Somerset Partnership NHS
NHS Foundation Trust

Annual Report and Accounts

2019/20

Somerset Partnership NHS Foundation Trust

From 1 April 2020 now known as Somerset NHS Foundation Trust

Annual Report and Accounts 2019/20

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

Contents Page

Welcome from the Chairman

Welcome to what will be the final annual report for Somerset Partnership NHS Foundation Trust. We became a Foundation Trust on 1 May 2008 and on 1 April 2020 Taunton and Somerset NHS Foundation Trust (TST) merged with us to form Somerset NHS Foundation Trust. This merger is designed to provide our patients with seamless integrated mental health, community and acute services (and is the first of its kind in the English mainland). It is already proving its worth.

I write this in the middle of the current Covid-19 emergency when all our colleagues are doing such wonderful things for our patients and for the population of Somerset as a whole. I thank and commend them from the bottom of my heart for all their efforts. I would also pay tribute to all our many partners and supporters throughout Somerset, including other parts of the NHS, social and emergency services, charities, companies and individuals who are all jointly in their own way doing such great things to get us through the current emergency. I hope these new ways of working can be a small positive legacy of the current national suffering.

Our links with the voluntary sector particularly in the mental health sector are absolutely fundamental to our strategy. We have been building these for some time; for example, our mental health services for adults and older adults have been working in partnership with the Voluntary, Community and Social Enterprise (VCSE) sector in Somerset to jointly transform how we provide mental health services across the county. Our work has attracted national attention and been supported by additional investment from NHS Improvement / NHS England which will enable Somerset to lead the way in "closing the gap" between primary and secondary care services. These links are particularly critical if we are to handle the mental health issues already starting to arise in the current Covid-19 emergency, and which will continue even after its physical aspects have been addressed. Another great example of what our various partners in the voluntary sector are doing alongside ourselves is the recently announced single 24/7 help line for mental health issues.

Looking back it has been another year of great achievement for our Trust, which I hope comes through in this report. I would particularly draw attention to the following:

- It was announced that adult mental health services in Somerset will receive more than £13 million funding over the next three years. This reflected hard work on the part of the joint executive team and will be of fundamental importance to our new merged trust. The money will be used to bring services closer to communities across the county, giving them quicker and easier access to local services. We took part in the associated consultation and look forward to implementing its outcome.
- As reported last year, in its Care Quality Commission inspection in February 2019 the Trust achieved an overall rating of ‘Good’ maintaining the rating achieved in 2017. The requirements from the inspection have all been actioned. In January 2020 our partner Taunton and Somerset also achieved a Good overall rating, combined with ‘Outstanding’ for Caring in its CQC inspection, maintaining the ratings achieved in 2017. These ratings are a tribute to patient focus and careful management of our joint executive team and our colleagues throughout both organisations. They represent a solid basis of patient care

upon which our new merged Trust will build.

- In June our specialist gastroenterology community dietitian, Marianne Williams, won the prestigious *Digital Health Awards* for *Outstanding Contribution of the Year* for her work in setting up a series of patient webinars for Irritable Bowel Syndrome patients to improve patient education and reduce the burden on both primary and secondary care.
- In July, Mary Robertson Chair of South Petherton League of Friends and former community hospital ward sister received the South West regional Lifetime Achievement award in the national parliamentary awards to celebrate the NHS' birthday.
- The new Intensive Dementia Support Service (IDSS) was set up to help people in Somerset with dementia to stay at home in their own surroundings thanks to our specialist NHS support service. The intensive dementia support service (also known as IDSS) was set up in the east of Somerset and then extended to the whole of the county during the year.
- Somerset Partnership has received the Silver Award in the Defence Employer Recognition Scheme. This award from the Ministry of Defence rewards civilian employers for the support that they provide to members of the armed forces community in the workplace. Somerset Partnership joined Taunton and Somerset in gaining Silver Award status and will work together to achieve the Gold Award in 2020. We are also working towards accredited Veteran Award Hospital status for Musgrove Park and for our community hospitals and mental health inpatient services.
- Working in partnership with our Recovery Partners – people with lived experience of receiving mental health care and services; or of being a carer for someone who has - we established a Recovery College in Somerset, providing courses and opportunities for people with mental health issues to learn about mental health and recovery.
- The Derek Mead Health Room at Sedgemoor Auction Centre at Junction 24 was officially opened in October by HRH The Princess Royal. The health room gives farmers and agricultural workers the opportunity to get free physical and mental health checks, by our team of nurses, on busy market days. Individuals can pop into the clinic, conveniently located next to the auction ring, with no prior appointment.
- The new mental health support team for schools was established in December as part of a nationwide trailblazer pilot. It's made up of colleagues from the Trust, Young Somerset, Somerset County Council and schools. This gives the chance for local services and organisations to come together to improve support for schools around mental health, including direct early interventions with children, parents and young people for cases of mild to moderate mental health issues.
- Wessex House inpatient unit for young people with mental health needs became the first CAMHS inpatient unit in the South West to achieve fully accredited status from the Royal College of Psychiatrists (RCP). The accreditation, which has been given to only a handful of units in the UK, was awarded by the RCP's Quality Network for Inpatient Child and Adolescent

Mental Health Services (QNIC). It looks at the quality of service inpatient units provide and helps staff to plan improvements for the future.

I would like to pay tribute to my predecessor Steve Ladyman who retired as Chair on 31 March after seven years outstanding leadership. The achievements described in this report are down to him and his team.

The NHS faces significant financial challenges and Somerset is not immune to these. I commend the strategic approach that the government is taking towards capital investment as outlined above. Somerset Partnership NHS Foundation Trust again met its financial control total for the year, and delivered a net surplus of £3.2m (before asset impairments). In total our system however has an underlying deficit of £63.4m. This is not unusual for a county with a dispersed rural population and a higher than average age profile, but is simply not sustainable. We need to find new structures and ways of working to address this – just trying harder is not enough.

Whilst our merger is driven by patient care considerations it will by 2024/25 deliver annual system savings of £15 million which will make a substantial improvement in the overall system position.

We are working closely with our colleagues in Yeovil District Hospital and hope that, through our acute settings of care work, we will be able jointly to deliver further substantial system savings by reducing the ever increasing demand for acute services and achieving synergies and efficiencies.

We feel these actions, combined with the new approaches developed as part of our Covid-19 response and the other steps being taken under the CCG's Fit for my Future strategy to promote population health and treatment of patients at home, will transform health and care for the people of Somerset and help rebalance our system finances.

The new models of care which form the basis of our merger are already helping us in our Covid-19 response. There are a host of other transformative approaches by our partners throughout the county in the face of the current emergency which we will embed and build on when the emergency is over. We look forward to playing our part in this as Somerset NHS Foundation Trust.

Signed

COLIN DRUMMOND OBE DL **16 June 2020**
Chairman

PERFORMANCE REPORT

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

Purpose and activities of the Trust

The Trust provides a wide range of community health, mental health and learning disability services, mainly across the area of Somerset which is administered by Somerset County Council, but also to some residents of neighbouring counties. It also provides a number of regional specialist services to patients from across the wider south west and manages the GP practices, Lister House, in Wiveliscombe, and Warwick House, in Taunton.

Services are provided to all age ranges, and include inpatient care for general and mental illness, minor injury units, a wide range of specialist services in both community health and mental health services, and specialist healthcare for adults with learning disabilities. Many of these are delivered from 13 community hospitals and our four principal mental health sites across the county but, as well as seeing people in Trust premises, staff are able to offer appointments in other community venues which may be more easily accessible to patients. Wherever possible the Trust seeks to support people in their own home or as close to their home as possible.

The Trust also provides community dental services in the County of Dorset. The Trust is commissioned by NHS England to provide mental health services to deaf children and young people who have mental health needs across the south west of England.

Services are provided in partnership with other statutory agencies and a range of voluntary sector providers.

The Trust employs more than 4,000 members of staff, and has a turnover of £186 million.

History of the Trust

Somerset Partnership NHS Foundation Trust was authorised on 1 May 2008. The predecessor organisation, Somerset Partnership NHS and Social Care Trust, was formed in 1999, and was the first integrated health and social care partnership trust in England. The provision of social care services by the Trust was not subject to a Section 31 agreement; up until 2016, County Council staff have been attached to the Trust within an integrated management structure and remain employees of Somerset County Council.

On 1 August 2011, the Trust acquired Somerset Community Health, the arm's length community health service provider arm of NHS Somerset and is now the principal

provider of community health, mental health and learning disabilities services in Somerset.

In 2015/2016, Somerset County Council decided to withdraw the management function of the mental health social work service for adults from Somerset Partnership NHS Foundation Trust which, during 2016/17, involved the withdrawal of the Council's social workers so they no longer operate within an integrated management structure with the Trust's mental health teams. In 2017/18 Somerset County Council further decided to take management of the Trust's public health nursing in house, and all health visitor and school nursing services and staff transferred to the Council from 1 April 2019.

At a joint meeting of the Somerset Partnership and Taunton and Somerset NHS Foundation Trusts' boards in May 2017, a Memorandum of Understanding was signed formalising the commitment of both Trusts to closer collaborative working. In February 2018, both boards subsequently agreed that the alliance arrangements will progress to the next stage and the development of a strategic case for merger was approved by the two Boards and submitted to NHS England in May 2018. NHS England confirmed in September 2018 that the trusts could proceed to develop a full business case for formal merger.

In March 2020, we secured approval from our board, council of governors and regulator for our merger with Taunton and Somerset NHS Foundation Trust. We had worked in alliance with Taunton and Somerset NHS Foundation Trust for nearly three years and made many improvements to patient care. However, it became clear that we needed to merge formally to remove the remaining barriers that add unnecessary delay and cost to the care we provide. Following a thorough review of our plans by NHS England and NHS Improvement, we merged on 1 April 2020 and became Somerset NHS Foundation Trust. Our merger enables us to complete the integration of our community, mental health and hospital services and better serve the people of Somerset.

Map of Services

Going Concern

In the preparation of the year end accounts the Board is required to undertake an assessment confirming the Trust will continue as a going concern (i.e. that it will continue in the business of healthcare provision for the foreseeable future).

The Trust has prepared its financial plans and cash flow forecasts on the assumption that funding will be received from the Department of Health. 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. These funds will be accessed through the nationally agreed process published by NHS Improvement and the Department of Health.

The Directors have concluded that there is a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for the next 12 months.

Financial Instruments

It is Trust policy to avoid the use of financial instruments when possible, thus minimising financial risk to the Trust. This means that the Trust's exposure to risks created by financial instruments is much lower than commercial organisations of the same size. The accounts state the Trust's accounting policies (note 1.18) and the nature and value of the risk that the Trust faces (note 27).

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

Signed

PETER LEWIS **16 June 2020**
Chief Executive

Performance Report Analysis

During 2019/20 Somerset Partnership NHS Foundation Trust continued to maintain high levels of performance across a broad range of indicators linked to the delivery of high quality care to patients. We consistently met the majority of applicable NHS Improvement / NHS England Oversight Framework standards, and also met or exceeded the majority of CQUIN standards agreed with Somerset Clinical Commissioning Group, as part of the framework of commissioning for quality and innovation, during 2019/20.

In addition to the corporate level and divisional level quality and performance standards, against which we monitor our progress on an ongoing basis, we also routinely participate in all applicable projects managed by the NHS Benchmarking Network, in order to review our relative level of performance against peer organisations nationally. Analyses of the performance of Somerset Partnership against peer organisations indicate that we perform comparatively well across the whole range of our service portfolio, in terms of the quality of care delivered to patients and also the efficiency with which we use our resources.

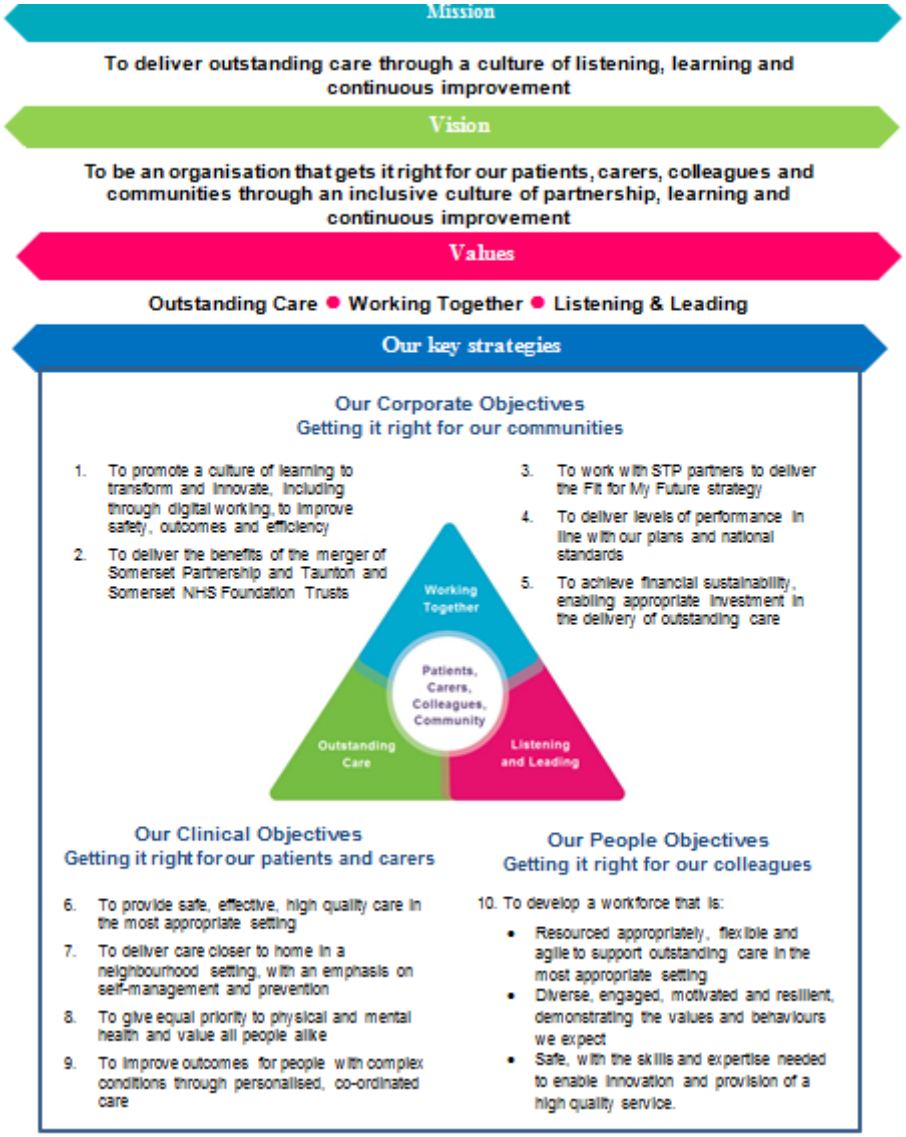
As well as to maintaining consistently high standards against the NHS Improvement / NHS England national reporting standards and CQUIN indicators during 2019/20, we have also maintained high compliance rates in relation to other key performance metrics including:

- waiting times for patients to access services;
- review of patient care plans and risk assessments;
- nutrition screening standards;
- standards of assessment for venous thromboembolism; and
- physical health assessments of patients admitted to mental health wards.

