerset.

The model is owned by the Trust and we are able to adjust where events occur during 2023/24 and beyond. There are currently three MEA models, one 3 hub model for community and mental health, a model at Musgrove Park Hospital and another model at Yeovil District Hospital.

The key judgements driving Land, buildings and dwellings valuations are:

- Building cost index reduction;
- Increased obsolescence factors, ventilation health regulation in healthcare patient flow areas;
- Updated MEA,

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

Note 2 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions. The Somerset NHS Foundation Trust is managed by the Board of Directors, which is made up of both Executive and Non-Executive Directors. The Board is responsible for strategically and operationally leading the work of the Trust. The Non-Executive Directors bring external expertise to the organisation and provide advice and guidance to the Executive Directors. The Executive Directors take care of the day to day running of the Trust.

The Board is therefore considered to be the Chief Operating Decision Maker (CODM) of the Trust.

The monthly financial information presented to the Board includes a Trust level Statement of Comprehensive Income, a Statement Of Financial Position, a Statement of Cash flows and a number of other financial indicators including, capital expenditure, performance against cost improvement plans, agency spend and debt analysis. The segmental expenditure data is included by way of a separate note reporting achievement against planned expenditure inclusive of any service group specific income and highlighting any variances. It is acknowledged that the analysis of figures included below is different to that used for the remainder of the financial statements. The detail includes current budget and year to date data, in each case comparing actual data to plan. The commentary also includes the service group's contribution to Trust wide initiatives, such as cost improvement programmes. Other information reported to the Board is specifically analysed for its purpose, for example Trust pay spend against budget analysed by employee groups and income stream expectations by type (NHS Clinical, non NHS etc) compared to actual achieved. Information such as delivery of the savings plan is a Trust wide position paper but detailed into the areas tasked with implementing savings.

The Trust has used three key factors in its identification of its reportable operating segments. The key factors are that the reportable operating segment:

- a) Engages in activities from which it earns revenues and incurs expenses;
- b) Reports financial results which are regularly reviewed by the Trust's Board of Directors to make decisions about allocation of resources to the segment and to assess its performance; and
- c) Has discrete financial information.

The Trust's reportable segments and services provided are:

Medical Services

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

Surgical Services

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

Clinical Support and Cancer Services

The services provided by this operating segment include the dedicated Cancer Centre, Haematology & Oncology, Pharmacy, Therapies, Pathology, Imaging, Speech and Language Therapy and other diagnostic testing.

Corporate Support Services

This segment provides corporate management for the Trust and includes the administrative aspects of governance and professional management of all clinical staff, the Trust Board, Finance, Information and IT, People Services, Organisational Development, Performance Management, Operational Management, Education and Training, central clinical functions of operational managers, clinical site managers, discharge coordination, patient transport and winter response actions. It also includes the centralised estates and facilities along with subsidiaries.

Children & Young People and Families Services

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

Mental Health and Learning Disabilities services

The services provided by this operating segment include inpatient services for adult acute including Psychiatric Intensive Care Unit (PICU), Section 136 health based places of safety; rehabilitation and older peoples mental health inpatient, commissioned inpatient services of low secure and CAMHS Tier 4; Home Treatment/Crisis services; Perinatal; Psychiatric Liaison; Community mental health services including open mental health working in collaboration with voluntary VSC; forensic liaison services; Assertive Outreach; Talking Therapies and Learning Disability services.

Neighbourhoods Services

The services provided by this operating segment include District Nursing & Rehab services, provision of dementia and older peoples mental health services, Intermediate Care Model, Community Hospitals and the newly created Virtual Wards which include respiratory, frailty, rapid response and digital.

Note 2 Operating Segments (cont-d)

The table below summarises details reported to the Board

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Operating Income	874,061	661,001	874,061	661,001
Total Corporate Income	874,061	661,001	874,061	661,001
Expenditure less sundry income				
Neighbourhoods Services	(96,759)	(76,177)	(96,763)	(76,177)
Children, Young People and Families Services	(81,465)	(55,866)	(81,036)	(55,866)
Mental Health and Learning Disability Services	(76,559)	(71,928)	(76,559)	(71,928)
Medical Services	(154,116)	(91,586)	(153,121)	(91,586)
Surgical Services	(182,093)	(120,098)	(176,593)	(120,098)
Clinical Support and Cancer Services	(123,992)	(96,137)	(147,978)	(96,137)
TOTAL OPERATING SERVICE GROUPS	(714,984)	(511,792)	(732,050)	(511,792)
Corporate Support Services	(150,102)	(180,179)	(134,732)	(180,179)
TOTAL OTHER SERVICES	(150,102)	(180,179)	(134,732)	(180,179)
Total Operating Expenditure	(865,086)	(691,971)	(866,782)	(691,971)
Trust EBITDA	8,975	(30,970)	7,279	(30,970)
Net Finance Costs	(8,927)	(7,099)	(8,918)	(7,099)
Gains arising from transfers by absorption	90,043	-	83,459	-
(Deficit)/Surplus for the year from continuing operations	90,091	(38,069)	81,820	(38,069)

Remove Capital Donations/grants I&E impact	(1,951)	(575)	(1,951)	(575)
Remove Impairments	-	38,644	-	38,644
Remove net impact of consumables	242	-	242	-
IFRIC 12 Finance Costs/forecast interest on IAS17 basis	2,089	-	2,089	-
Remove PDC dividend benefit arising from PFI liability remeasurement	(404)	-	(404)	-
Performance on a control total basis	90,067	-	81,796	-

Other comprehensive income

Will not be reclassified to income and expenditure:

Impairments	(345)	(29,896)	-	(29,896)
Revaluations	-	12,794	-	12,794
Fair value (losses) on equity instruments designated at fair value through OCI	-	(147)	-	(147)
Other reserve movements	1,078	-	-	-
Total comprehensive income / (expense) for the period	90,824	(55,318)	81,820	(55,318)

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	Group		Trust	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Acute services				
Income from commissioners under API contracts - variable element*	110,164	-	110,164	-
Income from commissioners under API contracts - fixed element*	496,306	353,911	496,306	353,911
High cost drugs income from commissioners	59,651	40,895	59,651	40,895
Mental health services				
Income from commissioners under API contracts*	97,065	93,207	97,065	93,207
Services delivered under a mental health collaborative	8,606	9,202	7,841	9,202
Community services				
Income from commissioners under API contracts*	116,470	114,552	116,470	114,552
Income from other sources (e.g. local authorities)	32,440	14,220	32,440	14,220
All services				
Private patient income	7,762	2,339	7,762	2,339
Elective recovery fund	-	8,811	-	8,811
National pay award central funding**	397	17,784	397	17,784
Additional pension contribution central funding***	26,938	19,235	26,938	19,235
Other clinical income	43,266	8,513	7,153	8,513
Total income from activities	999,065	682,669	962,187	682,669

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

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

** Additional funding was made available by NHS England in 2023/24 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024.

2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31 March 2023.

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

Note 3.2 Income from patient care activities (by source)

Note 3.2 Income from patient care activities (by source)	Group		Trust	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Income from patient care activities received from:				
NHS England	123,020	126,734	100,917	126,734
Clinical commissioning groups	-	125,255	-	125,255
Integrated Care Boards	813,644	398,313	780,766	398,313
Department of Health and Social Care	-	2	-	2
Other NHS providers	10,249	10,279	9,527	10,279
NHS other	426	-	3,023	-
Local Authorities	32,440	14,851	32,440	14,851
Non-NHS: private patients	7,762	2,339	7,762	2,339
Non-NHS: overseas patients (chargeable to patient)	136	148	21	148
Injury cost recovery scheme	849	1,273	793	1,273
Non NHS: other	10,539	3,475	-	3,475
Total income from activities	999,065	682,669	935,249	682,669
Of which:				
Related to continuing operations	999,065	682,669	935,249	682,669

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

	2023/24	2022/23
	£000	£000
Income recognised this year	136	148
Cash payments received in-year	110	57
Amounts written off in-year	26	-

Note 4 Other operating income	Group					
	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,518	-	3,518	2,974	-	2,974
Education and training	45,759	-	45,759	29,399	-	29,399
Non-patient care services to other bodies	14,551	-	14,551	15,508	-	15,508
Reimbursement and top up funding	-	-	-	4,897	-	4,897
Income in respect of employee benefits accounted on a gross basis	1,507	-	1,507	2,201	-	2,201
Receipt of capital grants and donations and peppercorn leases	-	3,159	3,159	-	1,647	1,647
Charitable and other contributions to expenditure	-	234	234	-	1,105	1,105
Revenue from operating leases	-	379	379	-	325	325
Amortisation of PFI deferred credits	-	259	259	-	259	259
Other income (Note a)	6,188	1	6,189	3,468	-	3,468
Total other operating income	71,523	4,032	75,555	58,447	3,336	61,783
Of which:						
Related to continuing operations			75,555			61,783

Note a

Other income includes £1.6m car parking income, £1.1m catering income, £1.8m staff accommodation rental and £0.2m pharmacy sales. (2022/23; £1.0m merger management and service charge to YDH, £0.9m Somerset County Council Mental Health Rethink funding, £0.3m private patient and £0.2m Cancer services income).

Note 4 Other operating income	Trust					
	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,518	-	3,518	2,974	-	2,974
Education and training	45,759	-	45,759	29,399	-	29,399
Non-patient care services to other bodies	14,287	-	14,287	15,508	-	15,508
Reimbursement and top up funding	-	-	-	4,897	-	4,897
Income in respect of employee benefits accounted on a gross basis	1,508	-	1,508	2,201	-	2,201
Receipt of capital grants and donations and peppercorn leases	-	3,159	3,159	-	1,647	1,647
Charitable and other contributions to expenditure	-	234	234	-	1,105	1,105
Support from the Department of Health and Social Care for mergers	-	-	-	-	-	-
Revenue from finance leases	-	-	-	-	-	-
Revenue from operating leases	-	379	379	-	325	325
Amortisation of PFI deferred income / credits	-	259	259	-	259	259
Charitable fund incoming resources	-	-	-	-	-	-
Other income (Note a)	11,495	-	11,495	3,468	-	3,468
Total other operating income	76,567	4,031	80,598	58,447	3,336	61,783
Of which:						
Related to continuing operations			80,598			61,783

Note a

Other income includes £5.3m pharmacy sales, £1.8m staff accommodation rental, £1.6m car parking income, £1.1m international recruitment, £0.7m SSL recharge and £0.2m catering income; (2022/23; £1.0m merger management and service charge to YDH, £0.9m Somerset County Council Mental Health Rethink funding, £0.3m private patient and £0.2m Cancer services income).