We have also maintained a focus on the importance of ensuring that colleagues are able to access a broad range of mandatory training. We maintained a mandatory training compliance rate considerably in excess of the 90% mandated standard throughout 2019/20.

Trust Strategy and Business Model

We have developed a vision and mission in partnership with Taunton and Somerset NHS Foundation Trust as part of our work for the merged Trust. Our vision and mission emphasise outstanding patient care, a commitment to continuous improvement, and partnership working. The vision and mission are aligned with the shared values we have developed under our alliance. They also support our clinical, corporate and workforce objectives as shown below:



Delivering our vision

Our new clinical model is core to delivery of our vision for the merged Trust. Prior to the alliance neither Trust had a fully developed and detailed clinical strategy to support its corporate strategy. Coming together to develop our case for merger, and working with our system partners were the prompts to develop a clinical strategy for the merged Trust which is strongly aligned with system thinking. The model is based on the four clinical strategic objectives set out in figure above. Implementation of our clinical model is supported by our people, estates and digital strategies.

Values and behaviours

We have also developed a joint set of values and behaviours to guide colleagues and develop the culture of the merged Trust. These values were developed out of the old values of each Trust through consultation with colleagues in both organisations. We have three core values which we believe are essential to delivering the clinical model and our strategic objectives:

- Working Together;
- Leading and Listening; and
- Outstanding Care.

Each value is supported by a group of associated behaviours that are specific, measurable, achievable, and have relevance for all colleagues, regardless of what we do or where we work. These values are embedded in our work through induction, training and appraisal systems.

New and Enhanced Services

Community Mental Health Services

As part of the Long Term Plan for Community Mental Health Services, NHS England issued an opportunity to submit proposals for the development and early adoption of stronger Community Mental Health services. Somerset STP including Somerset CCG, Somerset County Council and Somerset Partnership worked with primary care, the voluntary sector and our recovery partners to co-produce a bold and radical redesign of a model of mental health care. This submission was successful and has led to the development of our new transformational community mental health services across the whole county with Somerset Partnership being the lead delivery partner.

One key aim of our model is to ensure that gaps that can develop between primary and secondary care are removed with support being more available in the communities in which people live. To ensure this seamless service, Somerset Partnership are working in partnership with an alliance which has been drawn from a number of voluntary sector organisation. The accountable organisation for the contract is Rethink, with the local chair to co-ordinate services managed by SPARK Somerset. Other organisations involved include Mind, The Balsam Centre, Second Step, Somewhere House, Citizens Advice Bureau (CAB), South West Eating Disorders Association (SWEDA), Chard Watch and Age UK.

This services is aimed at providing a seamless and easily accessible service for anyone over 18 years of age

In addition to the new transformational community services, the Trust was also successful in a submission to obtain additional funding to support expanded hours and improved access to the Crisis Service home treatment teams. This included the provision of Crisis Cafes which will be delivered in partnership with the voluntary sector

Psychiatric Liaison

Somerset Partnership trust led a successful bid to further develop psychiatric liaison services at Musgrove Park Hospital and Yeovil District Hospital. The new enhanced services will deliver an increased Core 24 service at Musgrove Park in Taunton with the service at Yeovil District Hospital providing an enhanced service with extended hours.

Sport England

The Trust was successful in receiving a grant from Sport England to enhance gym and sports equipment at its in-patient unit in Taunton. Physical activity is an important intervention to improve mental health. The new equipment will encourage engagement with exercise and improve recovery outcomes for patients.

Key issues and risks to the achievement of Trust objectives

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

- **Staffing Pressures** - The Trust has continued to identify risks in a number of services around staffing pressures arising from vacancies, sickness absence and increasing levels of demand. This has led to the temporary closure or reduction of some services. In particular, we had to continue the temporary closure of the inpatient wards at Dene Barton and Chard community hospitals. An extensive recruitment campaign was maintained during the year, including continued overseas recruitment, but was not sufficiently successful and significant pressures remain. A system-wide Community Hospital Resilience Group was in place throughout the year, reporting regularly to the Health Overview and Scrutiny Committee. Staffing issues also led to the temporary closure and restriction of Minor Injury Unit services during the year, although these were resolved by year end.

- **Sustainability and Transformation Plan (STP)** – the continued difficult progress of the development and implementation of the Somerset STP – and the Somerset Clinical Commissioning Group's Fit for My Future programme - has again presented a number of risks for the Trust in terms of its impact on existing strategic plans, capacity within the Trust to support the STP while maintaining focus on our core services, and the financial sustainability of the Trust within the wider Somerset health and social care system. The timetable for the engagement and consultation of the programme has slipped again during the year which has limited the Trust's options for transformational change to support financial resilience and meaningful service change. Senior members of the Trust, including the Chief Executive, continue to occupy central roles in the STP Programme and the Trust's Chairman has continued in the role of Chair of the STP Somerset System Leadership Board. The delay in development of plans has continued to have an impact on the Trust delivering some of its plans, although formal consultation on the future of inpatient mental health services for adults did commence in the year. As the Trust and Taunton and Somerset NHS Foundation Trust developed our clinical model for the proposed merged organisation, significant work was undertaken to ensure that our proposals align with those of the wider STP programme and our objectives for the delivery and sustainability of high quality, effective community health, mental health and learning disability services.

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

Council and partner organisations to manage these risks during the year. The year-end position has been testament to the significant hard work of staff across the organisation to manage these pressures during the year.

- **Access to Dental General Anaesthetics (GA) for Children (Dorset)** – During the year the Trust was unable to secure sufficient access to theatre capacity in Dorset to keep up with demand for children's GA dental treatment. This lead to a significant waiting list and impact on children's dental care. A vanguard theatre was established in year which succeeded in reducing the waiting to list significantly in year, although a longer term solution is still required to meet the ongoing levels of demand in the county.

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

Key Performance Measures

Oversight Framework targets

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

Target	Threshold	Performance			
		Q1	Q2	Q3	Q4
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%	68.8%	77.8%	72.2%	90.9%
Data Quality Maturity Index (DQMI) – MHSDS dataset score	95%	85.3%	94.0%	95.6%	95.6%
Referral to Treatment Waiting Times: percentage of patients waiting within 18 weeks: (Incomplete pathways)	92%	99.6%	99.8%	99.8%	99.6%
Improving Access to Psychological Therapies (IAPT)/talking therapies: Percentage of people completing a course of IAPT treatment moving to recovery	50%	61.5%	59.1%	57.9%	58.7%

Target	Threshold	Performance			
		Q1	Q2	Q3	Q4
Improving access to psychological therapies (IAPT): • people with common mental health conditions referred to the IAPT programme will be treated within 6 weeks of referral	75%	92.5%	93.2%	94.3%	90.5%
• people with common mental health conditions referred to the IAPT programme will be treated within 18 weeks of referral	95%	99.5%	99.1%	99.5%	99.3%
Inappropriate out-of-area placements for adult mental health services (cumulative numbers shown)	No more than 365 bed days in 2019/20	0	68	125	169
Percentage of minor injury unit patients waiting under four hours from arrival to admission, transfer or discharge	95%	99.3%	99.2%	99.5%	99.4%
The percentage of patients on Care Programme Approach who were followed up within 7 days after discharge from psychiatric inpatient care during the reporting period	95%	97.3%	98.1%	98.2%	98.9%
Admissions to adult facilities of patients under 16 years old	0	0	0	1	0
Mental health scores from Friends and Family Test – % positive	85%	94.9%	92.3%	89.9%	90.0% (up to 28 Feb 2020)
Community health scores from Friends and Family Test – % positive	95%	97.2%	98.1%	98.2%	97.5% (up to 28 Feb 2020)

Commissioning for Quality and Innovation (CQUIN) Targets

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

The 2019/20 national and local CQUINs agreed with Somerset Clinical Commissioning Group are set out in the table below:

CQUIN Requirement	Standards Required
CCG1 Adherence to antibiotic guidance in treatment of Lower Urinary Tract infections in older people	Achieving 90% of antibiotic prescriptions for lower UTI in older people meeting NICE guidance for lower UTI (NG109) and PHE Diagnosis of UTI guidance in terms of diagnosis and treatment. **Numerator** Of the denominator, the number where the 4 audit criteria for diagnosis and treatment following PHE UTI diagnostic and NICE guidance (NG109) are met and recorded: Diagnosis of lower UTI based on documented clinical signs or symptoms Diagnosis excludes use of urine dip stick Empirical antibiotic prescribed following NICE Guideline (NG109) Urine sample sent to microbiology **Denominator** Total number of antibiotic prescriptions for all patients, aged 65+, with a diagnosis of lower Urinary Tract Infection* *relevant procedural coding will be available in supporting guidance.
CCG2 Flu vaccinations of frontline clinical staff	Achieving an 80% uptake of flu vaccinations by frontline clinical staff. **Numerator** Total number of front line healthcare workers who have received their flu vaccination between 1 September 2019 and February 28th 2020. **Denominator** Total number of front line healthcare workers.
CCG4 72-hour follow-up of mental health inpatients	Achieving 70% of referrals where the second attended contact takes place between Q3-4 with at least one intervention (SNOMED CT procedure code) recorded using between the referral start date and the end of the reporting period. **Numerator** Of the denominator, the referrals with at least one intervention* (SNOMED CT procedure code) recorded between the referral start date and the end of the reporting period. **Denominator** The number of referrals that receive their second attended contact in Q3-4 2019/20. A condition of this CQUIN is that providers demonstrate a range of interventions over the course of Q3 – Q4. Any provider who is found to be only using one intervention code will receive no payment.
CCG7 Falls prevention for older inpatients (in community hospitals and older people's mental health wards)	Achieving 80% of older inpatients receiving key falls prevention actions **Numerator** Number of patients from the denominator where all three specified falls prevention actions are met and recorded: 1. Lying and standing blood pressure recorded at least once. 2. No hypnotics or antipsychotics or anxiolytics given during stay OR rationale for giving hypnotics or antipsychotics or anxiolytics documented (British National Formulary defined hypnotics and anxiolytics and antipsychotics). 3. Mobility assessment documented within 24 hours of admission to inpatient unit stating walking aid not required OR walking aid provided within 24 hours of admission to inpatient unit. **Denominator** Admitted patients aged over 65 years, with length of stay at least 48 hours.

CQUIN Requirement	Standards Required
CCG9 SSNAP six month review for all discharged stroke patients	Achieving 55% of eligible stroke survivors receiving a six month follow up within 4-8 months of their stroke. **Numerator** Number in the denominator who had a six month follow-up within 4 – 8 months of their stroke. (SSNAP database variable M2.2). **Denominator** Number of patients due for follow-up based on when the patient was admitted or when the follow-up was completed (SSNAP database variable M1.1).

Monitoring Performance, Improvements in Quality and Meeting National Targets

Somerset Partnership 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.

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

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

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

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

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

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

The Quality and Performance Report is accompanied by a rage 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
- an analysis of safer staffing levels, by ward
- referral, caseload and activity levels for community physical and mental health services for the current year, compared to the previous year
- average length of stay and bed occupancy levels for our community hospitals and mental health inpatient wards for the current year, compared to the previous year
- details of our Care Quality Commission ratings

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

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

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

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

- a monthly senior managers' team meeting, chaired by the Chief Executive, combining review and challenge of service directorate progress against key

objectives outlined on each dashboard, with an opportunity for Service Directors to share with the executive team issues of concern; and

- a monthly operational directorate finance and performance group meeting, chaired by the Chief Operating Officer and the Director of Finance, which focuses on the principal quality and performance issues pertaining to each service directorate, chiefly the exceptions arising from the divisional dashboards, as well as divisional level performance in respect of other key areas including mandatory training, and CQUIN targets.

The key purposes of these meetings include:

- to assess actual performance against plan;
- to assess risks to future delivery and agree mitigation plans;
- to determine and agree future performance management arrangements;
- to reward those divisions which perform well, by reducing the degree of performance management involvement;
- where performance declines, to identify the contributory issues and to have a clear escalation and de-escalation process;
- to focus on early performance management intervention with service directorate at risk of not meeting required standards;
- sharing examples of good practice and supporting service directorate to achieve performance standards; and
- holding service directorate to account for performance delivery.

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

Sustainable Health – environmental matters

Introduction

The Trust constantly strives to fully understand and reduce the environmental impact created through delivering quality healthcare services. We consider how sustainable principles can help provide a better organisation for staff, patients and the local and global community.

Preparations for merger with Taunton and Somerset NHS Foundation Trust have focussed on considering how sustainability will be managed in the newly formed organisation. Merger plans include the proposal to develop a business case for dedicated senior Sustainability leadership.

Using nationally available data, see table below, when compared with other similar NHS Trusts, Somerset Partnership performs extremely well. Energy consumed per meter squared is below lower quartile levels, waste volumes and costs are below lower quartile. Energy costs are high due to the fact that South West Trusts pay

higher distribution charges. Water costs are also slightly above median levels for the same reason. Consumption levels are good.

Dashboard 2018/2019

Organisation	**RH5 SOMERSET PARTNERSHIP NHS FOUNDATION TRUST**
Type	**MENTAL HEALTH AND LEARNING DISABILITY**
Commissioning Region	**SOUTH OF ENGLAND COMMISSIONING REGION**

					2018/2019 Quartiles				
Energy	**Unit**	**2018/2019**	**Trend**	**2017/2018**	**Lowest**	**Lower Q**	**Median**	**Upper Q**	**Highest**
Energy costs (all energy supplies)	£	1,538,332			110,089	1,055,755	2,049,117	3,686,052	15,606,543
Site energy consumed	kWh	17,671,870	↓	18,942,227	945,422	15,586,588	33,194,880	60,173,290	224,673,735
Site energy consumed per occupied floor area	kWh/m²	264.28	↓	281.55	77.30	331.53	422.93	503.52	1,147.66
Energy cost per occupied floor area	£/m²	23.01	↑	20.97	7.05	20.03	26.61	32.28	108.08
Average cost per unit of energy consumed	Pence/kWh	8.70	↑	7.45	2.06	4.95	6.09	7.31	19.33

Water Services	**Unit**	**2018/2019**	**Trend**	**2017/2018**	**Lowest**	**Lower Q**	**Median**	**Upper Q**	**Highest**
Water and sewage cost per occupied floor area	£/m²	3.58	↓	3.74	0.56	2.76	3.44	4.26	9.56

Waste	**Unit**	**2018/2019**	**Trend**	**2017/2018**	**Lowest**	**Lower Q**	**Median**	**Upper Q**	**Highest**
Total waste cost	£	162,216			7,226	195,975	331,136	653,578	3,372,504
Total waste volume	Tonnes	631.91			22.68	706.53	1,390.31	2,448.79	39,187.32
Waste cost per waste volume	£/tonne	256.71	↓	256.99	3.76	230.39	299.41	388.92	1,027.27
Waste cost per occupied floor area	£/m²	2.58	↑	1.86	0.23	2.96	4.42	5.94	17.03

Due to the Covid-19 crisis further data analysis for 2019/20 was not available at the time of writing this update. The following narrative explains progress made:

Update 2019 /20

The Trust continues to be aware of and assess best practice and guidance from the across the NHS, other sectors and the NHS Sustainable Development Unit (SDU) to analyse what is applicable to the Trust.

Members of the Somerset Partnership team have joined the Taunton and Somerset NHS Foundation Trust Sustainability Committee which has key representatives from various departments of the Trust who have engaged in the development of the sustainability agenda, latterly with the commitment from senior level clinical consultants. It is acknowledged by the committee that more management / leadership resource is required to help develop and act upon the Sustainability Management Plan for the newly formed Trust.

Facilities Management

The Facilities management team continue to monitor the waste generated on Trust sites to ensure waste is segregated in accordance with the trust waste policies. During the last quarter of financial year 2019/20 a waste auditing programme has been implemented to support improved evidence of robust governance for the forthcoming annual report to the merged Trust's Integrated Quality Assurance Board (IQAB).

The team manage both the Healthcare waste contract with Medisort and Non Healthcare waste contract with Biffa waste services. Annual duty of care visits to waste processing plants have been undertaken to ensure waste legislation is being

adhered to and that contractors are processing waste in accordance with specification.

The Biffa waste services contract operate a zero land fill operation therefore all waste that is non-recyclable is part of an energy from waste scheme and incinerated to provide electricity for the National Grid in both Cardiff and Gloucester which is considerable reduction in carbon from the previous practice of exporting waste (Refuse Derived Fuel) for production plants in European *waste*-fuelled Combined Heat and Power plants

Travel

It was previously reported that staff business mileage has seen a reduction of 14% which reflects the good work undertaken to reduce business miles by improving the use of technology. There has been no significant change to this, although use of alternative communication mediums such as Skype are now being extensively used across the newly formed Trust. The benefits of which should become apparent during financial year 2020/21.

The Estates & Capital Investment

The Trusts continues to assess how the estate is being used to ensure utilisation is high and the estate is at an optimum size. An agile working programme is helping mobilise staff and provide more productive ways of working and a flexible estate to suit the needs of staff and to reduce carbon emissions. The work on the programme this year has enabled us to vacate Pearl House in December 2019. A combined Somerset NHS FT Agile Working Policy has been developed supporting Taunton and Somerset NHS Foundation Trust staff to embrace the concepts, this should have positive impacts on the combined Trusts carbon footprint in future years.

Where capital investment and backlog maintenance projects are being undertaken, the Trust always looks to specify and install modern energy efficient alternatives where possible. This has included LED lighting and replacement windows which will have an impact on the energy usage of the sites. Other schemes such as the upgrade of Pyrland Ward have included energy schemes along with the replacement of the boiler plant.

The Trust continues to monitor energy usage locally by the site leads and on a quarterly basis actively monitoring trends. Any anomalies identified are investigated by the estates team and acted on where appropriate.

Energy

Somerset Partnership NHS FT has been working to reduce energy usage and the associated carbon emissions for some time.

Across the estate invest-to-save measures have helped improve the condition, effectiveness and efficiency of heating systems to ensure patient comfort whilst reducing carbon emissions. As mentioned above a project delivered this year has seen the upgrade of the hot water boilers replaced at Pyrland Ward mental health

ward with modern condensing type boilers and upgraded controls. This will lead to a reduction baseline in the use of gas.

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.

Modern Slavery and Human Trafficking Act 2015 Policy Statement

Section 54 of the Modern Slavery Act 2015 requires all organisations to set out the steps taken to ensure slavery and human trafficking is not taking place in any of its supply chains and in any part of its business.

This statement sets out actions taken by Somerset Partnership NHS Foundation Trust to understand all potential modern slavery and human trafficking risks and to implement effective systems and controls.

The Trust is committed to ensuring no modern slavery or human trafficking takes place in any part of our business or supply chain. We are committed to improving our practices to combat slavery and human trafficking. We are fully aware of our responsibilities towards patients, employees and the local community. We have robust ethical values which we use as guidance for our commercial activities. We also expect all suppliers to the Trust to follow the same ethical principles.

Policy on Slavery and Human Trafficking

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

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

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

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

We will:

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

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

Procurement staff will:

- check draft specifications include a commitment from suppliers to support the requirements of the Act;
- not award contracts where suppliers do not demonstrate their commitment to ensuring slavery and human trafficking are not taking place in their own business or supply chains;
- communicate clear expectations to our suppliers through a supplier code of conduct;
- work with the procurement department to monitor compliance by suppliers with the requirements of the Act.

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

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

Signed

PETER LEWIS **16 June 2020**
Chief Executive

FINANCIAL OVERVIEW AND REVIEW

Overview

Whilst continuing to deliver safe and high quality services the Trust has also met challenging financial targets. In 2019/20 it delivered an operational surplus of £3.1million (before the impact of technical adjustments arising from the annual revaluation of its estate, see page 27; note 11 annual accounts.

The Trust achieved its control total (agreed with NHS Improvement at the beginning of the year) and received £2.2m of Provider Sustainability funding for achievement of control total.

Inherent in the delivery of the surplus was the achievement of a cost improvement programme of £4.0 million. The cash generated by the surplus will be invested in the development of Trust services, including additional investment in information technology for our community based services and other developments linked to working smarter and maximising the use of the Trust's facilities.

The delivery of the financial surplus and associated cost improvement programmes is not easy and becomes increasingly more difficult with each passing year. The financial challenges for the Trust will therefore be even greater in 2020/21. Opportunities to expand the operations of the Trust will be limited and so focus will be directed at optimising the resources available and cutting costs.

Savings of the magnitude required over the coming years will require the Trust to be more radical in its approach to the delivery of services and for all the health and social care organisations in Somerset to work in closer collaboration to ensure the services are delivered as efficiently as possible.

Regulatory Ratings

The Single Oversight framework, as part of the NHS provider licence requirements, enables NHS Improvement to generate five ratings for each foundation trust, one based on its financial sustainability (continuity of services), one on the way it is managed (governance), one on agency spend and two measures based on financial efficiency. This aims to identify a significant risk to the financial sustainability of a provider of key NHS services which endangers the continuity of these services and/or poor governance. To assess financial sustainability, NHS Improvement uses a continuity of service risk rating (COS) based upon capital service cover and liquidity metrics and to assess the financial efficiency underlying performance and variance from the plan are used using the Income and Expenditure margin. The Trust achieved an NHS Improvement continuity of service rating of 1 for 2019/20.

Internal Audit

The Trust engaged Binder Dijker Otte (BDO) to provide an internal audit function during 2019/20 in order to evaluate and continually improve the effectiveness of the risk management and internal control processes in place.

External Audit

The financial statements were reviewed by the Trust's external auditors, KPMG, who issued an unqualified opinion, and the statements were approved by the Board of Directors on 16 June 2020.

Audit costs for 2019/20 were £62,750, comprising of statutory audit: £59,500 and audit-related assurance services: £3,250. (2017/18: £84,600, £61,000 for statutory audit and £24,600 for audit-related assurance services). The costs include unrecoverable vat.

Income Disclosure

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. In 2019/20 the Trust has not received any income for goods and services not related to the health service and there are no plans to do so within the five year business plan.

Directors' Responsibilities Statement

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

Political Donations

Somerset Partnership NHS Foundation Trust has not made any political or charitable donations in 2019/20.

Better Payments Practice Code

The Better Payments Practice Code requires the Trust to aim to pay all undisputed invoices by the due date, or within 30 days of receipt of goods or receipt of invoice, or from the invoice date, whichever is the later. The results against this target for the financial year 2019/20 are shown below.

The Trust did not meet the target during 2019/20 due to delays in approving invoices.

	Number	£000
Total non-NHS trade invoices paid in period	35,927	63,740
Total non-NHS trade invoices paid within target	32,131	58,655
Percentage of non-NHS trade invoice paid within target	89.4 %	92.0%
Total NHS trade invoices paid in period	614	15,161
Total NHS trade invoices paid within target	492	12,715
Percentage of NHS trade invoices paid within target	80.1%	83.9%

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

Financial Statements and Accounting Policies

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

Signed

PETER LEWIS **16 June 2020**
Chief Executive

REMUNERATION AND STAFF REPORT

Remuneration Report

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

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

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

Remuneration Committee

The Committee comprises all the Non-Executive Directors and is chaired by the Chairman of the Trust, Stephen Ladyman.

The Remuneration Committee is responsible for making recommendations to the Trust Board on the pay and conditions of service for executive directors. The Committee meets jointly with the Taunton and Somerset NHS Foundation Trust Remuneration Committee.

The Committee met twice in the financial year 2019/20 by way of a meeting and once by email with attendance as follows:

✓ **– in attendance** X **– not in attendance** **Members**		**4 June 2019**	**6 August 2019**	**22 November 2019**
Stephen Ladyman	Chairman	✓	x	✓
Philip Dolan	Non-Executive Director	X	✓	✓
Barbara Clift	Non-Executive Director	✓	✓	✓
David Allen	Non-Executive Director	✓	✓	✓
Barbara Gregory	Non-Executive Director	✓	✓	✓

✓ **– in attendance** X **– not in attendance** **Members**		**4 June 2019**	**6 August 2019**	**22 November 2019**
Jan Hull (Deputy Chairman)	Non-Executive Director	✓	✓	x
Kate Fallon *	Joint Non-Executive Director	✓	✓	✓
Stephen Harrison *	Joint Non-Executive Director	✓	x	✓

* Kate Fallon and Stephen Harrison were appointed as Joint Non-Executive Directors with Taunton and Somerset NHS Foundation from 29 May 2018.

The Remuneration Committee's meetings covered the following items:

- **4 June 2019 -** executive directors' salary review**.**
- **6 August 2019 -** the appointment and remuneration of the Chief Medical Officer.
- **22 November 2019 –**- report on the alternative pension restructuring scheme.

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

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

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

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

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

The Chairman of the Remuneration Committee confirms that for the 2019/20 financial year no substantial changes were made to Executive Directors' remuneration.

The Trust does not operate a bonus scheme for Executive Directors.