Note 4.1 Income from activities arising from commissioner requested services

The Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Income from services designated as commissioner requested services	984,053	660,042	926,673	660,042
Income from services not designated as commissioner requested services	90,567	84,410	116,112	84,410
Total	1,074,620	744,452	1,042,785	744,452

Note 4.2 Profits and losses on disposal of property, plant and equipment

During 20223/24, there were no gains on disposal of assets.

(During 2022/23, the gain on disposal related to building and equipment disposals. Two buildings were sold (held within "Assets held for sale"):

Building 1, not fit for purpose and the service reinstated elsewhere within Somerset: proceeds £199,000, cost of sale £5,000, net book value £15,000 with a gain on disposal of £179,000.

Building 2, not fit for purpose with a replacement building purchased: proceeds £114,000, net book value £76,000 with a gain on disposal of £38,000.

Telephony equipment sold back to the manufacturer: proceeds £114,000, net book value £76,000 with a gain on disposal £38,000.

Note 5 Operating leases - Somerset NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where Somerset NHS Foundation Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 5.1 Operating leases income (Group & Trust)

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	379	-
Variable lease receipts / contingent rents	-	325
Total in-year operating lease income	379	325

Note 5.2 Future lease receipts (Group & Trust)

	31 March	31 March
	2024	2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	379	325
Total	379	325

Note 6.1 Operating expenses

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	33	1,353	21	1,353
Purchase of healthcare from non-NHS and non-DHSC bodies	16,031	28,301	48,696	28,301
Staff and executive directors costs	723,488	508,976	689,679	508,976
Remuneration of non-executive directors	190	115	190	115
Supplies and services - clinical (excluding drugs costs)	73,717	39,484	75,350	39,484
Supplies and services - general	37,068	24,100	29,262	24,100
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	84,906	48,137	76,523	48,137
Consultancy costs	70	298	42	298
Establishment	14,391	9,477	12,411	9,477
Premises	27,854	16,139	20,602	16,139
Transport (including patient travel)	2,151	1,811	2,014	1,811
Depreciation on property, plant and equipment and ROU assets	30,024	21,638	28,345	21,638
Amortisation on intangible assets	7,582	5,139	7,531	5,139
Net impairments	-	38,644	-	38,644
Movement in credit loss allowance: contract receivables / contract assets	(116)	30	(116)	30
Movement in credit loss allowance: all other receivables and investments	769	190	769	190
Increase/(decrease) in other provisions	3,459	-	3,459	-
Change in provisions discount rate(s)	(389)	(405)	(389)	(405)
Fees payable to the external auditor				
audit services- statutory audit	237	139	198	139
Internal audit costs	184	101	184	101
Clinical negligence	19,619	13,933	19,619	13,933
Legal fees	1,200	713	1,089	713
Insurance	1,033	529	758	529
Research and development	6	-	-	-
Education and training	3,102	2,474	2,950	2,474
Expenditure on short term leases	1,197	396	1,221	396
Redundancy	1,006	654	943	654
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	4,476	3,558	4,476	3,558
Car parking & security	335	247	335	247
Hospitality	31	30	31	30
Losses, ex gratia & special payments	178	541	178	541
Subscriptions	550	393	550	393
Interpreting costs	777	562	777	562
Other (Note a)	10,486	7,725	7,808	7,725
Total	1,065,645	775,422	1,035,506	775,422
Of which:				
Related to continuing operations	1,065,645	775,422	1,035,506	775,422

Note a (Group)

Other expenditure includes £3.2m Mental Health Investment (2022/23: £3.3m), £3.0m Discharge to Assess intermediate care (2022/23: £1.7m), £1.1m of Surgical services for the Independent Sector (2022/23: £0.8m), £0.7m Homefirst, (2022/23: £0.8m), £0.8m Staff occupational health (2022/23: £0.5m), £0.2m health research (2022/23: £0.5m), and £0.4m Nuclear medicine services recharge from University Hospital Bristol & Weston (2022/23: £0.3m).

Note a (Trust)

Other expenditure includes £3.2m Mental Health Investment (2022/23: £3.3m), £3.0m Discharge to Assess intermediate care (2022/23: £1.7m).

Note 6.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1 million (2022/23: £1 million).

Note 7 Impairment of assets (Group)

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	-	38,644
Total net impairments charged to operating surplus / deficit	-	38,644
Impairments charged to the revaluation reserve	345	29,896
Total net impairments	345	68,540

During 2023/24; no revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements (net impairments to operating surplus (£320k) and net impairments to revaluation reserve £2,032k). The impairment above relates to corrections to previously impaired assets in 2022/23 in the YDH Group accounts.

In 2022/23, the Trust's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2023. The Trust's specialised buildings and associated land were valued using the depreciated replacement cost method, based upon provision of a modern equivalent asset (MEA). The Changes in Market price £38,644k) was amended to draw out the MEA changes, there are currently three MEA models, one 3 hub model for community and mental health, a model at Musgrove Park Hospital and another model at Yeovil District Hospital.

Note 8 Employee benefits

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	Total	Total	Total	Total
	£000	£000	£000	£000
Salaries and wages	495,696	358,466	475,941	358,466
Social security costs	60,726	38,026	55,671	38,026
Apprenticeship levy	2,531	1,795	2,209	1,795
Employer's contributions to NHS pensions *	93,155	63,451	88,369	63,451
Pension cost - other	2,496	-	151	-
Termination benefits	1,006	-	943	-
Temporary staff (including agency)	74,304	51,847	67,338	51,847
Total staff costs	729,914	513,585	690,622	513,585
Of which				
Costs capitalised as part of assets	5,420	3,955	5,390	3,955

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

Note 8.1 Retirements due to ill-health (Group)

During 2023/24 there were 12 early retirements from the Trust agreed on the grounds of ill-health (13 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £1,175k (£497k in 2022/23).

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

Note 9 Finance income

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

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Interest on bank accounts	3,720	983	3,298	983
Interest on other investments / financial assets	878	-	878	-
Total finance income	4,598	983	4,176	983

Note 10.1 Finance expenditure

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

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Interest expense:				
Interest on loans from the Department of Health and Social Care	125	145	125	145
Interest on other loans	35	103	338	103
Interest on lease obligations	747	277	438	277
Finance costs on PFI, LIFT and other service concession arrangements:				
Main finance costs	1,457	1,281	1,457	1,281
Remeasurement of the liability resulting from change in index or rate*	3,225	-	3,225	-
Total interest expense	5,589	1,806	5,583	1,806
Unwinding of discount on provisions	(334)	(29)	(334)	(29)
Other finance costs	80	-	0	-
Total finance costs	5,335	1,777	5,249	1,777

* From 1 April 2023, IFRS 16 liability measurement principles are applied to PFI, LIFT and other service concession liabilities. Increases to imputed lease payments arising from inflationary uplifts are now included in the liability, and contingent rent no longer arises. More information is provided in Note 34.

Note 11 Other (losses)/gains

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Gains on disposal of assets (Note a)	-	249	-	249
Total gains / (losses) on disposal of assets	-	249	-	249
Other (losses) (Note b)	(282)	-	(282)	-
Total other gains / (losses)	(282)	249	(282)	249

Note a

During 2022/23, there were no gains on disposal of assets.

(During 2022/23, the gain on disposal related to building and equipment disposals. Two buildings were sold (held within "Assets held for sale")):

Building 1, not fit for purpose and the service reinstated elsewhere within Somerset: proceeds £199,000, cost of sale £5,000, net book value £15,000 with a gain on disposal of £179,000.

Building 2, not fit for purpose with a replacement building purchased: proceeds £114,000, net book value £76,000 with a gain on disposal of £38,000.

Telephony equipment sold back to the manufacturer: proceeds £114,000, net book value £76,000 with a gain on disposal £38,000.

Note b

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

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

Note 12 Intangible assets - 2023/24

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

Note 12.1 Intangible assets - 2022/23

Group	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - as previously stated	33,238	5,175	38,413
Additions	4	5,923	5,927
Reclassifications	1,060	(1,060)	-
Valuation / gross cost at 31 March 2023	34,302	10,038	44,340
Amortisation at 1 April 2022 - as previously stated	18,074	-	18,074
Provided during the year	5,139	-	5,139
Amortisation at 31 March 2023	23,213	-	23,213
Net book value at 31 March 2023	11,089	10,038	21,127
Net book value at 1 April 2022	15,164	5,175	20,339

Note 13 Intangible assets - 2023/24

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

Note 13.1 Intangible assets - 2022/23

Trust	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - as previously stated	33,238	5,175	38,413
Additions	4	5,923	5,927
Reclassifications	1,060	(1,060)	-
Valuation / gross cost at 31 March 2023	34,302	10,038	44,340
Amortisation at 1 April 2022 - as previously stated	18,074	-	18,074
Provided during the year	5,139	-	5,139
Amortisation at 31 March 2023	23,213	-	23,213
Net book value at 31 March 2023	11,089	10,038	21,127
Net book value at 1 April 2022	15,164	5,175	20,339

Note 14 Property, plant and equipment - 2023/24

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2023 - brought forward	7,428	164,617	5,496	73,555	85,399	116	28,057	7,301	371,968
Transfers by absorption	2,319	56,439	2,231	24,833	30,214	10	4,942	1,694	122,682
Additions	-	8,229	16	45,078	12,505	-	1,776	378	67,982
Impairments (Note a)	(51)	(164)	-	-	-	(2)	(128)	-	(345)
Reclassifications (Note b)	-	3,940	-	(13,631)	5,464	-	2,636	162	(1,429)
Transfers to / from assets held for sale	(141)	-	(329)	-	-	-	-	-	(470)
Valuation/gross cost at 31 March 2024	9,555	233,061	7,414	129,836	133,582	124	37,283	9,535	560,389
Accumulated depreciation at 1 April 2023 - brought forward	-	360	3	-	50,752	74	22,484	6,112	79,784
Transfers by absorption	-	10,177	719	-	18,819	7	2,993	978	33,693
Provided during the year	-	7,282	266	-	10,612	11	2,915	564	21,650
Transfers to / from assets held for sale	-	-	(4)	-	-	-	-	-	(4)
Accumulated depreciation at 31 March 2024	-	17,819	984	-	80,183	92	28,392	7,654	135,123
Net book value at 31 March 2024	9,555	215,243	6,430	129,836	53,399	32	8,891	1,881	425,266
Net book value at 1 April 2023	7,428	164,257	5,493	73,555	34,647	42	5,573	1,189	292,185

Note a

During 2023/24; no revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements (net impairments to operating surplus (£320k) and net impairments to revaluation reserve £2,032k). The impairment above relates to corrections to previously impaired assets in 2022/23 in the YDH Group accounts.

Note 14.1 Property, plant and equipment - 2022/23

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2022 - as previously stated	13,301	194,531	5,457	63,582	81,564	116	27,300	7,301	393,152
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	(218)	-	-	-	(218)
Additions	-	599	-	38,310	3,646	-	-	-	42,555
Impairments	(6,221)	(73,113)	(268)	-	-	-	-	-	(79,602)
Reversals of impairments	266	8,505	-	-	-	-	-	-	8,771
Revaluations	184	7,168	459	-	-	-	-	-	7,811
Reclassifications	-	26,927	103	(28,337)	550	-	757	-	-
Transfers to / from assets held for sale	(103)	-	(255)	-	-	-	-	-	(358)
Disposals / derecognition	-	-	-	-	(143)	-	-	-	(143)
Valuation/gross cost at 31 March 2023	7,428	164,617	5,496	73,555	85,399	116	28,057	7,301	371,971
Accumulated depreciation at 1 April 2022 - as previously stated	-	9	3	-	44,337	63	19,593	5,254	69,258
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	(145)	-	-	-	(145)
Provided during the year	-	7,393	234	-	6,627	11	2,891	858	18,014
Impairments	-	(1,887)	(56)	-	-	-	-	-	(1,943)
Reversals of impairments	-	(355)	-	-	-	-	-	-	(355)
Revaluations	-	(4,800)	(176)	-	-	-	-	-	(4,976)
Transfers to / from assets held for sale	-	-	(2)	-	-	-	-	-	(2)
Disposals / derecognition	-	-	-	-	(67)	-	-	-	(67)
Accumulated depreciation at 31 March 2023	-	360	3	-	50,752	74	22,484	6,112	79,785
Net book value at 31 March 2023	7,428	164,257	5,493	73,555	34,647	42	5,573	1,189	292,182
Net book value at 1 April 2022	13,301	194,522	5,454	63,582	37,227	53	7,707	2,047	323,891

Note 14.2 Property, plant and equipment financing - 31 March 2024

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	9,554	192,542	6,430	119,194	37,907	25	8,890	1,650	376,191
On-SoFP PFI contracts and other service concession arrangements	-	16,594	-	-	10,375	-	-	-	26,969
Owned - donated/granted	-	6,105	-	10,647	5,117	6	-	231	22,106
NBV total at 31 March 2024	9,554	215,241	6,430	129,841	53,399	31	8,890	1,881	425,266

Note 14.3 Property, plant and equipment financing - 31 March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	7,427	138,654	5,493	73,560	25,647	41	5,572	981	257,375
On-SoFP PFI contracts and other service concession arrangements	-	18,720	-	-	5,934	-	-	-	24,654
Owned - donated/granted	-	6,881	-	-	3,066	-	-	208	10,157
NBV total at 31 March 2023	7,427	164,255	5,493	73,560	34,647	41	5,572	1,191	292,186

Note 14.4 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	-	-	-	-	-	-	-	-
Not subject to an operating lease	9,554	215,241	6,430	129,841	53,399	31	8,890	1,881	425,266
NBV total at 31 March 2024	9,554	215,241	6,430	129,841	53,399	31	8,890	1,881	425,266

Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	1,666	-	-	-	-	-	-	1,666
Not subject to an operating lease	7,427	162,589	5,493	73,560	34,647	41	5,572	1,191	290,521
NBV total at 31 March 2023	7,427	164,255	5,493	73,560	34,647	41	5,572	1,191	292,187

Note 15 Property, plant and equipment - 2023/24

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2023 - brought forward	7,428	164,617	5,496	73,555	85,399	116	28,057	7,301	371,969
Transfers by absorption	2,078	18,435	1,630	25,801	17,590	-	2,834	628	68,996
Additions	-	8,293	17	44,968	12,224	-	1,767	228	67,497
Reclassifications (Note a)	(1,120)	3,822	(119)	(14,351)	1,611	1	2,407	(166)	(7,915)
Transfers to / from assets held for sale	(141)	-	(329)	-	-	-	-	-	(470)
Valuation/gross cost at 31 March 2024	8,245	195,167	6,695	129,973	116,824	117	35,065	7,991	500,077
Accumulated depreciation at 1 April 2023 - brought forward	-	360	3	-	50,752	74	22,484	6,112	79,784
Transfers by absorption	-	8	118	-	6,321	-	1,447	365	8,259
Provided during the year	-	6,293	266	-	10,465	10	2,884	427	20,345
Reclassifications	-	(12)	(121)	-	(2,070)	2	(227)	(252)	(2,680)
Transfers to / from assets held for sale	-	-	(4)	-	-	-	-	-	(4)
Accumulated depreciation at 31 March 2024	-	6,649	262	-	65,468	86	26,588	6,652	105,704
Net book value at 31 March 2024	8,245	188,518	6,433	129,973	51,356	31	8,477	1,339	394,373
Net book value at 1 April 2023	7,428	164,257	5,493	73,555	34,647	42	5,573	1,189	292,185

Note a

Reclassifications within PPE in year and reclassifications between PPE and ROU for the Trust sale and leaseback assets.

During 2023/24; no revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements (net impairments to operating surplus (£320k) and net impairments to revaluation reserve £2,032k). The impairment above relates to corrections to previously impaired assets in 2022/23 in the YDH Group accounts.

Note 15.1 Property, plant and equipment - 2022/23

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2022 - as previously stated	13,301	194,531	5,457	63,582	81,564	116	27,300	7,301	393,152
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	-	-	-	-	(218)	-	-	-	(218)
Additions	-	599	-	38,310	3,646	-	-	-	42,555
Impairments	(6,221)	(73,113)	(268)	-	-	-	-	-	(79,602)
Reversals of impairments	266	8,505	-	-	-	-	-	-	8,771
Revaluations	184	7,168	459	-	-	-	-	-	7,811
Reclassifications	-	26,927	103	(28,337)	550	-	757	-	-
Transfers to / from assets held for sale	(103)	-	(255)	-	-	-	-	-	(358)
Disposals / derecognition	-	-	-	-	(143)	-	-	-	(143)
Valuation/gross cost at 31 March 2023	7,428	164,617	5,496	73,555	85,399	116	28,057	7,301	371,971
Accumulated depreciation at 1 April 2022 - as previously stated	-	9	3	-	44,337	63	19,593	5,254	69,259
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	-	-	-	-	(145)	-	-	-	(145)
Provided during the year	-	7,393	234	-	6,627	11	2,891	858	18,014
Impairments	-	(1,887)	(56)	-	-	-	-	-	(1,943)
Reversals of impairments	-	(355)	-	-	-	-	-	-	(355)
Revaluations	-	(4,800)	(176)	-	-	-	-	-	(4,976)
Transfers to / from assets held for sale	-	-	(2)	-	-	-	-	-	(2)
Disposals / derecognition	-	-	-	-	(67)	-	-	-	(67)
Accumulated depreciation at 31 March 2023	-	360	3	-	50,752	74	22,484	6,112	79,785
Net book value at 31 March 2023	7,428	164,257	5,493	73,555	34,647	42	5,573	1,189	292,186
Net book value at 1 April 2022	13,301	194,522	5,454	63,582	37,227	53	7,707	2,047	323,891

Note 15.2 Property, plant and equipment financing - 31 March 2024

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	8,245	165,819	6,433	119,326	35,864	25	8,477	1,108	345,298
On-SoFP PFI contracts and other service concession arrangements	-	16,594	-	-	10,375	-	-	-	26,969
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - donated / granted	-	6,105	-	10,647	5,117	6	-	231	22,106
Total net book value at 31 March 2024	8,245	188,518	6,433	129,973	51,356	31	8,477	1,339	394,373

Note 15.3 Property, plant and equipment financing - 31 March 2023

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	7,427	138,654	5,493	73,560	25,647	41	5,572	980	257,375
On-SoFP PFI contracts and other service concession arrangements	-	18,720	-	-	5,934	-	-	-	24,654
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - donated / granted	-	6,881	-	-	3,066	-	-	210	10,157
Total net book value at 31 March 2023	7,427	164,255	5,493	73,560	34,647	41	5,572	1,190	292,186

Note 15.4 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Not subject to an operating lease	8,245	188,518	6,433	129,973	51,356	31	8,477	1,339	394,373
Total net book value at 31 March 2024	8,245	188,518	6,433	129,973	51,356	31	8,477	1,339	394,373

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	1,666	-	-	-	-	-	-	1,666
Not subject to an operating lease	7,427	162,589	5,493	73,560	34,647	41	5,572	1,191	290,521
Total net book value at 31 March 2023	7,427	164,255	5,493	73,560	34,647	41	5,572	1,191	292,187

Note 16 Donations of property, plant and equipment

During 2023/24, donations of £3,159,000 were donated to the Trust, £1,400,000 donated for the Breast Care Centre, Yeovil, £1,400,000 for the Surgical Robot with the balance relating to equipment (2022/23: £1,647,000, £1,195,000 donated by Salix for the energy performance grant).