Trade Union Facility Time Disclosure

No.	Rep	Union	E-mail Address	Q1	Q2	Q3	Q4	Total	Horuly rate with on-costs	Average Union Hours Per Week	Cost Per Week	Total Cost Per Year	FTE	% of Employers Cost
1	Mark Roughan	Unite	Mark.Roughan@sompar.nhs.uk	60	60	60	60	240	£26.58	4.62	£122.69	£6,380.12	1.00	12%
2	Denyze Harris	Unite	Denyze.Harris@sompar.nhs.uk	195	195	195	195	780	£39.36	15.00	£590.35	£30,698.26	1.00	40%
3	Joanne Gill	Unite	Joanne.Gill@sompar.nhs.uk	0	0	0	4	4	£24.02	0.08	£1.85	£96.07	1.00	0%
4	Beverly Jones	RCN	Beverley.Jones@sompar.nhs.uk	225	227	195	180	827	£23.82	15.90	£378.83	£19,699.04	1.00	42%
5	Judith Barry	RCN	Judith.Barry@sompar.nhs.uk	120	102	55	55	322	£24.80	6.19	£153.58	£7,986.00	1.00	16%
6	Helen White	RCN	Helen.White@sompar.nhs.uk	100	102	55	55	312	£20.71	6.00	£124.28	£6,462.55	1.00	16%
7	Frances Rockhill	RCN	Frances.Rockhill@sompar.nhs.uk	62	47	47	47	203	£23.82	3.90	£92.99	£4,835.44	1.00	10%
8	Zoe Buckland	RCN	Zoe.Buckland@sompar.nhs.uk	62	40	47	40	189	£16.58	3.63	£60.27	£3,134.14	0.80	12%
9	Danny Kungebeharry	RCN	Danny.Kungebeharry@sompar.nhs.uk	0	0	0	0	0		-	-	-		0%
10	Gemma Reynalds	Unison	Gemma.Reynalds@sompar.nhs.uk	90	90	90	90	360	£13.22	6.92	£91.53	£4,759.68	1.00	18%
11	Luisa Stephens	Unison	Luisa.Stephens@sompar.nhs.uk	180	180	180	180	720	£14.97	13.85	£207.30	£10,779.70	1.00	37%
12	Patrick King	Unison	Patrick.King@sompar.nhs.uk	29	6	7	7	49	£19.13	0.94	£18.03	£937.49	1.00	3%
13	Nikki Neville	Unison	Nikki.Neville@sompar.nhs.uk	58	0	62	7	127	£13.03	2.43	£31.69	£1,648.13	1.00	6%
14	Scott Leitch	Unison	Scott.Leitch@sompar.nhs.uk	4	3	4	6	17	£20.71	0.33	£6.77	£352.13	0.80	1%
15	Nichola Hare	Unison	Nicola.Hare@tst.nhs.uk	0	0	0	0	0		-	-	-		0%
16	Victoria Rutland	Unison	Victoria.Rutland@sompar.nhs.uk	0	0	0	0	0		-	-	-		0%
17	Paul Pursey	GMB	Paul.Pursey@sompar.nhs.uk	0	0	0	15	15	£11.17	0.29	£3.22	£167.49	0.43	2%

Expenditure on consultancy

A total of £225,035 was spent on consultancy in 2019/20 (2018/19: £188,934).

Off payroll arrangements

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

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

Exit packages

There have been no compensation payments made via settlement agreement during the period.

Statement on remuneration levels higher than the British Prime Minister

The Trust had one employee earning above £150,000 (2018/19: 2 employees).

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.

Analysis of the reasons for sickness absence showed the two main causes as stress/anxiety related and musculoskeletal. The Trust continues to support staff, providing a range of interventions to maintain well-being. These included referrals to the service for one to one support, rapid access to physiotherapy via the Physio4U service, access to counselling and the Talking Therapies service.

The future focus of activity for people services will relate to the Wellbeing Strategy and primarily involve, delivering a range of resilience, stress management and health promotion initiatives placing the emphasis on prevention rather than the management of sickness absence. This will occur within the framework of an overarching Wellbeing Strategy which is being informed by work being undertaken with partner organisations directly and as part of wider STP activity.

Council of Governors

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

There was no remuneration paid to governors. During 2019/20 a total of £5,197.75 (2018/19: £9,051.71) of travel expenses were reimbursed to 11 governors (2018/19: 20 governors). Details of the governors are shown on page 72.

Contracts of Employment

Somerset Partnership NHS Foundation Trust and Taunton and Somerset NHS Foundation Trust signed a Memorandum of Understanding on 25 May 2017 with the aim to establish collaborative arrangements in order to improve the quality of care and services provided to our patients and service users.

Executive Directors allowed to work elsewhere as a Non-Executive

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

Pensions and retirement benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.6 to the accounts and details of senior employees' remuneration can be found on page 31 of this report.

Salaries and Pensions Entitlements of Senior Managers

The following sections provide details of the remuneration and pensions of the Directors for the period ended 31 March 2020 and have been audited.

Total remuneration 2019/20	Note	Salary	Taxable benefits *	Pension related benefits **	Total Remuneration	Recharges Salary	Recharges Pension	Recharges Taxable benefits *	Remuneration Net of recharges ***
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(Bands of £2,500)**	**(To nearest £100)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**		**£000**
Peter Lewis, Chief Executive		n/a	n/a	n/a	n/a	90 – 95	22.5 – 25.0	0	115 - 120
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)		130 – 135	400	32.5 – 35	162.5 – 165	(65 – 70)	(15 – 17.5)	(200)	80 - 85
Phil Brice, Director of Governance and Corporate Development		100 – 105	100	17.5 – 20	117.5 – 120	(50 – 55)	(7.5 – 10)	0	55 – 60
Pippa Moger, Director of Finance		135 – 140	100	15 – 17.5	150 – 152.5	(65 – 70)	(7.5 – 10)	0	75 – 80
Stuart Walker, Chief Medical Care Officer	1&2	n/a	n/a	n/a	n/a	30 – 35	0	0	30 – 35
Hayley Peters, Chief Nurse		n/a	n/a	n/a	n/a	60 – 65	10 – 12.5	0	75 – 80
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)		n/a	n/a	n/a	n/a	60 – 65	20 – 22.5	0	80 – 85

Total remuneration 2019/20 (continued)	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges pension related benefits**	**Recharges Taxable benefits ***	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(Bands of £2,500)**	**(To nearest £100)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**		**£000**
David Shannon, Director of Strategic Development & Improvement		n/a	n/a	n/a	n/a	60 – 65	10 –12.5	0	75 – 80
Isobel Clements, Director of People and Organisational Development		n/a	n/a	n/a	n/a	60 – 65	55 – 57.5	0	115 – 120
Daniel Meron Chief Medical Care Officer	2&3	n/a	n/a	n/a	n/a	30 – 35	0	0	30 – 35
Amanda Trill Interim Medical Director Integrated and Community Care	4	n/a	n/a	n/a	n/a	15 – 20	5 – 7.5	0	25 – 30
Matthew Hayman Interim Medical Director Integrated and Community Care	4	n/a	n/a	n/a	n/a	15 – 20	-	-	15 – 20
Stephen Ladyman, Chairman		45 – 50	300	n/a	45 – 50	n/a	n/a	n/a	45 – 50
Philip Dolan, Non-Executive Director		10 – 15	100	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Barbara Clift, Non-Executive Director		10 – 15	400	n/a	10 – 15	n/a	n/a	n/a	10 – 15
David Allen, Non-Executive Director		10 – 15	100	n/a	10 – 15	n/a	n/a	n/a	10 – 15

Total remuneration 2019/20 (continued)	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges pension related benefits**	**Recharges Taxable benefits ***	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(Bands of £2,500)**	**(To nearest £100)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**		**£000**
Jan Hull, Joint Non-Executive Director		15 – 20	400	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Barbara Gregory, Joint Non-Executive Director		15 – 20	400	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Kate Fallon, Joint Non-Executive Director		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stephen Harrison, Joint Non-Executive Director		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes

1. To 12 July 2019.
2. 100% of the salary for the Medical Director relates to their director role, there is no element relating to their clinical role
3. From 2nd December 2019.
4. Job Share from 13th July to 2nd December 2019.

*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.

*** The Trust entered into an Alliance with Taunton & Somerset NHS Foundation Trust during 2017/18. As a result, a single Executive/Management Team was formed. The table of Salary and Pension entitlements of senior managers for 2018/19 and 2017/18 includes the full entitlements paid to senior managers during the year. This is not the amount chargeable to the Trust. Recharges between the two organisations are shown separately in the table. On 1st April 2020, Somerset Partnership and Taunton and Somerset NHS Foundation Trusts merged forming Somerset NHS Foundation Trust.

The equivalent disclosures for 2018/19 were as follows:

Total remuneration 2018/19	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges taxable benefits**	**Recharges Pension**	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Peter Lewis, Chief Executive		n/a	n/a	n/a	n/a	95 – 100	70 – 72.5	0	165 - 170
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)		125 – 130	400	115 - 120	240 - 245	(60 – 65)	(55 – 60)	(200)	120 - 125
Phil Brice, Director of Governance and Corporate Development		100 – 105	0	30 – 35	130 – 135	(50 – 55)	(15 – 17.5)	0	65 – 70
Pippa Moger, Director of Finance		135 – 140	0	185 – 190	320 – 325	(65 – 70)	(92.5 – 95)	0	160 – 165
Stuart Walker, Chief Medical Care Officer	1	n/a	n/a	n/a	n/a	100 – 105	0	0	100 – 105
Hayley Peters, Chief Nurse		n/a	n/a	n/a	n/a	60 – 65	15 – 17.5	0	75 – 80
David Shannon, Director of Strategic Development & Improvement		n/a	n/a	n/a	n/a	60 – 65	20 – 22.5	0	80 – 85
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)		n/a	n/a	n/a	n/a	30-35	0	7.5-10	35-40
Isobel Clements, Director of People and Organisational Development		n/a	n/a	n/a	n/a	55 – 60	105 – 107.5	0	160 – 165

Total remuneration 2018/19	Note	**Salary**	**Taxable benefits ***	**Pension related benefits ****	**Total Remuneration**	**Recharges Salary**	**Recharges taxable benefits**	**Recharges Pension**	**Remuneration Net of recharges *****
Name and Title		**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**	**(Bands of £5,000)**	**(To nearest £100)**	**(Bands of £2,500)**	**(Bands of £5,000)**
		£000		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Stephen Ladyman, Chairman		45 – 50	200	n/a	45 – 50	n/a	n/a	n/a	45 – 50
Philip Dolan, Non-Executive Director		10 – 15	100	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Barbara Clift, Non-Executive Director		10 – 15	300	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Liz Simmons, Non-Executive Director, Deputy Chairman and Senior Independent Director	2	10 – 15	0	n/a	10 – 15	n/a	n/a	n/a	10 – 15
David Allen, Non-Executive Director		10 – 15	100	n/a	10 – 15	n/a	n/a	n/a	10 – 15
Jan Hull, Non-Executive Director	3	15 – 20	400	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Barbara Gregory, Non-Executive Director	3	15 – 20	300	n/a	15 – 20	n/a	n/a	n/a	15 – 20
Kate Fallon, Joint Non-Executive Director	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stephen Harrison, Joint Non-Executive Director	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes

1. 100% of the salary for the Medical Director relates to their director role, there is no element relating to their clinical role.
2. To 28 February 2018
3. Appointed as a Joint Non-Executive Director with Taunton and Somerset NHS Foundation Trust from 29 May 2018. Remuneration for the joint role is paid by the Trust as the original appointing organisation.
4. Appointed from 29 May 2018 as a Joint Non-Executive Director – remuneration is paid by Taunton and Somerset NHS Foundation Trust as the original appointing organisation

*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.

*** The Trust entered into an Alliance with Taunton & Somerset NHS Foundation Trust during 2017/18. As a result, a single Executive/Management Team was formed. The table of Salary and Pension entitlements of senior managers for 2018/19 and 2017/18 includes the full entitlements paid to senior managers during the year. This is not the amount chargeable to the Trust. Recharges between the two organisations are shown separately in the table.

Pension Benefits	Note	Real increase in pension at age 60	Lump sum at age 60 related to real increase in pension	Total accrued pension at age 60 at 31 March 2020	Lump sum at age 60 related to accrued pension at 31 March 2020	Cash equivalent transfer value at 31 March 2020	Cash equivalent transfer value at 31 March 2019	Real increase in cash equivalent transfer value	Employer's contribution to stakeholder pension
Name and Title		**(Bands of £2,500) £000**	**(Bands of £2,500) £000**	**(Bands of £5,000) £000**	**(Bands of £5,000) £000**	**£000**	**£000**	**£000**	**£000**
Peter Lewis, Chief Executive		0	0 – 2.5	70 – 75	165 – 170	1265	1167	70	n/a
Andy Heron, Deputy Chief Executive & Chief Operating Officer (Mental Health & Community Services)		2.5 - 5	0	35 – 40	60 – 65	684	618	51	n/a
Matthew Bryant, Chief Operating Officer (Acute Hospital Services)		2.5 – 5	0 – 2.5	40 – 45	85 – 90	640	575	51	n/a
Phil Brice, Director of Governance and Corporate Development		0 – 2.5	0	25 – 30	60 – 65	539	496	31	n/a
Pippa Moger, Director of Finance		0 – 2.5	0	40 – 45	85 – 90	684	638	31	n/a
Stuart Walker, Chief Medical Officer	1	0	0	0	0	0	0	0	n/a
Hayley Peters, Chief Nurse		0	0 – 2.5	40 – 45	95 – 100	728	673	39	n/a
David Shannon, Director of Strategic development & Improvement		0	0 – 2.5	35 – 40	75 – 80	567	521	33	n/a

Pension Benefits	Note	Real increase in pension at age 60	Lump sum at age 60 related to real increase in pension	Total accrued pension at age 60 at 31 March 2020	Lump sum at age 60 related to accrued pension at 31 March 2020	Cash equivalent transfer value at 31 March 2020	Cash equivalent transfer value at 31 March 2019	Real increase in cash equivalent transfer value	Employer's contribution to stakeholder pension
Name and Title		**(Bands of £2,500) £000**	**(Bands of £2,500) £000**	**(Bands of £5,000) £000**	**(Bands of £5,000) £000**	**£000**	**£000**	**£000**	**£000**
Isobel Clements, Director of People and Organisational Development		5 – 7.5	10 – 12.5	45 – 50	110 – 115	839	706	116	n/a
Daniel Meron Chief Medical Care Officer	2	0	0	40 – 45	115 – 120	n/a	966	n/a	n/a
Amanda Trill Interim Medical Director Integrated and Community Care	3	0	0	15 – 20	25 – 30	282	263	13	n/a
Matthew Hayman Interim Medical Director Integrated and Community Care	3	0	0	30 – 35	65 – 70	559	604	0	n/a

Posts are shared between Somerset Partnership NHS Foundation Trust and Taunton & Somerset NHS Foundation Trust. Full pension figures attributed to the employee have been disclosed in the table above rather than the amount chargeable to the Trust.