There were no restrictions on the use of donated assets.

Note 17 Revaluations of property, plant and equipment

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. No revaluation was booked in the accounts in March 2024 as management decided it was not material to the financial statements (2022/23, a desktop 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 2024 with a valuation date of 31 March 2024. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value.

Note 18 Right of use assets - 2023/24

Group	Property	Plant &	Transport	Total	Of which:
	(land and	machinery	equipment		
	buildings)				DHSC group
	£000	£000	£000	£000	bodies
					£000
Valuation / gross cost at 1 April 2023 - brought forward	29,320	286	105	29,711	14,447
Transfers by absorption	57,725	2,197	122	60,044	1,900
Additions	3,709	-	-	3,709	-
Remeasurements of the lease liability	6,479	-	-	6,479	846
Reclassifications	(288)	-	-	(288)	-
Valuation/gross cost at 31 March 2024	96,945	2,483	227	99,655	17,193
Accumulated depreciation at 1 April 2023 - brought forward	3,520	208	40	3,768	-
Transfers by absorption	3,387	404	53	3,844	380
Provided during the year	8,374	-	-	8,374	3,332
Accumulated depreciation at 31 March 2024	15,281	612	93	15,986	3,712
Net book value at 31 March 2024	81,664	1,871	134	83,669	13,481
Net book value at 1 April 2023	25,800	78	65	25,943	14,447
Net book value of right of use assets leased from other NHS providers					1,113
Net book value of right of use assets leased from other DHSC group bodies					12,089

Note 18.1 Right of use assets - 2022/23

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	-	-	-	-	-
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	-	218	-	218	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	28,944	68	91	29,103	14,447
Additions	487	-	14	501	-
Remeasurements of the lease liability	(110)	-	-	(110)	-
Impairments	(8)	-	-	(8)	-
Revaluations	7	-	-	7	-
Valuation/gross cost at 31 March 2023	29,320	286	105	29,711	14,447
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	-
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	-	145	-	145	-
Provided during the year	3,521	63	40	3,624	-
Impairments	(1)	-	-	(1)	-
Accumulated depreciation at 31 March 2023	3,520	208	40	3,768	-
Net book value at 31 March 2023	25,800	78	65	25,943	14,447
Net book value at 1 April 2022	-	-	-	-	-
Net book value of right of use assets leased from other DHSC group bodies					14,447

Note 18.2 Right of use assets - 2023/24

Trust	Property	Plant &	Transport	Information	Furniture &	Total	Of which:
	(land and buildings)	machinery	equipment	technology	fittings		leased from DHSC group bodies
	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	29,320	286	105	-	-	29,711	14,447
Transfers by absorption	65,931	2,752	-	-	-	68,683	1,901
Additions	37	-	263	-	-	300	-
Remeasurements of the lease liability	6,298	-	-	-	-	6,298	846
Reclassifications (Note a)	1,119	3,707	-	227	268	5,321	-
Valuation/gross cost at 31 March 2024	102,705	6,745	368	227	268	110,313	17,194
Accumulated depreciation at 1 April 2023 - brought forward	3,520	208	40	-	-	3,768	
Transfers by absorption	2,505	483	-	-	-	2,988	380
Provided during the year	7,382	467	121	-	30	8,000	2,299
Reclassifications	-	2,276	-	227	202	2,705	-
Accumulated depreciation at 31 March 2024	13,407	3,434	161	227	232	17,461	2,679
Net book value at 31 March 2024	89,298	3,311	207	-	36	92,852	14,515
Net book value at 1 April 2023	25,800	78	65	-	-	25,943	14,447
Net book value of right of use assets leased from other NHS providers							1,113
Net book value of right of use assets leased from other DHSC group bodies							12,089

Note a

Reclassifications within PPE in year and reclassifications between PPE and ROU for the Trust sale and leaseback assets.

Note 18.3 Right of use assets - 2022/23

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	-	-	-	-	-
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	218	-	218	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	28,944	68	91	29,103	14,447
Additions	487	-	14	501	-
Remeasurements of the lease liability	(110)	-	-	(110)	-
Impairments	(8)	-	-	(8)	-
Revaluations	7	-	-	7	-
Valuation/gross cost at 31 March 2023	29,320	286	105	29,711	14,447
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	-
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	145	-	145	-
Provided during the year	3,521	63	40	3,624	-
Impairments	(1)	-	-	(1)	-
Accumulated depreciation at 31 March 2023	3,520	208	40	3,768	-
Net book value at 31 March 2023	25,800	78	65	25,943	14,447
Net book value at 1 April 2022	-	-	-	-	-
Net book value of right of use assets leased from other DHSC group bodies					14,447

Note 18.4 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the Statement of Financial Position. A breakdown of borrowings is disclosed in note 28.1.

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Carrying value at 1 April	26,068	51	26,068	51
IFRS 16 implementation - adjustments for existing operating leases	-	28,590	-	28,590
Transfers by absorption	56,001	-	70,910	-
Lease additions	3,709	501	279	501
Lease liability remeasurements	6,479	(110)	5,755	(110)
Interest charge arising in year	747	277	1,712	277
Early terminations	(1,264)	-	-	-
Lease payments (cash outflows)	(8,345)	(3,241)	(8,984)	(3,241)
Other changes	-	-	(1,044)	-
Carrying value at 31 March	83,395	26,068	94,696	26,068

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

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.5 Maturity analysis of future lease payments at 31 March 2024

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March	31 March	31 March	31 March
	2024	2024	2024	2024
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	7,881	1,870	4,159	1,870
- later than one year and not later than five years;	21,204	6,122	53,151	6,122
- later than five years.	59,898	6,858	39,484	6,858
Total gross future lease payments	88,983	14,850	96,794	14,850
Finance charges allocated to future periods	(5,588)	(590)	(2,098)	(590)
Net lease liabilities at 31 March 2024	83,395	14,260	94,696	14,260
Of which:				
Leased from other NHS providers		1,207		1,207
Leased from other DHSC group bodies		13,053		13,053

Note 18.6 Maturity analysis of future lease payments at 31 March 2023

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000
Undiscounted future lease payments payable in:				
- not later than one year;	3,342	1,375	3,342	1,375
- later than one year and not later than five years;	24,251	12,527	24,251	12,527
Total gross future lease payments	27,593	13,902	27,593	13,902
Finance charges allocated to future periods	(1,525)	(661)	(1,525)	(661)
Net finance lease liabilities at 31 March 2023	26,068	13,241	26,068	13,241
Of which:				
Leased from other NHS providers		13,241		13,241
Leased from other DHSC group bodies				

Note 19 Investments in associates and joint ventures

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Carrying value at 1 April - brought forward	282	797	282	797
Transfers by absorption	14	-	-	-
Share of profit / (loss)	-	379	-	379
Disbursements / dividends received	-	(894)	-	(894)
Disposals (Note a)	(282)	-	(282)	-
Carrying value at 31 March	14	282	-	282

Note a

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

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

Note 20 Other investments / financial assets (non-current)

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Carrying value at 1 April - brought forward (Note a)	14	161	14	161
Movement in fair value through OCI	-	(147)	-	(147)
Carrying value at 31 March	14	14	14	14

Note a

On 4 May 2021 the Trust received 1,428,571 of ordinary shares in Sensyne Plc. The agreement allows for the Trust to provide anonymised datasets, compliant to Information Commissioner Officer's standards, and to undertake jointly funded research across all parties. The share price at the Initial Price Offering (IPO) was 174p per share giving the Trust an investment value of £2,485,714 however the Trust is locked into holding the shares for up to 2 years. The Trust has made the decision to recognise the investment as Fair Value through other comprehensive income (FVOCI) given the equities are not held for trading and as part of a long term strategic relationship. The Trust has recognised the initial investment, under IFRS 15, fully as revenue in 2021/22 as the Trust has received the shares and satisfied all explicit performance obligations contained within the Strategic Relationship Agreement and continue to work in partnership with Sensyne Plc. The Trust will treat any subsequent gains or losses through the Financial Assets reserve.

During 2023/24; there were no changes to the business or share valuation (during 2022/23, Sensyne re-financed the business, divesting parts of the business that were not wholly focused on the use of data for research purposes. This resulted in a dilution of member shareholding which in turn reduced the Trusts' share value to £14,000).

Note 21 Movement in Investment in Subsidiary Undertakings

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
			(Note a)	
Transfer by absorption > 1 year	-	-	14,988	-
	-	-	14,988	-
Transfer by absorption < 1 year	-	-	2,841	-
	-	-	2,841	-

Note a

On 1 April 2023, Somerset NHS Foundation Trust acquired (transfer by absorption) Yeovil District Hospital NHS Foundation Trust's group structure. Simply Serve Limited (SSL) was set up using a loan enabling SSL to buy the leasehold right of use of the main hospital building. 30%; (£14,988k) was deemed to be equity with the remaining 70% sale and leaseback loan repayable to the Trust; £16,070k > 1 year and £2,841k < 1 year (eliminated on consolidation for the Group accounts).