Notes

1 No longer in the Pension Scheme and left the trust 12 July 2019
2 From 2nd December 2019.
3 Job Share from 13th July to 2nd December 2019.

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

Median pay

	2019/20	2018/19
Band of highest paid director's salary (£'000)	£65-70k	£65-70k
Median Total Remuneration	£23,761	£23,023
Ratio	2.84	2.93

The banded remuneration of the highest paid director in Somerset Partnership Trust in the financial year 2019-20 was £65-70k (2018-19, 65-70k). This was 2.84 times (2018-19, 2.93) the median remuneration of the workforce, which was £23,761 (2018-19, £23,023).

The calculation is based on full time equivalent staff at 31 March 2020 on an annualised basis. The median is a type of average, defined as the middle number in a sorted list of values.

In 2019-20, 132 (2018-19, 110) employees received remuneration in excess of the highest-paid director. Gross of recharges to Taunton and Somerset NHS Foundation Trust, 3 employees received remuneration in excess of the highest-paid director (2018-19: 2).

Remuneration ranged from £1,520 to £135,000 (2018-19 £10,000 to £135,000),

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

The banded remuneration of the highest paid director in Somerset Partnership Trust (gross of recharges to Taunton and Somerset NHS Foundation Trust) in the financial year 2019-20 was £135-140k (2018-19, £135-140k). This was 5.68 times (2018-19, 5.86) the median remuneration of the workforce, which was £23,761 (2018-19, £23,023)

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has

transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

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

Staff costs

	Permanent £000	Other £000	2019/20 Total £000	2018/19 Total £000
Salaries and wages	91,227	4,185	**95,412**	95,630
Social security costs	8,480	0	**8,480**	8,414
Apprenticeship levy	478	0	**478**	474
Employer's contributions to NHS Pensions	12,492	0	**12,492**	12,521
Additional contribution 6.3%, paid by NHSE	5,430	0	**5,430**	0
Termination benefits	0	0	**0**	172
Temporary staff (including agency)	0	11,532	**11,532**	10,983
Total staff costs	118,107	15,717	**133,824**	128,194
Costs capitalised as part of assets	(244)	0	**(244)**	(300)

Average number of employees (WTE basis)

	Permanent Number	Other Number	2019/20 Total Number	2018/19 Total Number
Medical and dental	103	10	**113**	104
Administration and estates	499	19	**518**	500
Healthcare assistants and other support staff	852	97	**949**	957
Nursing, midwifery and health visiting staff	884	82	**966**	1,041
Scientific, therapeutic and technical staff	602	13	**615**	551
Other	77	0	**77**	72
Total	3,017	221	**3,238**	3,225
of which				
Number of employees (WTE) engaged on capital projects	5	0	**6**	6

Retirements due to ill-health

During 2019/20 there was one early retirement from the Trust agreed on the grounds of ill-health (2018/19: three early retirements). The estimated pension liabilities of this ill-health retirement was £39,012 (2018/19: £113,465).

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

Directors' remuneration and other benefits

	31 March 2020		**31 March 2019**
	£000		£000
Salary	**670**		512
Employer's National Insurance contributions	**86**		136
Employer pension contributions	**91**		121
	847		769
Number of executive directors to whom pension benefits are accruing	**9**		9

Benefits are accruing under the NHS defined benefit pension scheme to 9 of the directors; (2018/19: 9). This include the Director's recharge to/from Taunton and Somerset NHS FT where the Trust entered into an Alliance with Taunton & Somerset NHS Foundation Trust during 2017/18; a single Executive/Management Team was formed. No benefits are accruing under any money purchase schemes.

Reporting of compensation schemes-exit packages 2019/20

There were no compensation scheme-exit packages reported during 2019/20

Reporting of compensation schemes-exit packages 2018/19

Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages**
< £10,000	**0**	**3**	**3**
£10,001 - £25,000	**1**	**0**	**1**
£25,001 - £50,000	**1**	**1**	**2**
£50,001 - £100,000	**1**	**0**	**1**
	3	**4**	**7**
Total resource cost (£)	**119,965**	**51,356**	**171,321**

Trust Workforce

The Trust has a workforce of 4,472 employees working in a range of inpatient, outpatient, and community team settings across a wide range of geographical locations.

Colleagues in post at 31 March 2019

Type	Headcount	FTE (Full Time Equivalent)
Contracted Employees	3,790	3,065.7
Bank/Zero Hours Employees	682	0.0
Grand Total	**4,472**	**3,065.7**

Colleagues groups and Gender

Staff Group	Female	Male	Grand Total
Add Prof Scientific and Technic	246	59	305
Additional Clinical Services	1,054	161	1,215
Administrative and Clerical	753	102	855
Allied Health Professionals	382	59	441
Estates and Ancillary	226	65	291
Medical and Dental	105	63	168
Nursing & Midwifery Registered	1,068	129	1,197
Grand Total	**3,834**	**641**	**4,472**

Workforce Information

The Trust has five Operational Divisions, described in the table below.

Division	Headcount	FTE
Central Services	215	195.6
Service Director Children, Young People and Dental	421	328.5
Service Director Community Services	2,079	1,617.7
Service Director Mental Health and Learning Disabilities	905	799.1
Trust Medical Services	170	124.8
Bank/Zero Hour Employees	682	0.0
Grand Total	**4,472**	**3,065.7**

Whole Time Equivalent by Role

Staff Group	Female	Male	Grand Total
Add Prof Scientific and Technic	194.4	50.4	244.8
Additional Clinical Services	648.1	119.2	767.3
Administrative and Clerical	496.6	80.9	577.6
Allied Health Professionals	285.1	51.9	337.0
Estates and Ancillary	145.0	45.5	190.6
Medical and Dental	69.2	36.8	106.0
Nursing and Midwifery Registered	739.1	103.3	842.4
Grand Total	**2,577.7**	**488.0**	**3,065.7**

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

	Male	Female
Executive*	6	3
Non-executive	4	4
Total	10	7

* Please see the list of executives from page 59 (includes those members of the joint team seconded to the Trust but employed by Taunton and Somerset NHS Foundation Trust).

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

	Male	Female
Medical & Dental consultants + GPs	28	34
Senior managers (all band 8+ staff)	59	145
Total	**87**	**179**

Other employees

	Male	Female
Medical & Dental (training and career grade)	20	56
All other staff	434	3,006
Total	**454**	**3,062**

Gender pay gap

We welcome the requirement for UK organisations to report their gender pay gap.

This is a good opportunity to understand and address the root causes of gender inequality in our society, and we are looking at how we can best do this in the local NHS.

The Trust's gender pay gap report for 2018/19 shows statutory information but also an analysis of the difference between different roles (medical in comparison to nonmedical roles) and provides further commentary in addition to the statutory requirements.

In line with national guidance, the data for 2019/20 is published on the Trust's website at: https://somersetft.nhs.uk/about-us/about-us/mission-vision-statementand-our-values/equality-and-diversity/

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

Staff Sickness Absence

The following figures are reported in the annual accounts and are based on the financial year and reflect the statistics reported on the website of the Health and Social Care Information Centre:

Total number of staff years	2,945
Total days lost through sickness	50,299
Calculated absences per staff year	17

The Trust experienced monthly levels of sickness during 2019/20 ranging from 4.18% (Aug 2019) to a high of 5.41% (Jan 2020).

Employees with disabilities

The Trust is committed to supporting colleagues with a disability or underlying health condition as part of the approach to create a just and fair culture. Every people policy developed this year has taken a focus on supporting the Trust to meet the public sector equality requirements. Within the supporting attendance policy specific focus is placed on supporting colleagues with long term health conditions and disabilities with a designated toolkit for manager.

The Trust is committed to having a representative workforce and takes appropriate steps to support the attendance of colleagues with a disability, making reasonable adjustments as necessary to help colleagues with a disability remain in work.

The Trust continues to demonstrate its commitment to respond to the needs of employees with disabilities. We continue to offer job applicants who declare a disability (and meet the person specification for a post) an interview, this is more easily identifiable through the introduction of a new candidate management system used for recruitment.

Pulse Check Results

Engagement of colleagues continues to be measured by using Pulse Check. Pulse asks colleagues a series of questions relating to leadership and wellbeing and is carried out on a six monthly basis. The table below shows in the period between April 2019 and September 2019 the results have improved across the board.

Question	April 2019	September 2019	+/-
How likely are you to recommend this organisation to friends and family if they need care or treatment	85.4%	87%	+1.6%
How likely are you to recommend this organisation to friends and family as a place to work	70.4%	72.8%	+2.4%
I feel that the quality and safety of our patients care is out Trust's top priority	79.3%	79.4%	+0.1%
I believe we are providing high quality services to our patients/service users	73.1%	72%	-1.1%
I have the tools and equipment to do my job well	67%	62.8%	-4.2%
I receive regular and constructive feedback on my performance	66%	71.7%	+5.7%
I think it is safe to speak up and challenge the way things are done	65.6%	66.3%	+0.7%
My immediate manager makes time to see me when I need support	81%	82.3%	+1.3%
My immediate manager motivates and inspires me to do a great job	68.9%	72.5%	+3.6%
My immediate manager recognises and acknowledges when I have done a good day	70.9%	77.4%	+6.5%
Leadership Capability Index	70.5%	74%	+3.5%
My immediate manager places a strong emphasis on promoting safety and wellbeing of colleagues	71.3%	74.1%	+2.8
Work related stress in the last 12 months	49.1%	49.6%	+0.5%
I feel respected and valued as a member of my team	72.4%	73.5%	+1.1%
When we get things wrong I feel that we learn and make changes to improve	72.9%	71.7%	-1.2%

Question	April 2019	September 2019	+/-
The senior leaders(Directorate managers and above) of this organisation are doing the right things in line with our values	41.9%	43.8%	+1.9%
Wellbeing Capability Index	60.2%	61.8%	+1.6%

Health and Safety

Health and safety is integral to the core business of our organisation, ensuring the safety of our patients, staff and visitors with a focus on a positive health and safety culture which embraces improvement work and methodology. The Trust Integrated Health and Safety Committee was established during this period, aligning the committee structure across both Trusts and providing the opportunity for partnership working with our staff side union colleagues. Where any staff side concerns have been raised these are jointly followed up to understand the concern and support local managers with possible solutions for improvement.

In addition, the Safety Environment and Advisors Group (SEAG) ensures health and safety structures and processes are in place to successfully manage health and safety. Safety topic leads report to SEAG either directly or via specialist safety meetings such as the Water Safety Committee.

SEAG is chaired by the head of health, safety and risk who is responsible for ensuring that a structure is in place to manage the health and safety functions for the 24 topic leads that report into it. This includes policy consultation, development and approval, monitoring of policy implementation plans, policy monitoring and action plan updates. This work schedule aligns with the Integrated Quality Assurance Board (IQAB). Policies are in place for health and safety related topics along with a robust system for policy monitoring. This reports in to the SEAG work schedule.

The workplace health and safety monitor project continues to be implemented throughout the Trust with monitors undertaking the Health and Safety checklist for their nominated areas. Workplace Health and Safety Monitors support managers in compliance with legal requirements by:

- Assisting managers in completing risk assessments/reviews;
- Reporting any risk or compliance issues;
- Encouraging staff to report any risk issues;
- Encouraging staff to comply with any control measures, action plans as detailed on risk assessments;
- Promoting interest and awareness amongst colleagues in the workplace;
- Liaising with line manager, Health and safety Adviser and Risk Management Department;
- Completing a health and safety checklist of the workplace on a three monthly basis.

Incidents reported to the HSE under RIDDOR

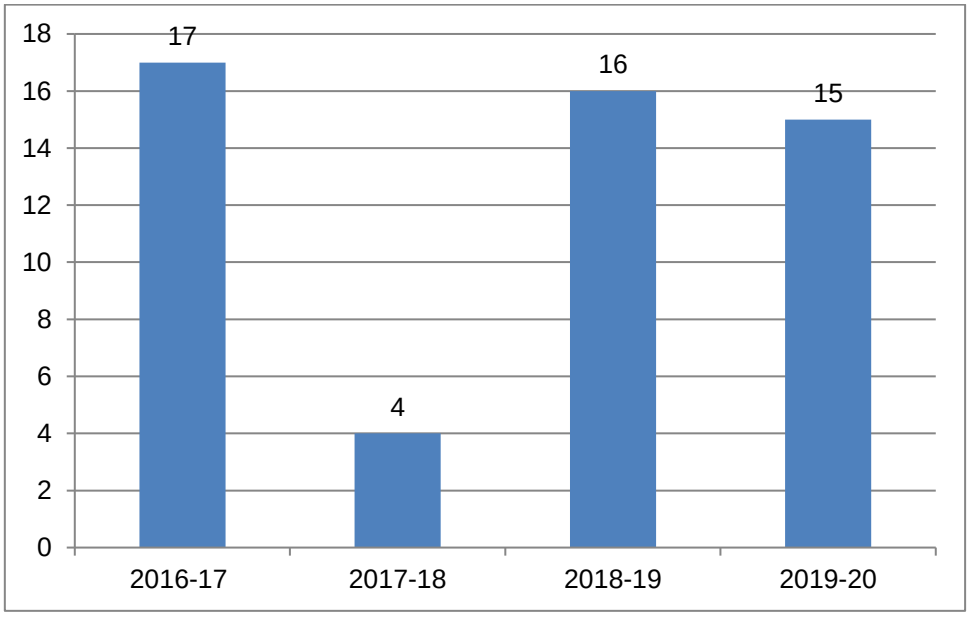
The Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDDOR) requires the Trust to report deaths, certain types of injury, some occupational diseases and dangerous occurrences that 'arise out of or in connection with work'. All RIDDORs are fully investigated and monitored by the originating Directorate.