Note 22 Inventories

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Drugs	4,188	1,940	3,584	1,940
Consumables	6,684	22	5,460	22
Energy	134	198	128	198
Other	-	5,231	-	5,231
Total inventories	11,005	7,391	9,172	7,391

Inventories recognised in expenses for the year were £77,031k (2022/23: £61,261k). Write-down of inventories recognised as expenses for the year were £0k (2022/23: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £193k of items purchased by DHSC (2022/23: £1,089k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 23 Receivables

	Group		Trust	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
Current				
Contract receivables	19,414	35,071	13,166	35,071
Amounts owed by group undertakings	-	-	5,161	-
Capital receivables	1,427	454	1,428	454
Allowance for impaired contract receivables / assets	(160)	(116)	(160)	(116)
Allowance for other impaired receivables	(1,212)	(478)	(1,212)	(478)
Prepayments (non-PFI)	6,896	5,733	5,286	5,733
PDC dividend receivable	1,244	710	1,244	710
VAT receivable	3,123	966	1,528	966
Corporation and other taxes receivable	30	-	-	-
Other receivables	1,251	2,106	1,262	2,106
Total current receivables	32,013	44,446	27,703	44,446
Non-current				
Contract receivables	2,565	1,872	2,834	1,872
Amount owed by group undertakings	-	-	16,085	-
Allowance for impaired contract receivables / assets	(620)	(465)	(529)	(465)
Allowance for other impaired receivables	-	-	(93)	-
Other receivables	1,012	962	745	962
Total non-current receivables	2,957	2,369	19,042	2,369
Of which receivable from NHS and DHSC group bodies:				
Current	9,344	30,658		30,658
Non-current	1,012	962		962

Note 23.1 Allowances for credit losses - 2023/24

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2023 - brought forward	581	478	581	478
Transfers by absorption	315	30	315	30
New allowances arising	160	665	160	665
Changes in existing allowances	(41)	121	(41)	121
Reversals of allowances	(235)	(17)	(235)	(17)
Utilisation of allowances (write offs)	-	(65)	-	(65)
Allowances as at 31 Mar 2024	780	1,212	780	1,212

Note 23.2 Allowances for credit losses - 2022/23

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2022 - as previously stated	551	638	551	638
New allowances arising	116	478	116	478
Changes in existing allowances	25	-	25	-
Reversals of allowances	(111)	(288)	(111)	(288)
Utilisation of allowances (write offs)	-	(350)	-	(350)
Allowances as at 31 Mar 2023	581	478	581	478

Note 24 Non-current assets held for sale and assets in disposal groups

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	-	15	-	15
Assets classified as available for sale in the year	466	356	466	356
Assets sold in year	-	(371)	-	(371)
NBV of non-current assets for sale and assets in disposal groups at 31 March	466	0	466	0

During 2023/24: The Trust has a building held for sale; the building was purchased in 2022 to provide Mental Health facilities; the condition and layout has deteriorated meaning utilisation is not fit for purpose and needs replacing.

(During 2022/23, the Trust sold two buildings:

Building 1, not fit for purpose and the service reinstated elsewhere within Somerset;
 Proceeds £199,000,
 Cost of sale £5,000
 Net book value £15,000
 Gain on disposal of £179,000

Building 2, not fit for purpose with a replacement building purchased:

Proceeds £114,000,
 Net book value £76,000
 Gain on disposal of £38,000

Note 25.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
At 1 April	42,510	58,729	42,510	58,729
Transfers by absorption	21,878	-	12,836	-
Net change in year	12,192	(16,219)	14,071	(16,219)
At 31 March	76,580	42,510	69,417	42,510
Broken down into:				
Cash at commercial banks and in hand	7,509	54	571	54
Cash with the Government Banking Service	69,071	42,456	68,846	42,456
Total cash and cash equivalents as in SoFP	76,580	42,510	69,417	42,510
Total cash and cash equivalents as in SoCF	76,580	42,510	69,417	42,510

Note 25.2 Third party assets held by the Trust

Somerset NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2024 £000	31 March 2023 £000
Bank balances	67	47
Total third party assets	67	47

Note 26.1 Trade and other payables

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Current				
Trade payables	3,860	5,508	19,665	5,508
Amounts owed by group undertakings		-	136	-
Capital payables	14,160	6,736	12,900	6,736
Accruals	60,025	52,586	49,850	52,586
Social security costs	9,711	9,166	6,489	9,166
Other taxes payable	8,419	-	6,384	-
Pension contributions payable	8,955	6,118	8,525	6,118
Other payables	5,471	14,635	3,279	14,635
Total current trade and other payables	110,601	94,749	107,228	94,749
Of which payables from NHS and DHSC group bodies:				
Current	5,150	2,601	5,150	2,601

Note 27 Other liabilities

	Group		Trust	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	16,081	8,524	15,766	8,524
Deferred PFI credits	259	259	259	259
Total other current liabilities	16,340	8,783	16,025	8,783
Non-current				
Deferred PFI credits	1,682	1,941	1,682	1,941
Total other non-current liabilities	1,682	1,941	1,682	1,941

Deferred PFI credits relate to a public private partnership project (PPP) for the building of a car park (completed in October 2006) and the provision of services for 25 years. The ownership of the building will pass to the Trust after the 25 year concession period. The residual value (assessed by professional valuation) is £4,468,000. Throughout this period, the operator pays an agreed proportion of the car parking fees to the Trust; no other financial transactions take place. Since 2009/10, this has been accounted for under International Financial Reporting Standards and the asset together with the outstanding liability is required to be accounted for in the Statement of Financial Position.

Note 28.1 Borrowings

	Group		Trust	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
Current				
Loans from DHSC	781	885	781	885
Other loans	39	928	-	928
Lease liabilities	7,881	3,342	5,237	3,342
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	4,628	1,931	8,635	1,931
Total current borrowings	13,329	7,086	14,653	7,086
Non-current				
Loans from DHSC	4,224	4,972	4,224	4,972
Other loans	933	-	-	-
Lease liabilities	75,514	22,726	89,459	22,726
Obligations under PFI, LIFT or other service concession contracts	32,213	17,423	28,205	17,423
Total non-current borrowings	112,884	45,121	121,888	45,121

Note 28.2 Reconciliation of liabilities arising from financing activities (Group)

	Loans from DHSC £000	Other loans £000	Lease liabilities £000	PFI and LIFT schemes £000	Total £000
Group - 2023/24					
Carrying value at 1 April 2023	5,857	928	26,068	19,354	52,207
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(976)	(7,598)	(3,085)	(12,507)
Financing cash flows - payments of interest	(129)	(70)	(747)	1,136	190
Non-cash movements:					
Transfers by absorption	-	1,055	56,001	4,153	61,209
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	9,771	9,771
Additions	-	-	3,709	830	4,539
Lease liability remeasurements	-	-	6,479	-	6,479
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	-	3,225	3,225
Application of effective interest rate	125	35	747	1,457	2,364
Early terminations	-	-	(1,264)	-	(1,264)
Carrying value at 31 March 2024	5,005	972	83,395	36,841	126,213
Group - 2022/23					
Carrying value at 1 April 2022	6,710	1,785	51	18,036	26,582
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(893)	(2,964)	(2,060)	(6,765)
Financing cash flows - payments of interest	(150)	(67)	(277)	(1,281)	(1,775)
Non-cash movements:					
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	-	28,590	-	28,590
Additions	-	-	501	3,470	3,971
Lease liability remeasurements	-	-	(110)	-	(110)
Application of effective interest rate	145	103	277	1,281	1,806
Other changes	-	-	-	(92)	(92)
Carrying value at 31 March 2023	5,857	928	26,068	19,354	52,207

Note 28.3 Reconciliation of liabilities arising from financing activities

Trust - 2023/24	Loans from DHSC £000	Other loans £000	Lease liabilities £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2023	5,857	928	26,068	19,354	52,207
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(893)	(7,272)	(3,085)	(12,098)
Financing cash flows - payments of interest	(129)	(70)	(1,712)	1,136	(775)
Non-cash movements:					
Transfers by absorption	-		70,910	4,153	75,063
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-		9,771	9,771
Additions	-		279	830	1,109
Lease liability remeasurements	-		5,755	-	5,755
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-			3,225	3,225
Application of effective interest rate	-			1,457	1,457
Change in effective interest rate	125	35		-	160
Changes in fair value	-			-	-
Early terminations	-			-	-
Other changes	-		668		668
Carrying value at 31 March 2024	5,005	-	94,696	36,841	136,542

Trust - 2022/23	Loans from DHSC £000	Other loans £000	Lease liabilities £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2022	6,710	1,785	51	18,036	26,582
Cash movements:					
Financing cash flows - payments and receipts of principal	(848)	(893)	(2,964)	(2,060)	(6,765)
Financing cash flows - payments of interest	(150)	(67)	(277)	(1,281)	(1,775)
Non-cash movements:					
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	-	28,590	-	28,590
Additions	-	-	501	3,470	3,971
Lease liability remeasurements	-	-	(110)	-	(110)
Application of effective interest rate	145	103	277	1,281	1,806
Other changes	-	-	-	(92)	(92)
Carrying value at 31 March 2023	5,857	928	26,068	19,354	52,207

Note 29 Provisions for liabilities and charges analysis (Group)

Group	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2023	558	1,176	121	-	2,525	4,380
Transfers by absorption	-	685	32	213	3,617	4,547
Change in the discount rate	-	(389)	-	-	(225)	(614)
Arising during the year	20	752	27	-	2,736	3,535
Utilised during the year	(59)	(188)	(61)	(188)	(64)	(560)
Reversed unused	-	(34)	(17)	(25)	(67)	(143)
Unwinding of discount	10	(324)	-	-	47	(267)
At 31 March 2024	529	1,678	102	-	8,569	10,878
Expected timing of cash flows:						
- not later than one year;	67	143	51	-	7,020	7,281
- later than one year and not later than five years;	255	538	51	-	433	1,277
- later than five years.	207	997	0	-	1,116	2,320
Total	529	1,678	102	-	8,569	10,878

Pensions: early departure costs

Pensions - early departure costs relate to Pre1995 early retirements. These are calculated on figures supplied by the NHS Pensions Agency and a significant amount of the payments are expected to be greater than one year.

Pensions: injury benefits

Injury Benefit provisions are based on figures supplied by the NHS Pensions Agency. A significant amount of the payments are expected to be for a period greater than 1 year.

Legal Claims

The provisions are based on the expected values and probabilities quantified by NHS Resolution. The outcome of these cases are inherently uncertain and the timing of payments is dependant on the progression of each case. The figures included in the summary are based purely on the Trust's excess reflecting the fact that the NHS Resolution makes the majority of payments direct. See also note 29.2.

Other

Provisions arising in year include clinical pension tax reimbursement (NHS England and the Government fully fund these payments) and potential workforce pension liabilities.