During 2019/20 the Trust reported a total of 15 RIDDOR reportable incidents to the HSE as detailed below in the. This is very similar to the 16 incidents during 2018/19. None were categorised as major incidents. Of the 15 incidents, five were classified in the major incident category due to nature of the injuries that were sustained. This is a notable increase on the zero incidents in this category in 2018/19.

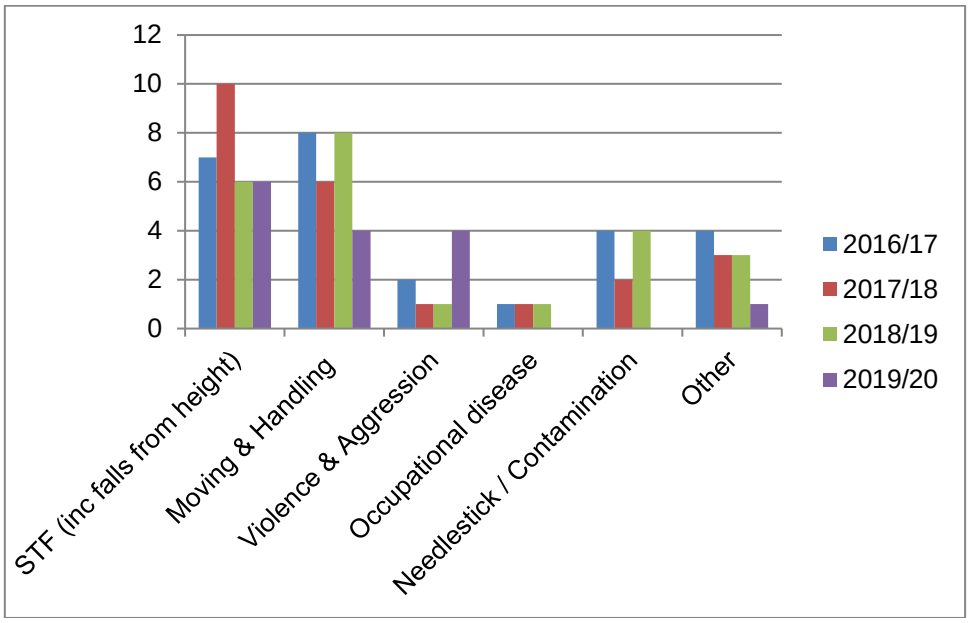
The following two tables are an extract from the annual report which is submitted to the Integrated Health and Safety Committee. These give an indication of the total number of RIDDORs year on year and breakdown by cause.

Number of RIDDOR reports made to the Health and Safety Executive - 2016/17 to 2019/20

The Trust continues to analyse the investigation reports for any potential themes. Examples include suitable risk assessments relevant to individual situations which are implemented and reviewed, not following or lack of suitable safe systems of work, access to appropriate equipment and supervision of staff. The Trust will also continue to review reporting levels and systems to ensure all incidents are logged and reported appropriately.



Number of RIDDOR reports by cause - 2016/17 – 2019/20



Staff Survey

The 2019 NHS Staff Survey was completed between September and December 2019 with a 47% response rate which is 2% increase from the 2018 survey.

In the 2019 NHS Staff Survey an eleventh theme was introduced measuring Team Working.

The 11 Key themes and the results for Somerset Partnership can be seen in the table below:

SOMPAR COMPARISON

Themes	2018				2019		
	Best	Average	Sompar		Best	Average	Sompar
Equality, Diversity & Inclusion	9.4	9.2	9.4		9.4	9.1	9.4
Health and Wellbeing	6.7	6.1	6.2		6.6	6.1	6.3
Immediate Managers	7.5	7.2	7.1		7.5	7.2	7.2
Morale	6.7	6.2	6.2		6.7	6.3	6.4
Quality of Appraisals	6.1	5.5	4.8		6.3	5.7	5.1
Quality of Care	7.7	7.4	7.1		7.8	7.4	7.3
Safe Environment -Bullying & Harassment	8.6	8.2	8.1		8.7	8.2	8.1
Safe Environment - Violence	9.7	9.5	9.5		9.7	9.5	9.5
Safety Culture	7.4	6.8	6.7		7.4	6.8	6.8
Staff Engagement	7.5	7	7		7.5	7.1	7.2
Team Working	7.3	6.9	6.8		7.3	6.9	6.9

The table above shows the comparison between the 2018 and 2019 results as well as the average for the group. This shows there was an increase in 8 of the themes with 3 of the themes remaining the same compared to 2018.

Overall Staff Engagement

Throughout 2019 we continue to use various methods to ensure colleagues are kept informed about the Trust, NHS and any changes that may affect them. This is done through the channels of communication listed below:

- Staff News – this continues to be one key communication channel sent electronically to all colleagues on a weekly basis. The Staff news keeps colleagues informed of progress relating the Merger as well as keeping colleagues abreast of what local departments are doing.
- Joint Management and Staff Side Committee
- Leadership Forums – inviting all senior managers from across the two Trusts on a quarterly basis;
- Direct communications to all staff from the Chief Executive and members of the Executive Team.

Senior Managers continue to meet regularly with Executive Team members to discuss financial, performance, operational and other issues of importance at the Senior Managers' Operational Group. Operational and Professional managers meet with the Chief Executive and the Executive Directors three times per year, to hear and discuss updates in relation to partnership working, our financial and clinical performance and any other relevant national and local issues. These meetings are also used to engage managers in the Trust's annual business planning process, particularly in identifying priorities for the future together with a range of consultative activity.

Counter Fraud

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

The Board carries out its business in an open and transparent way and members of the public are able to attend portions of our Board meetings.

Somerset Partnership 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 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.

Somerset Partnership NHS Foundation Trust employs a Counter Fraud Manager who conducts both proactive and reactive work in line with the requirements of the NHS Counter Fraud Authorities Standards for Providers.

To limit our exposure to the risks of fraud, bribery and corruption we also have an anti-fraud, bribery and corruption policy, a whistleblowing policy and a Code of Conduct and Conflict of Interest policy. These policies apply to all staff and individuals who act on behalf of our organisation.

The success of our approach is dependent on our colleagues, stakeholders, service users, visitors or anyone associated with the Trust to report any suspicions to the nominated Counter Fraud Manager or to the NHS Counter Fraud Authority.

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

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Somerset Partnership NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Somerset Partnership 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 Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements.
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance.
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy.
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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

Signed

PETER LEWIS
Chief Executive **16 June 2020**

ACCOUNTABILITY REPORT

Directors' Report

Board of Directors

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

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

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

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

Non-Executive Directors

Stephen Ladyman, PhD, Chairman from 1 May 2013 – 31 March 2020

Stephen Ladyman has a scientific background, starting his career as a radiation biologist before moving into IT management in medical research environments. In 1997 he became the MP for South Thanet.

As an MP he founded and chaired the All Party Parliamentary Autism Group and in 2003 he was appointed as Minister for Community in the Department of Health with responsibilities that included adult social care, the health of older people and Extra Care Housing. In 2005 he became Minister of State for Transport.

After leaving Government he chaired a number of Parliamentary Committees and was an advisor to the Learning Disability Coalition. He left Parliament in 2010 and took a two year appointment as the Chief Executive of Retirement Security Ltd, a company that manages the largest estate of private extra-care retirement property in the UK. In 2012 he left Retirement Security to set up his own company, Oak Retirement, in the same sector and he is currently also the Chair of the Retirement Housing Group, a trade body representing the retirement housing sector. In addition, Stephen advises companies in the transport sector and is a strategic advisor to the Clearview Traffic Group.

David Allen, Non-Executive Director from 1 May 2016 - 30 April 2022

David undertook a number of managerial roles within the NHS and has solid experience in acute, mental health and community services, specialising in risk, governance and compliance.

Prior to his work in the NHS, David was a director and Company Secretary at a leading insurance company, with overall responsibility for Information Technology, Human Resources, Facilities, Compliance and Governance.

David is a Chartered Engineer and holds a BSc (Hons) in Engineering and he is a Member of the British Computing Society.

Philip Dolan, Non-Executive Director from 1 June 2012 – 31 March 2020

A qualified strategist, Philip completed 27 years in local government before taking early retirement in 2010. He has served as chief executive at three different local authorities. Philip has extensive experience in strategy, performance enhancement, governance, financial planning and partnership delivery.

Philip is a former member of the Somerset Safeguarding Children's Board, a former Vice-Chair of Governors at a school in Yeovil, former Government advisor and a former national examiner with the Institute of Revenues, Rating and Valuation (IRRV).

Philip's qualifications are MSc (Strategic Management), CMI Executive Diploma in Management, Diploma in Strategy, Certificate in Quality Assessment and full professional qualification with the IRRV. He is also a fellow of both the RSA and CMI.

Barbara Clift, Non-Executive Director from 1 November 2014 - 31 October 2020

Barbara previously worked for the global technology company IBM, where she gained considerable experience working in business development at a senior level both in the UK and overseas.

While this is Barbara's first NHS post, she brings extensive experience from the commercial sector which will complement the skills of current Board members. Barbara also has significant experience in the voluntary sector supporting charities and not-for profit organisations in business and marketing. Barbara has also run a successful hotel/restaurant in the West Country and is an active supporter and mentor for women in business.

Barbara Gregory, Non-Executive Director from 1 August 2017 – 31 July 2020

Barbara Gregory has worked at senior management level in the NHS since 1993, including 15 years at Board level in a number of organisations in different parts of the health system – including as a Director of Finance in an NHS organisation that manages similar services to the Trust. She has an excellent working knowledge gained from first-hand experience of the health and social care system and has also been involved in the Strategic Transformation Programme in Cornwall.

Barbara has also worked closely with senior colleagues from the Local Authority on the integration of provision and commissioning and the opportunities for the devolution of expenditure to providers as part of the potential development of Accountable Care organisations/systems.

Barbara is a joint Non-Executive Director on the Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust Boards.

Jan Hull, Non-Executive Director from 1 August 2017 – 31 July 2020 (Senior Independent Director and Deputy Chairman from 1 March 2019)

Jan Hull 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.

She has a good level of knowledge of the services provided by the Trust, and the strategic context in which the Trust operates, gained from experience both of directly managing community services, and from her commissioning responsibilities.

Jan has worked at senior level with all of the major health and social organisations in the county, including primary care and the voluntary sector. She also has significant experience of structural change, having led the merger of three Commissioning Support Units in 2015.

Jan is a joint Non-Executive Director on the Taunton and Somerset NHS Foundation Trust and Somerset Partnership NHS Foundation Trust Boards.

Stephen Harrison, Joint Non-Executive Director from 29 May 2018 - 31 March 2020

Stephen joined Taunton and Somerset NHS Foundation Trust in February 2013 as a designate Non-Executive Director until his formal appointment on 1 April 2013.

He worked at Clarks Shoes for his main career. On leaving Clarks, Stephen developed a portfolio of organisational development consultancy work and community activity, including being elected as leader of Mendip District Council. In the NHS he has undertaken non-executive director roles with Bath and West Community Trust, Mendip Primary Care Trust (where he was Chairman), North Somerset Primary Care Trust and finally as Chairman of a cluster of PCTs responsible for health services across Bristol, North Somerset and South Gloucestershire.

Stephen is Chairman of YMCA Mendip and is a Trustee of the Lawrence Centre in Wells. He is a governor of Wookey Primary School. He is Vice-Chairman of Taunton and Somerset NHS Foundation Trust.

As part of the alliance between the Somerset Partnership and Taunton and Somerset NHS foundation trusts, a reciprocal arrangement has been put in place whereby two non-executives from each trust have been appointed to the Board of the other (on a non-voting basis). Stephen Harrison was appointed on this basis to the Board of Somerset Partnership NHS Foundation Trust on 29 May 2018.

Dr Kate Fallon, Joint Non-Executive Director from 29 May 2018 - 30 June 2021

Kate was appointed as a Non-Executive Director of Taunton and Somerset NHS Foundation Trust on 1 July 2015 and came with significant experience in the strategic direction and transformation of services within the NHS. She established a completely new NHS trust in 2010, which trebled in size and became the first community trust to be licensed by Monitor as a Foundation Trust in November 2014.

Previously Kate transformed her own general 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 Workforce Development Trust and Chair for the Skills for Justice Enterprise. Her daughter is a Consultant at Taunton and Somerset NHS Foundation Trust. In 2015 she was included in the HSJ "Top 50 NHS Chief Executives" list for her approach to service transformation and the integration of NHS services. She is the Senior Independent Director for Taunton and Somerset NHS Foundation Trust.

As part of the alliance between the Somerset Partnership and Taunton and Somerset NHS foundation trusts, a reciprocal arrangement has been put in place whereby two non-executives from each trust have been appointed to the Board of the other (on a non-voting basis). Kate Fallon was appointed on this basis to the Board of Somerset Partnership NHS Foundation Trust on 29 May 2018.