Note 29.1 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2023	558	1,176	121	-	2,525	4,380
Transfers by absorption	-	685	32	213	2,614	3,544
Change in the discount rate	-	(389)	-	-	(225)	(614)
Arising during the year	20	752	27	-	2,279	3,078
Utilised during the year	(59)	(188)	(61)	(188)	(62)	(558)
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-
Reversed unused	-	(34)	(17)	(25)	(66)	(142)
Unwinding of discount	10	(324)	-	-	67	(247)
At 31 March 2024	529	1,678	102	-	7,132	9,441
Expected timing of cash flows:						
- not later than one year;	67	143	51	-	5,583	5,844
- later than one year and not later than five years;	255	538	51	-	433	1,277
- later than five years.	207	997	0	-	1,116	2,320
Total	529	1,678	102	-	7,132	9,441

Pensions: early departure costs

Pensions - early departure costs relate to Pre1995 early retirements. These are calculated on figures supplied by the NHS Pensions Agency and a significant amount of the payments are expected to be greater than one year.

Pensions: injury benefits

Injury Benefit provisions are based on figures supplied by the NHS Pensions Agency. A significant amount of the payments are expected to be for a period greater than 1 year.

Legal Claims

The provisions are based on the expected values and probabilities quantified by NHS Resolution. The outcome of these cases are inherently uncertain and the timing of payments is dependant on the progression of each case. The figures included in the summary are based purely on the Trust's excess reflecting the fact that the NHS Resolution makes the majority of payments direct. See also note 28.

Other

Provisions arising in year include clinical pension tax reimbursement (NHS England and the Government fully fund these payments) and potential workforce pension liabilities.

Note 29.2 Clinical negligence liabilities

At 31 March 2024, £321,059k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Somerset NHS Foundation Trust (31 March 2023: £296,663k).

Note 30 Contingent assets and liabilities

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Value of contingent liabilities				
NHS Resolution legal claims	(47)	(36)	(47)	(36)
Gross value of contingent liabilities	(47)	(36)	(47)	(36)

Note 31 Contractual capital commitments

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Property, plant and equipment	34,731	40,919	34,731	40,919
Intangible assets	335	401	335	401
Total	35,066	41,320	35,066	41,320

Note 32 On-SoFP PFI, LIFT or other service concession arrangements

Note 32.1 The Beacon Centre

The project agreement is with the Taunton Linac Company Limited (the operator) for the provision of an Oncology and Haematology Centre on the Musgrove Park Hospital site (The Beacon Centre) including the supply and maintenance of the building and major medical equipment within the facility. The facility opened in May 2009 and provides state of the art non-surgical cancer services to the residential population of Somerset, in a suitable location and setting at Somerset NHS Foundation Trust. The new Oncology and Haematology Centre provides:

- Two Linear Accelerators (a third has been purchased by the Trust);
- One simulation suite with processing and treatment planning facilities;
- 18 bed Oncology Ward;
- Chemotherapy suite for 22 day patients;
- Outpatients suite with 4 consulting and 8 examination rooms.

Key Features of the Scheme:

In return for an agreed monthly payment, the following facilities are provided to the Trust by the Operator plus associated hard Facilities Management and asset renewal services:

- Inpatient and Outpatient facilities;
- Radiotherapy treatment area;
- Administrative offices;
- Public spaces.

Under the Project Agreement, the above facilities are provided at a pre-determined level of quality for the 30 year term (excluding the construction period).

The operator has also procured, installed, and will maintain and replace major medical equipment for the full 30 years of the operating period. The major equipment requirements include two Linear Accelerators. However, soft Facilities Management services such as portering, catering and cleaning are provided by the Trust and are outside the scope of this PFI project.

Nature of Payment

The Operator provides the services in return for an annual service charge. In covering payment for facilities, other services and financing, the annual service charge is unitary in nature. The Trust has agreed a payment mechanism that incorporates the principles of the NHS Standard Form contract. This relates payment to the successful (or otherwise) achievement of the service and quality standards set out in the output specification. The unitary payment can be abated for instances of non-performance against the standards in the output specification up to a maximum of 100% of the unitary fee, which fall into three areas:

- i) Failure events – where there is a failure to meet a specific service standard relating to a particular area of the hospital;
- ii) Failure events – relating to the Radiotherapy Equipment;
- iii) Quality failures – where there is a failure to supply a service across a wider range of parameters, which cannot be attributed to a specific area of the hospital.

The unitary payment relating to the Beacon Centre is set by the contract between the Trust and the operator and is subject to an inflationary uplift based on the Retail Price Index (RPI). The total unitary payment for 2023/24 amounted to £3,984,387 (2022/23: £3,984,387) and for 2024/25 will be £3,984,387. The value of the liability at 31 March 2024 was £21,121,162 (31 March 2023: £10,762,459); the increase has changed due to IFRS16 liability re-measurement uplifted for inflation. The net book value of the assets was £7,875,000 (31 March 2023: £7,875,000).

Property ownership

The site on which the new Oncology facilities have been built is in the freehold ownership of the Trust.

Expiry of contract

On expiry of the contract (May 2039), the facility will revert to the ownership of the Trust for no payment.

Note 32.2 Provision of Multi-Storey Car Park

This is a public private partnership project (PPP). It relates to the building of a car park (completed in October 2006) and the provision of services for 25 years. The ownership of the building will pass to the Trust after the 25 year concession period. The residual value (assessed by professional valuation) is £4,468,000. Throughout this period, the operator pays an agreed proportion of the car parking fees to the Trust; no other financial transactions take place. The asset and outstanding liability is reported in the Statement Of Financial Position and summarised summarised below:

	31 March 2024 £000	31 March 2023 £000
Net Book Value of asset (included in property, plant and equipment, note 15)	8,929	9,100
Liability (see deferred PFI income, note 27)	1,941	2,200

Note 32.3 Managed Equipment Solution for Diagnostic Imaging

The Trust has two Managed Equipment Solution contracts.

- 1) On 20 July 2017 (previously held under Taunton and Somerset NHS FT and merged into Somerset NHS FT upon merger 1 April 2020) and;
- 2) On 1 April 2019, (previously held under Yeovil District Hospital NHS FT and merged into Somerset NHS FT upon merger 1 April 2023)

The contracts are for the following services:

- A Facilities Infrastructure Replacement Programme (FIRP), which includes the replacement, installation and decommissioning of all assets within the department along with an increase of modalities for ultrasound, MRI and CT scanning;
- The provision of a fully inclusive "Gold Standard" maintenance cover for the department, that includes all parts, durables and labour;
- The provision of a guaranteed uptime availability of the facility to perform diagnostic testing and reporting;
- A consumables management service;
- A full inventory management service;
- Technical training for all modalities;
- Professional training availability for radiographer reporting courses;
- Data collection and analysis to allow for patient level costing within the department;
- Market, professional, technical and analytical intelligence to work in partnership with the Trust, for the purposes of delivering continual improvement in quality and practice across the diagnostic imaging department.

The service provider receives payment in two elements:

- A managed facility service paid for through a unitary payment fixed for the duration of the contract apart from annual RPI indexation, paid quarterly in advance,
- A consumables management service paid for through a quarterly payment in advance based on an estimate of annual consumption. An assessment of actual consumables provided is made each quarter and either a balancing invoice or credit note raised as appropriate.

A set of performance parameters has been agreed with the managed service provider. Penalties will apply if performance failures are not corrected within the agreed remedial period.

The accountancy treatment is that ownership of the Trust's existing asset portfolio within the scope of the managed service has been transferred to the managed service provider at fair market value. The assets have been recapitalised to the balance sheet under IFRIC 12. New equipment bought by the service provider has been capitalised under IFRIC 12 where their useful lives are fully utilised during the 10 years of the managed equipment solution agreement. Where new asset lives extend beyond the 10 years of the agreement equipment has been accounted for as operating leases.

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve. The incremental impact of applying the new accounting policy on (a) the allocation of the unitary charge in 2023/24 and (b) the primary statements in 2023/24 is set out in the disclosures in Note 34.1.

The total unitary payment made to the managed equipment solution providers during the 2023/24 financial year for the managed facility services was £5,258,309 (2022/23: £2,909,436). The total unitary payment for 2024/25 will be £5,258,309. The value of the liability at 31 March 2024 was £15,720,552 (31 March 2023: £8,592,292) and the net book value of the assets was £10,375,000 (31 March 2023 £2,469,584). The increase has changed due to IFRS16 liability re-measurement uplifted for inflation.

Note 33 On-SoFP PFI, LIFT or other service concession arrangements

Note 33.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the Statement Of Financial Position:

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Gross PFI, LIFT or other service concession liabilities	70,483	31,104	70,483	31,104
Of which liabilities are due				
- not later than one year;	6,100	3,219	6,100	3,219
- later than one year and not later than five years;	27,286	14,601	27,286	14,601
- later than five years.	37,097	13,284	37,097	13,284
Finance charges allocated to future periods	(33,642)	(11,750)	(33,642)	(11,750)
Net PFI, LIFT or other service concession arrangement obligation	36,841	19,354	36,841	19,354
- not later than one year;	4,628	1,931	4,628	1,931
- later than one year and not later than five years;	15,056	10,313	15,056	10,313
- later than five years.	17,157	7,110	17,157	7,110

Note 33.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	129,097	79,215	129,097	79,215
Of which payments are due:				
- not later than one year;	12,033	7,562	12,033	7,562
- later than one year and not later than five years;	48,013	27,558	48,013	27,558
- later than five years.	69,051	44,095	69,051	44,095

Note 33.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group		Trust	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Unitary payment payable to service concession operator	9,018	6,899	9,018	6,899
Consisting of:				
- Interest charge	1,457	1,281	1,457	1,281
- Repayment of balance sheet obligation	3,085	2,060	3,085	2,060
- Service element and other charges to operating expenditure	4,476	3,558	4,476	3,558
Total amount paid to service concession operator	9,018	6,899	9,018	6,899

Note 34 Impact of change in accounting policy for on-SoFP PFI, LIFT and other service concession liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve. The incremental impact of applying the new accounting policy on (a) the allocation of the unitary charge in 2023/24 and (b) the primary statements in 2023/24 is set out in the disclosures below.