Alexander Priest, Associate Non-Executive Director from 1 October 2019 to 31 March 2020 (Non-Executive Director from 1 April 2020)

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.

Executive Directors

Peter Lewis, Chief Executive from 4 November 2017 – joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Peter joined Taunton and Somerset NHS Foundation Trust in 2005 as Director of Finance and Performance. He became Deputy Chief Executive in 2008 and took on the responsibility of Chief Operating Officer in 2010, before becoming Chief Executive in September 2017.

Prior to joining the Trust, Peter was a Director of Performance at Dorset and Somerset Strategic Health Authority and has also worked in both commissioning and provider organisations prior to that. Peter is a Fellow of the Chartered Institute of Management Accountants.

Andy Heron, Chief Operating Officer – January 2014. From 1 October 2017 Chief Operating Officer (Mental Health and community Services) – joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Andy joined the Trust in January 2014 worked in health and social care for 27 years having originally qualified as an Occupational Therapist (DIP.COT). Having initially worked clinically in Cornwall and North Somerset he went on to manage mental health services prior to managing mental health services in Bristol from 1999 – 2006 where he took a central role in integrating NHS and social care services and a modernisation programme that included complete service redesign and the comprehensive re-provision of the mental health estate in the city.

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 where he worked at the level of Service Director with responsibility for services to people with physical and sensory impairment, learning disabilities and mental health problems. Prior to joining the Trust in 2014 he was working as Director of Projects for a successful mental health and community foundation NHS trust in East London with portfolio responsibility for service modernisation and commercial and business development.

Andy maintains a strong interest in care pathway redesign and service integration and is also Lead Director for Restrictive Interventions.

Pippa Moger, Director of Finance and Business Development - June 2013. From 2 October 2017 Director of Finance – joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Pippa joined the NHS in 2002 as a management accountant at South Somerset Primary Care Trust where she remained employed until the restructuring of Primary Care Trusts in 2007 by which stage she had been promoted to Assistant Director of Finance. In 2007 Pippa joined NHS South West as Assistant Director of Finance responsible for strategic development of costing and Payment by Results for the South West. During her time at NHS South West a secondment opportunity arose in NHS Wiltshire to head up the Commissioning Team for 6 months.

In March 2009 Pippa joined Yeovil District Hospital NHS Foundation Trust as Assistant Director of Finance and on leaving the Trust in 2013 had been Interim Director of Finance. Pippa has a passion for ensuring that NHS resources are used in the most efficient and effective way whilst ensuring patient safety is not compromised.

Pippa qualifications are a fellow member of Association of Chartered Certified Accountants (ACCA).

Stuart Walker, Chief Medical Officer from 1 October 2017 to 12 July 2019 - joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Stuart commenced in the post of Medical Director at Taunton and Somerset NHS Foundation Trust on 23 May 2016. He is a Consultant Cardiologist at Musgrove Park Hospital and during his time in Taunton has also held a number of managerial roles within Trust operational line management, and in Regional roles within the wider NHS. He has for example been Clinical Director for Acute Medicine at the Trust and Clinical Director at the Southwest Regional Vascular Strategic Network. As Medical Director he is keen to enhance his experience in patient safety and quality improvement. Stuart left the Trust on 12 July 2019.

Andrea Trill and Matthew Hayman, Interim Chief Medical Officers on a job share basis from 13 July 2019 to 2 December 2019 - joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Dr Daniel Meron, Chief Medical Officer, from 2 December 2019 - joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Daniel joined us in December 2019 from his role of chief medical officer of Solent NHS Trust, which provides mental health, community and primary care services to people living in Southampton, Portsmouth and some parts of Hampshire and the Isle of Wight. He was also deputy medical director at University Hospital Southampton Foundation Trust, a large teaching hospital providing secondary and tertiary acute services in Wessex.

Daniel combined senior leadership roles with active front-line clinical work as a consultant in liaison psychiatry in Southampton General Hospital, as well as being actively engaged in research at the School of Medicine, University of Southampton.

Hayley Peters, Chief Nurse from 2 October 2017 - joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Hayley has over 25 years of experience in the NHS and joined Taunton and Somerset NHS Foundation Trust in July 2013 as the Deputy Director of Nursing. Prior to that, Hayley worked in senior clinical leadership roles in the southwest, London and the southeast. Hayley became Acting Director of Nursing at Musgrove in September 2015, and then Director of Patient Care in December 2015.

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 a senior nursing leader in the southwest, Hayley has developed a growing interest in nursing and enabling elderly and frail people to stay safe and reach their full potential through personalised care and service integration. Hayley is passionate about excellence in patient care and aspires at every opportunity to improve patient safety, quality and patient experience. Hayley is an active local and national patient safety champion.

Phil Brice, Director of Strategy and Corporate Affairs - January 2012. From 1 October 2017 Director of Governance and Corporate Development – joint appointment with Taunton and Somerset NHS Foundation Trust – voting Board member

Phil Brice joined the Trust in 2012, having joined the NHS in 2000, working for Somerset Heath Authority before becoming Director of Corporate Services for Taunton Deane Primary Care Trust and then Director of Corporate Services and Communications for NHS Somerset from 2006 – 2011.

Phil previously worked for the Treasury Solicitor's Department, the Parliamentary and Health Service Ombudsman and AXA PPP healthcare.

Isobel Clements, Director of People and Organisational Development. From 1 November 2017 - joint appointment with Taunton and Somerset NHS Foundation Trust

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 became director of people for the Trust in 2014.

She has played a key role in developing the Trust's system of distributed leadership, in ensuring that the organisation's values are brought to life in everyday behaviour, and in overseeing a leadership programme in which over 900 colleagues at the hospital have now taken part.

Isobel is a member of the Chartered Institute of Personnel and Development.

David Shannon, Director of Strategic Development and Improvement from 24 October 2017 – joint appointment with Taunton and Somerset NHS Foundation Trust

David joined the Taunton and Somerset NHS Foundation Trust in August 2016.

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.

Matthew Bryant, Chief Operating Officer (acute hospital services) from 1 October 2017 – joint appointment with Taunton and Somerset NHS Foundation Trust

Matthew joined the Taunton and Somerset NHS Foundation Trust in 2014 as director of operations and was appointed as chief operating officer in 2015. He is responsible for the day-to-day running of the hospital and for its performance in meeting the required national standards.

Matthew has worked in the NHS in the South West since 1998, managing medical and surgical services at the Royal Devon and Exeter Hospital, and being part of the management team when that trust became one of the country's first foundation hospitals. He led the trust's delivery of new models of care for older people, which included a strong focus on integration with services outside hospital across the East Devon area.

He was involved in the planning of cancer services across Devon and Cornwall, and helped to establish the Peninsula Medical School in Exeter, of which he became an Honorary Fellow, teaching undergraduate medical students about healthcare management. He was also involved in the commissioning of specialist services and the development of joint working for health authorities across Devon and Cornwall. Matthew joined the NHS on the national general management training scheme, after graduating from Oxford University. He is also a trustee of Hospiscare, the palliative care provider for Exeter, East and Mid-Devon.

Board effectiveness

On the basis of the expertise and experience described above, 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 2019/20. 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.

The effectiveness of the Board of Directors meetings is reviewed at the end of each meeting. In addition, an external review of the effectiveness of the Board has been undertaken as part of the due diligence process for the merger with Taunton and Somerset NHS Foundation Trust. Effectiveness of Board sub committees is monitored through the Board by quarterly reports and regular evaluation/review of the terms of reference.

Non-Executive Directors are subject to regular and annual appraisals by the Chairman; unsatisfactory appraisals could result in termination of their appointment.

The decision to remove Non-Executive Directors rests with the Council of Governors. An annual performance review of the Chairman is undertaken by the Council of Governors' Nomination and Remuneration Committee and includes feedback from individual governors. The findings of the performance review are reported to a meeting of the Council of Governors.

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 all the Non-Executive Directors, including the Non-Executive Directors who have completed their seventh year as a Non-Executive Director, and the Joint 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.

Monitor (NHS Improvement) Foundation Trust Code of Governance

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

The Board can confirm that it is compliant with the Monitor Foundation Trust Code of Governance with the exception of the principles that "at least half the Board, excluding the chairperson, should comprise non-executive directors determined by the Board to be independent." The Trust's Board has equal numbers of voting Executive Directors and Non-Executive Directors determined by the Board to be independent, including the Chairman. As the Chairman has a second vote this will ensure that Non-Executive Directors, at all times, will have a majority vote.

Managing Conflicts of Interest in the NHS

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

Significant interests held by directors

Interests held by directors which may conflict with their management responsibilities are declared at each Board meeting. Board papers which include these disclosures are available on the Trust's website. Transactions related to those interests are shown in page 38, note 26 to the accounts.

Directors' disclosure to auditors' statement

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

taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Board of Directors meeting attendance

Name	Title	2 April 2019	2 May 2019	23 May 2019	4 June 2019	2 July 2019	3 September 2019	5 November 2019	3 December 2019	4 February 2020	3 March 2020	18 March 2020	Meetings attended	
													Possible	Actual
Stephen Ladyman	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	11	10
Barbara Clift	Non-Executive Director	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	11	10
Philip Dolan	Non-Executive Director	✓	X	✓	X	✓	✓	X	X	X	✓	X	11	5
David Allen	Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	11
Barbara Gregory	Non-Executive Director	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	10
Jan Hull	Non-Executive Director	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	11	10
Peter Lewis	Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	11
Hayley Peters	Chief Nurse	✓	✓	X	✓	✓	✓	✓	✓	X	✓	✓	11	9
Phil Brice	Director of Governance and Corporate Development	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	11
Andy Heron	Chief Operating Officer (Mental Health and Community)	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	X	11	9
Pippa Moger	Director of Finance and Business Development	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	11	10
Isobel Clements	Director of People and Organisational Development	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	11	10
Stuart Walker	Chief Medical Officer	✓	✓	X	✓	✓							5	4
Andrea Trill/Matthew Hayman	Interim Chief Medical Officer (Job share)						✓	✓					2	2
Daniel Meron	Chief Medical Officer								✓	✓	✓	X	4	3

Name	Title	2 April 2019	2 May 2019	23 May 2019	4 June 2019	2 July 2019	3 September 2019	5 November 2019	3 December 2019	4 February 2020	3 March 2020	18 March 2020	Meetings attended	
													Possible	Actual
Matthew Bryant	Chief Operating Officer (Acute Hospital Services)	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	11	10
David Shannon	Director of Strategic Development and Improvement	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	11	10
Kate Fallon	Joint Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	11
Stephen Harrison	Joint Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	11

Quality and Governance Committee

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

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

Attendance at Quality and Governance Committee meetings

Name	Formal Quality and Governance Committee meetings attended	
	Possible	Actual
David Allen (Chairman)	6	6
Stephen Harrison	6	5
Kate Fallon	6	5

Name	Formal Quality and Governance Committee meetings attended	
	Possible	Actual
Barbara Clift	6	4
Jan Hull	6	4
Phil Brice	6	6
Hayley Peters	6	3
Isobel Clements	6	4
Andrea Trill	2	2
Stuart Walker	1	1
Daniel Meron	3	2
Andy Heron	6	1
Matthew Bryant	6	3

Finance and Investment Committee

The Committee is a Board Committee and acts in an advisory capacity. The Finance and Investment Committee met four times during the year to focus on investigating the progress made in the delivery of financial plans and carry out an in-depth analysis of the financial performance of the Trust. The Chief Executive and other executive directors have a standing invitation to attend this committee. The meetings are held jointly with the Taunton and Somerset NHS Foundation Trust Finance Committee.

Attendance at Finance and Investment Committee

Name	Finance and Investment Committee meetings attended	
	Possible	Actual
Philip Dolan (Chairman)	4	2
Barbara Clift	4	2
Barbara Gregory	4	3
David Allen	4	3
Pippa Moger	4	4
David Shannon	4	4
Kate Fallon	4	3
Alexander Priest	2	2

Finance and performance issues are regularly addressed by the Trust Board and the Finance and Investment Committee, comprising Non-Executive Directors, and also at the monthly Senior Management Team, which is chaired by the Chief Executive.

Audit Committee

Membership of the Audit Committee consists of four Non-Executive Directors. The Chairman of the Trust is not a member of the Audit Committee. From October 2019

the Audit Committee meetings have been held jointly with the Taunton and Somerset Audit Committee.

The role of the Audit Committee is:

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

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

Attendance at Audit Committee meetings

Name	Audit Committee meetings attended	
	Possible	Actual
Barbara Gregory (Chairman)	5	5
Phil Dolan	5	5
Barbara Clift	5	5
David Allen	5	5

Directors' Responsibility for Trust Annual Report and Accounts

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

Significant Issues considered by the Audit Committee

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

- Valuation of Land and Building Assets;
- Accuracy of NHS income and valuation of receivables;
- Management override of controls;
- Expenditure recognition.

Council of Governors

The Council of Governors is made up of 23 elected governors, six of whom are staff Governors. The Council had two working groups – strategy and planning and nominations and remuneration. The Trust's Public and Patient Involvement Group is chaired by the Lead Governor and membership includes other Governors. Over the summer of 2019 and in preparation for the merger of the two trusts, a review of the working groups has been undertaken and the following working groups have been set up jointly with Taunton and Somerset NHS Foundation Trust: People Group; Quality and Patient Experience Group; and Strategy and Planning Group. The first joint meetings of these groups took place in November 2019. The Nominations and Remuneration Committee already met jointly.

The Council meets every quarter in public. Meetings are advertised on the Trust's website and at our headquarters. No business can be transacted at a meeting unless at least half of the governors are present, and of these, not less than half must be governors elected by the public or appointed by non-health service bodies.