Note 34.1 Impact of change in accounting policy on the allocation of unitary payment

	IFRS 16 basis (new basis) 2023/24 £000	IAS 17 basis (old basis) 2023/24 £000	Impact of change 2023/24 £000
Unitary payment payable to service concession operator	9,018	9,018	-
Consisting of:			
- Interest charge	1,457	1,101	356
- Repayment of balance sheet obligation	3,085	1,949	1,136
- Service element	4,476	4,476	-
- Contingent rent	-	1,492	(1,492)

Note 34.2 Impact of change in accounting policy on primary statements

Impact of change in PFI accounting policy on 31 March 2024 Statement Of Financial Position:	£000
Increase in PFI / LIFT and other service concession liabilities	(11,860)
Decrease in PDC dividend payable / increase in PDC dividend receivable	404
Impact on net assets as at 31 March 2024	(11,456)

Impact of change in PFI accounting policy on 2023/24 Statement of Comprehensive Income:	£000
PFI liability remeasurement charged to finance costs	(3,225)
Increase in interest arising on PFI liability	(356)
Reduction in contingent rent	1,492
Reduction in PDC dividend charge	404
Net impact on (deficit)	(1,685)

Impact of change in PFI accounting policy on 2023/24 Statement of Changes in Equity:	£000
Adjustment to reserves for the cumulative retrospective impact on 1 April 2023	(9,771)
Net impact on 2023/24 (deficit)	(1,685)
Impact on equity as at 31 March 2024	(11,456)

Impact of change in PFI accounting policy on 2023/24 Statement of Cash Flows:	£000
Increase in cash outflows for capital element of PFI / LIFT	(1,136)
Decrease in cash outflows for financing element of PFI / LIFT	1,136
Net impact on cash flows from financing activities	-

Note 35 Financial instruments

Note 35.1 Financial risk management

IFRS 9, dealing with financial instruments, require disclosure of the role that financial instruments have had during the year in creating or changing the risks the Trust faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local Integrated Care Boards and the way those Integrated Care Boards are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which these standards mainly apply.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest-rate risk

The Trust has the power to borrow for capital expenditure subject to affordability as confirmed by NHS England, the independent regulator. Some of the financial instruments have a fixed interest rate which means the Trust is exposed to interest rate risk. If the interest rate moves interest paid could be higher than the market rates, and/or interest received could be lower than the market rates.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2024 are in receivables from customers, as disclosed in the Receivables note (Note 23).

Cash deposited with financial institutions outside the Government Banking Service at 31 March 2024 was £426,531 (2022/23: £5,000). These balances relate to the Private Patient wings.

Liquidity risk

The Trust's net operating costs are incurred under contracts with local Integrated Care Boards, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from retained surpluses and funds obtained from the Independent Trust Financing Facility or central funding from the Department of Health and Social Care in the form of Public Dividend Capital. The Trust has undertaken a going concern review involving a year's future cash flow assessment. Following this review, the Trust has concluded that it is not exposed to significant liquidity risks.

The Trust's operating costs are incurred under contracts with Integrated Care Boards and Specialist Commissioners, which are financed from resources voted annually by Parliament .

The Trust currently finances its capital expenditure from funds made available from cash surpluses generated by the Trust's activities. The PFI project relating to the Beacon Centre has created liabilities on the Statement Of Financial Position that the Trust is committed to meeting for the duration of the service concession. This liability is subject to an annual inflationary uplift. The Trust has also entered into radiology managed facility services; both for periods of 10 years and the Trust is committed to meeting the liabilities created on the Statement Of Financial Position for the duration of the agreement. In addition, the Trust completed the new surgical ward development (the Jubilee Building) during 2013/14 and supported existing cash reserves to fund this development by drawing against a £12 million loan facility from the Foundation Trust Financing Facility. The approval of major capital projects such as the Jubilee Building are subject to comprehensive project development processes involving the creation of separate project Boards, continuous scrutiny by the Trust Board and also through the involvement of NHS partners including the Trust's principal Integrated Care Board and NHS England.

Investment risk

The Trust has the ability to invest surplus cash; the risks resulting from transactions of this nature are mitigated by the Trust's treasury and investment policies and protocols and by the reporting of performance against financial targets to NHS England.

Note 35.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2024	Held at	Total book
	amortised cost	value
	£000	£000
Trade and other receivables excluding non financial assets	23,707	23,707
Other investments / financial assets	14	14
Cash and cash equivalents	76,580	76,580
Total at 31 March 2024	100,301	100,301

Carrying values of financial assets as at 31 March 2023	Held at	Held at fair value	Total book
	amortised cost	through OCI	value
	£000	£000	£000
Trade and other receivables excluding non financial assets	38,409	-	38,409
Other investments / financial assets	-	14	14
Cash and cash equivalents	42,510	-	42,510
Total at 31 March 2023	80,919	14	80,933

Note 35.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2024	Held at	Total book
	amortised cost	value
	£000	£000
Trade and other receivables excluding non financial assets	38,687	38,687
Other investments / financial assets	14	14
Cash and cash equivalents	69,417	69,417
Total at 31 March 2024	108,118	108,118

Carrying values of financial assets as at 31 March 2023	Held at	Held at fair value	Total book
	amortised cost	through OCI	value
	£000	£000	£000
Trade and other receivables excluding non financial assets	38,409	-	38,409
Other investments / financial assets	-	14	14
Cash and cash equivalents	42,510	-	42,510
Total at 31 March 2023	80,919	14	80,933

Note 35.4 Carrying values of financial liabilities (Group)

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2024		
Loans from the Department of Health and Social Care	5,005	5,005
Obligations under leases	83,395	83,395
Obligations under PFI, LIFT and other service concessions	36,841	36,841
Other borrowings	972	972
Trade and other payables excluding non financial liabilities	86,021	86,021
Total at 31 March 2024	212,234	212,234

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2023		
Loans from the Department of Health and Social Care	5,857	5,857
Obligations under leases	26,068	26,068
Obligations under PFI, LIFT and other service concessions	19,354	19,354
Other borrowings	928	928
Trade and other payables excluding non financial liabilities	85,583	85,583
Total at 31 March 2023	137,790	137,790

Note 35.5 Carrying values of financial liabilities (Trust)

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2024		
Loans from the Department of Health and Social Care	5,005	5,005
Obligations under leases	94,696	94,696
Obligations under PFI, LIFT and other service concessions	36,841	36,841
Trade and other payables excluding non financial liabilities	87,905	87,905
Total at 31 March 2024	224,447	224,447

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2023		
Loans from the Department of Health and Social Care	5,857	5,857
Obligations under leases	26,068	26,068
Obligations under PFI, LIFT and other service concessions	19,354	19,354
Other borrowings	928	928
Trade and other payables excluding non financial liabilities	85,583	85,583
Total at 31 March 2023	137,790	137,790

Note 35.6 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the Statement Of Financial Position which are discounted to present value.

	Group		Trust	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
In one year or less	101,835	94,060	91,882	94,060
In more than one year but not more than five years	51,371	41,877	43,796	41,877
In more than five years	98,684	15,656	88,769	15,656
Total	251,890	151,593	224,447	151,593

Note 36 Losses and special payments

Group and Trust	Group				Trust			
	2023/24		2022/23		2023/24		2022/23	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses								
Cash losses	4	-	-	-	4	-	-	-
Fruitless payments and constructive losses	-	-	1	1	-	-	1	1
Bad debts and claims abandoned	191	65	201	463	191	65	201	463
Stores losses and damage to property	7	1	2	-	7	1	2	-
Total losses	202	66	204	464	202	66	204	464
Special payments								
Ex-gratia payments	70	111	61	77	70	111	61	77
Total special payments	70	111	61	77	70	111	61	77
Total losses and special payments	272	177	265	541	272	177	265	541

Note 37 Related parties

Transactions between the Trust and its related parties are reviewed each year and declared below.

During the year, there were no related party transactions relating to Board members or members of the key management staff or parties related to them.

The individuals and entities that the Department of Health and Social Care identifies as meeting the definition of Related Parties set out in IAS 24 (Related Party Transactions) are also deemed to be related parties of entities within the Departmental Group.

This note therefore sets out the individuals and entities which we have assessed as meeting the IAS 24 definition of Related Parties for the year ending 31 March 2024 to assist group bodies in preparing disclosures compliant with IAS 24.

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2023/24 £000	2023/24 £000	31/03/2024 £000	31/03/2024 £000
NHS England	35	147,224	1,671	3,521
NHS Somerset ICB	170	768,219	185	633
NHS Bath and North East Somerset, Swindon and Wiltshire ICB	-	2,021	157	178
NHS Bristol, North Somerset and South Gloucestershire ICB	-	2,337	152	157
NHS Dorset ICB	511	25,260	511	-
NHS Cornwall and the Isles of Scilly ICB	-	258	-	3
NHS Devon ICB	-	11,985	42	134
Devon Partnership NHS Trust	26	7,936	-	1,712
North Bristol NHS Trust	477	579	379	171
Royal United Hospitals Bath NHS Foundation Trust	314	426	70	7
Dorset County Hospitals NHS Foundation Trust	873	162	111	118
Dorset Healthcare University NHS Foundation Trust	543	4	40	3
Gloucester Hospitals NHS Foundation Trust	42	1	-	1
Great Western Hospitals NHS Foundation Trust	-	32	15	-
Royal Devon University Healthcare NHS Foundation Trust	674	3,001	235	444
Avon & Wiltshire Mental Health NHS Trust	7	806	-	-
University Hospitals Bristol and Weston NHS Foundation Trust	818	305	189	55
NHS Resolution	20,043	-	5	-
NHS Property Services	3,116	-	479	-
Other NHS bodies	2,510	8,069	562	933
Charitable Funds	33	387	-	33
Simply Serve Ltd	70,773	9,195	126	2,178
Symphony Healthcare Services Ltd	806	760	-	6
IPP Facilities	-	1,106	3	94
SPS Facilities	14,805	313	-	11
South West Pathology Services LLP	-	306	7	31
In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies.				
NHS Pension Scheme	93,155	-	8,955	-
HM Revenue & Customs	63,604	3,123	18,130	3,123
Somerset County Council	6,417	36,730	287	292
Ministry Of Defence	136	-	-	-
Other central and local government bodies	411	619	347	776

The equivalent disclosures made for 2022/23 were as follows:

	Payments to related	Receipts from	Amounts owed to	Amounts due from
	2022/23	2022/23	31/03/2023	31/03/2023
	£000	£000	£000	£000
Department of Health and Social Care	-	930	-	367
NHS England	53	113,929	1,077	19,558
Health Education England	-	29,895	-	279
CCG	-	196	n/a	n/a
NHS Bristol, North Somerset and South Gloucestershire CCG	-	485	n/a	n/a
NHS Dorset CCG	-	337	n/a	n/a
NHS Kernow CCG	-	64	n/a	n/a
NHS Devon CCG	-	2,509	n/a	n/a
NHS Somerset CCG	-	121,063	n/a	n/a
NHS Somerset ICB	-	385,217	-	4,037
ICB	-	633	-	4
NHS Bristol, North Somerset and South Gloucestershire ICB	1	1,842	7	11
NHS Dorset ICB	-	1,047	-	5
NHS Cornwall and the Isles of Scilly ICB	-	186	-	6
NHS Devon ICB	-	7,730	-	14
Devon Partnership NHS Trust	3	8,119	1,735	4,625
North Bristol NHS Trust	886	225	477	57
Royal United Hospitals Bath NHS Foundation Trust	304	401	110	3
Dorset County Hospitals NHS Foundation Trust	451	24	204	3
Dorset Healthcare University NHS Foundation Trust	181	17	-	18
Gloucester Hospitals NHS Foundation Trust	167	4	143	-
Great Western Hospitals NHS Foundation Trust	-	24	-	-
Royal Devon University Healthcare NHS Foundation Trust	307	1,988	128	94
Avon & Wiltshire Mental Health NHS Trust	10	752	8	-
University Hospitals Bristol and Weston NHS Foundation Trust	827	309	463	93
Yeovil District Hospital NHS Foundation Trust	5,749	6,040	332	498
NHS Resolution	14,260	-	-	-
NHS Property Services	3,116	-	479	-
Other NHS bodies	1,838	6,106	1,069	241
Charitable Funds	10	166	-	49

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies.

NHS Pension Scheme	63,451	-	6,143	-
HM Revenue & Customs	39,821	3,123	9,166	3,123
Somerset County Council	841	16,485	148	552
Ministry Of Defence	72	-	-	-
Other central and local government bodies	1,843	466	2,996	260
Other related parties				
SPS Facilities Limited	10,771	219	-	17
Integrated Pathology Partnerships Limited	-	-	-	-
South West Pathology Services LLP	9,393	202	-	34

On 1 July 2022, integrated care Boards (ICBs) became legally established through the Health and Care Act 2022 and CCGs were 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.

Note 38 Transfers by absorption

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

100% of the PDC recreation from the I&E reserve will be reflected in the Trust accounts. The Trust will recognise an absorption gain of £83,459k but the transfer to recreate PDC in the SOCITE will be the full £90,043k. The group will recognise the further absorption gain: £6,584k relating to the subsidiaries but no further PDC recreation in reserves because the subsidiaries do not hold the PDC.

The audited financial statements for Yeovil District Hospital NHS Foundation Trust can be found on the Trust website: <https://www.somersetft.nhs.uk/about-us/about-us/publication-scheme/2248-2/annual-accounts-and-reports/>

Simply Serve Limited – Company Number: 10847254

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Simply Serve Ltd (SSL) was incorporated on 3 July 2017 and became operational on 1 February 2018. Simply Serve Ltd is 100% owned by Somerset NHS Foundation Trust.

SSL has been set up to support the Group's strategic objectives, improve efficiency and develop more cost effective ways of working. SSL provides a full range of professional estates and facilities services along with IT and procurement services to Somerset NHS Foundation Trust and other clients.

The key objectives of establishing SSL are as follows:

- Maintain and improve quality of services;
- Free up Group management to focus on healthcare;
- Develop a more efficient and cost effective service;
- Retain staff within the SFT group providing opportunities and security;
- Enhance the ability to recruit and retain key staff groups;
- Enhance focus and flexibility on developing additional income generation opportunities.

SSL operates as an arm's length organisation with its own Board of directors and governance structure. Services are provided under contractual arrangements with detailed service specifications and key performance indicators.

Symphony Healthcare Services Ltd – Company Number: 06633460

Registered office – Wynford House, Yeovil, Somerset, BA22 8HR

During 2016/17 Yeovil District Hospital NHS Foundation Trust acquired Pathways Healthcare and Social Care Alliance Ltd, the company was renamed to Symphony Healthcare Services Ltd.

As at 31 March 2024 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.

Somerset NHS Foundation Trust owns 100% of the equity and no goodwill arose in respect of the acquisitions. As per the NHS Act 2006 section 259 no goodwill can arise as part of the sale of primary care businesses.

	£000's
Consideration paid	0
Net Assets Aquired	0
Goodwill	0

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. Somerset 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 subsidiary is Southwest Pathology Services LLP incorporated in the United Kingdom with its principal place of business being Somerset.

Southwest Pathology Service LLP provided pathology testing for the Group and other clients up until 28 February 2015. From 1 March 2015 it provides the analytical elements of pathology testing for the Group and other clients.

Somerset NHS Foundation Trust owns 66.7% of the equity of Southwest Pathology Services LLP and holds 66.7% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SPS Facilities LLP – Company Number: OC397788
Registered office – 1 Kingdom Street, London, W2 6BD

The subsidiary is SPS Facilities LLP incorporated in the United Kingdom with its principle place of business being Somerset.

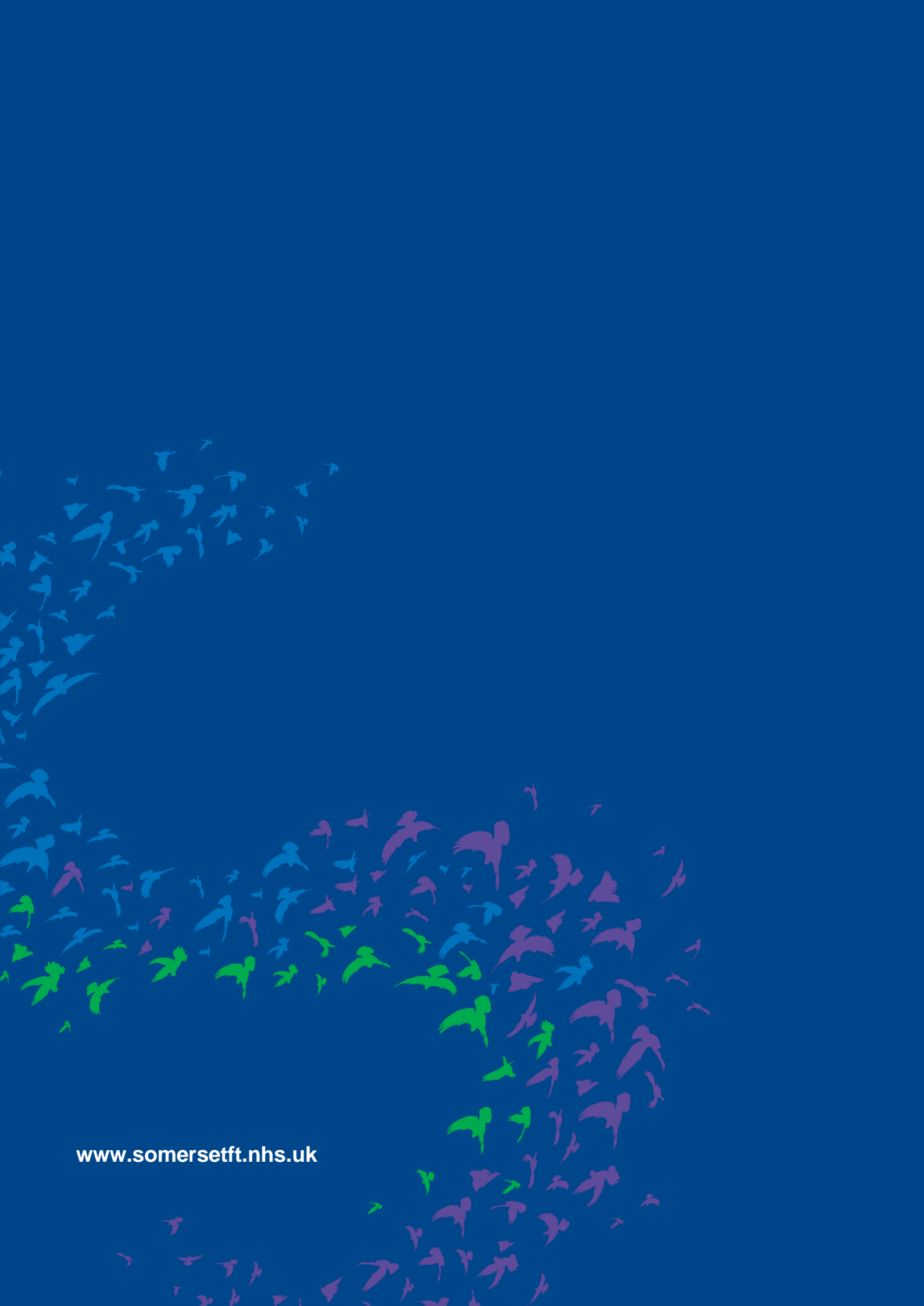
SPS Facilities LLP was established 1 March 2015 and provides the facilities elements of pathology testing for the Group and other clients and is expected to continue to do so for the long term.

Somerset NHS Foundation Trust owns 66.7% of the equity of SPS Facilities LLP and holds 66.7% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SW Path Services LLP – Company Number: OC383198
Registered office – 1 Kingdom Street, London, W2 6BD

The subsidiary is SW Path Services LLP incorporated in the United Kingdom with its principle place of business being Somerset.

Somerset NHS Foundation Trust owns 66.7% of the equity of SW Path Services LLP and holds 66.7% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.



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