The responsibilities of the Council of Governors are:

- to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors;
- to represent the interests of the members of the Trust as a whole and the interests of the public;
- to assist the Board of Directors in setting the strategic direction of the Trust and targets for the Trust's performance;
- to monitor the Trust's performance in achieving strategic objectives and performance targets that have been set;

- to act as guardians to ensure that the Trust operates in a way that is consistent with NHS and Trust principles (as set out Annex 9 of the Constitution) and the terms of the Trust's Authorisation;
- to appoint the Trust's external auditors;
- to exercise such other powers and to discharge such other duties as may be conferred on the Council of Governors under the Constitution;
- to appoint the Chairman and other Non-Executive Directors of the Trust;
- with the approval of at least three quarters of the Governors, to remove the Chairman and other Non-Executive Directors of the Trust;
- to approve the appointment of the Chief Executive by the Non-Executive Directors of the Trust, at a general meeting;
- to approve significant transactions.

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

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

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

Disagreements between Council of Governors and Trust Board

Where any disagreements between the Council of Governors and the Trust Board occur, the Trust policy "Policy and Procedure for Council of Governors: Raising Concerns" details the process by which these disagreements are resolved. This policy was last reviewed in 2015 and will be further reviewed in 2020. A copy of the policy can be found on the website.

Nominations and Remuneration Committee (Council of Governors)

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

The role of the Committee is:

- to consider the Non-Executive Director or Chairman vacancies due in the next 12 months and make recommendations to the Council of Governors (Annex 9, para 3.1.1 of the Constitution); and

- to advise the Council of Governors as to the remuneration and allowances and of the Terms and Conditions of the office of the Chairman and other Non-Executive Directors (para 32.1 of the Constitution).

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

The Committee met twice during the year on 12 June 2019 and 27 January 2020 to discuss:

- the 2018/19 TST Chairman appraisal feedback;
- the appointment of the Chairman post-merger;
- the Non-Executive Directors 2018/19 appraisal feedback;
- the re-appointment of two Non-Executive Directors;
- the appointment of a new Non-Executive Director;
- the remuneration for the post-merger Non-Executive Directors.

The Committee's attendance is set out below:

Nomination and Remuneration Committee – Attendance at meetings		
	Possible	**Actual**
Ian Hawkins (Chairman)	2	2
Philippa Hawks	2	2
Richard Brown	2	2
Cathy Hackett	2	1
Kate Butler	2	2

The recruitment process for a new Non-Executive Director was approved at the Council of Governors meeting held on 28 May 2019. The recruitment process included open advertising and was managed by the Secretary to the Trust in line with the Trust's Constitution. The recommendations from the Appointment Panel were presented to and approved at the September 2019 Council of Governors meeting. The successful candidate started his post as an Associate Non-Executive Director from 1 October 2019.

The Committee carried out an internal process for the re-appointment of two Non-Executive Directors whose term of office will expire on 1 August 2020. This re-appointment will be for a second term of three years and the process complied with the Trust's Constitution. The recommendations from the Nomination and Remuneration Committee will be presented to the June 2020 Council of Governors meeting.

The Nomination and Remuneration Committee carried out an internal process for the appointment of the Chairman of the merged organisation from the date of merger and reviewed the terms of office of the two Joint Non-Executive Directors. The decision to undertake an internal appointments process was based on the need for continuity at a time of considerable change following the merger and this process took account of the skills and expertise on the Board. The process was in line with

the re-appointment process set out in the Trust's Constitution. The recommendations from the Committee were approved at the July 2019 Council of Governors meeting.

To market-test the remuneration levels of the chairman and other non-executive directors, the Council of Governors considers that the NHS Providers annual benchmarking for all Trusts executive and non-executive directors remuneration constitutes external advice. A review of remuneration was carried out in 2020, also taking account of new national guidance, and the recommendations from the Nomination and Remuneration Committee will be presented to the June 2020 Council of Governors meeting.

Council of Governors elections

The election process for seats in the public constituencies – Taunton Deane, Mendip, Sedgemoor, South Somerset, West Somerset, Outside Somerset, and staff constituency commenced in February 2019.

There was competition for the public Outside Somerset, Sedgemoor, South Somerset, and Taunton Deane seats. Candidates for the public West Somerset, public Mendip and staff seats were elected unopposed. Seats remained vacant in the Public Mendip (1) and Staff (1) constituencies.

Governor	Constituency	Governor in place on 1 April 2019	Term of Office		Meetings	
			From	To	Possible	Actual
Ian Aldridge	Public – Somerset West and Taunton	Ian Aldridge	1 May 2019	30 April 2022	5	5
Margaret Worth	Public – Somerset West and Taunton	New seat	1 May 2019	30 April 2022	5	5
Kate Butler	Public – Somerset West and Taunton	New seat	1 May 2019	30 April 2022	5	5
Helen (Judy) Cottrell	Public – Somerset West and Taunton	Peter Ernest	1 May 2019	30 April 2022	5	4
Sumitar Young	Public – Somerset West and Taunton	Sumitar Young	9 October 2017	30 April 2020	5	5
Elaine Hodgson	Public – Somerset West and Taunton	Elaine Hodgson	1 May 2017	30 April 2020	5	4
Philippa Hawks	Public – Somerset West and Taunton	Philippa Hawks	1 May 2017	30 April 2020	5	5
Jeanette Keech	Public – Somerset West and Taunton	New seat	1 May 2019	30 April 2022	5	5
Cathy Hackett	Public – Mendip	Cathy Hackett	1 May 2017	30 April 2020	5	4

Governor	Constituency	Governor in place on 1 April 2019	Term of Office		Meetings	
			From	To	Possible	Actual
Richard Brown	Public – Mendip	Richard Brown	1 May 2017	30 April 2020	5	5
Bob Champion	Public – Mendip	Bob Champion	1 May 2096	30 April 2022	5	4
Vacancy	Public – Mendip	Nick Phillips	1 May 2019	30 April 2022	-	-
Malcolm Turner	Public – Sedgemoor	Malcolm Turner	1 May 2017	30 April 2020	5	4
Judith Goodchild	Public – Sedgemoor	Eddie Nicholas	1 May 2019	30 April 2022	5	4
Dave Gudge	Public – Sedgemoor	Dave Gudge	1 May 2017	30 April 2020	5	5
Gillian Waldron	Public – South Somerset	Richard Porter	1 May 2019	30 April 2022	5	3
Paddy Ashe	Public – South Somerset	Paddy Ashe	9 October 2017	30 April 2020	5	3
Judi Morison	Public – South Somerset	Judi Morrison	9 October 2017	30 April 2020	5	3
Nick Beecham	Public – South Somerset	Nick Beecham	1 May 2017	30 April 2020	5	5
Alan Peak	Public –Outside Somerset	Vacancy	1 May 2019	30 April 2022	5	3
Vacancy	Staff	Claudine Brown	1 May 2019	30 April 2022	-	-
Hannah Coleman	Staff	Hannah Coleman	1 May 2017	30 April 2020	5	3
Paul Aldwinckle	Staff	Paul Aldwinckle	1 May 2019	30 April 2022	5	5
Polly Maguire	Staff	Polly Maguire	1 May 2019	30 April 2022	5	1
Nicola Shergold	Staff	Nicola Shergold	1 May 2017	30 April 2020	5	0
Owen Howell	Staff	Owen Howell	22 August 2017	30 April 2020	5	2
Cllr Heather Shearer	District Councils	Cllr Nigel Woollcombe-Adams	All appointed organisations were appointed on 1 May 2008 for an unlimited period.		4	3
Cllr Terry Napper	Somerset County Council	Cllr Terry Napper			5	3
Dr Jayne Chidgey-Clark	Somerset Clinical Commissioning Group	Dr Jayne Chidgey Clark			5	2
Ian Hawkins (Lead Governor from 1 May 2019)	Taunton Samaritans (permanently appointed from 23 May 2017)	Ian Hawkins	1 May 2014	30 April 2017	5	5
Caroline Toll	Care UK (permanently appointed from 23 May 2017)	Caroline Toll	1 May 2014	30 April 2017	5	5

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

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

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

As the majority of Board members attend the Council of Governors' meetings, feedback from the meetings can be taken into account immediately. In addition, representatives from the Council of Governors also attend the public Board meetings and governors are invited to attend the joint Board/Council of Governors away day held in December each year to discuss strategic priorities. Governors also have an open invitation to attend Board Committee/Governance Group meetings.

The Chairman meets with the lead governor after each Board meeting to discuss issues arising from Board meetings and governors' concerns. The Chairman also meets with the Staff Governors on a regular basis.

During the year the two trusts have held three joint governor development sessions. These sessions have played a pivotal part in bringing the two Council of Governors together in order to receive update on the due diligence work behind the merger process. The Governors further held a joint Development Day to discuss the Governors' views on the merger and receive updates on the work of both trusts. Governors also discussed the development of a Governor Charter which will be developed in 2020/21. Board members were invited to attend the afternoon session of the development days.

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

Board Member Attendance at Council of Governors Meetings

		Meetings	
		Possible	Actual
Stephen Ladyman	Chairman	5	5
Philip Dolan	Non-Executive Director	5	1
Barbara Clift	Non-Executive Director	5	4

		Meetings	
		Possible	Actual
David Allen	Non-Executive Director	5	4
Jan Hull	Non-Executive Director	5	5
Barbara Gregory	Non-Executive Director	5	4
Kate Fallon	Joint Non-Executive Director	5	3
Stephen Harrison	Joint Non-Executive Director	5	4
Alexander Priest	Associate Non-Executive Director	2	2
Peter Lewis	Chief Executive	5	4
Stuart Walker	Chief Medical Officer until July 2019	1	1
Daniel Meron	Chief Medical Officer from 2 December 2019	2	1
Pippa Moger	Director of Finance	5	3
Phil Brice	Director of Governance and Corporate Development	5	5
Hayley Peters	Chief Nurse	5	3
Andy Heron	Chief Operating Officer (Mental Health and Community Services)	5	3
Isobel Clements	Director of People and Organisational Development	5	3
David Shannon	Director of Strategic Development and Improvement	5	4
Matthew Bryant	Chief Operating Officer (Acute Hospital Services)	5	2

Governor Involvement in Business Planning

Since becoming a foundation trust, we have encouraged governors and members to participate in the Trust's annual business planning process and the Governors were invited to and attended a joint Board/Council of Governors Away Day on 4 December 2018 to discuss the key priorities for 2019/20.

Governors have also been involved in setting the Quality Account priorities for 2020/21 in support of the NHS Improvement Annual Plan process and governors were invited to and attended a joint Board/governors away day held on 3 December 2019 to discuss the key priorities for 2020/21 and to discuss how Governors can support the neighbourhood work.

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

Engagement with members

We recognise the importance of having a strong and engaged membership. With circa 11,000 members (public and staff combined), the Trust has access to the local population, interaction with which helps to improve services. The focus of the Trust's membership strategy, which was monitored by the Patient and Public involvement Group, 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. Since the creation of the joint Governor Working Groups, membership and membership engagement is monitored by the People Group.

In addition, Governors also engage with members of the public in a number of different ways. The membership strategy has been reviewed in 2020 to take account of the proposed merger with Taunton and Somerset NHS Foundation Trust and the new membership strategy will take effect from the date of merger.

The Trust's membership (which is reviewed by the Patient and Public Involvement Group and subsequently the People Group), 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.

As part of the preparations for the merger between the two Trusts, an active recruitment drive has been undertaken to try and encourage existing acute services members to become members of the merged organisation. This recruitment drive will continue after the merger as part of the membership strategy.

Membership as at 31 March 2020

Public membership

Constituency		Number of Members 31.03.2019	Number of Members 31.03.2018	increase/ decrease over year
Public		6,576	6,033	+ 543

Staff membership

Constituency	Number of Members 31.03.2019	Number of Members 31.03.2018	increase/ decrease over year
Staff	4,449	4,287	+ 162

Signed

PETER LEWIS
Chief Executive

Date: 16 June 2020

Information governance, cyber and data security

The Trust manages its information governance agenda through a number of different approaches. The Governance and Corporate Development Director chairs the Data Security and Protection Group (DSPG), which is responsible for setting the framework for information governance standards in the Trust and ensuring delivery of action plans to improve compliance.

A key part of the DSPG work is to review compliance against the Data Security and Protection Toolkit and to ensure evidence is externally assured through audit. In 2019/20 the Trust achieved 'Standards Exceeded' rating within the Data Security and Protection Toolkit.

The information governance framework is supported by the Data Protection Officer, The Caldicott Guardian and the Senior Information Risk Owner (SIRO).

Information Governance SIRIs

There were no serious data breaches which were required to be reported to the Information Commissioner's Office during 2019/20.

Cyber Security

Throughout 2019/20 Somerset Partnership has actively developed its cyber security capabilities, culminating in the re-accreditation for the Cyber Essentials plus certification in January 2020. The Trust remains one of only a handful across the UK to have achieved this high standard.

Significant achievements over the past 12 months include upgrading the Trusts PC and laptop fleet to Windows 10 ahead of the national deadline, installation of new advanced firewall, continual monitoring and testing of Trust networks and applications for cyber vulnerabilities and attacks and the ability to support over a 100 remote access sessions which have provided in valuable during the Covid-19 pandemic.

Due to the prevalence of email based cyber-attacks, the IT Team have continued to successfully conduct email phishing campaigns on a regular basis to raise staff awareness of cyber based threats. The outcome of these campaigns has helped inform investment into cyber defence technologies.

The Trust IT Team have actively engaged with NHS & Social Care colleagues, contributing significantly to the level of cyber security knowledge and expertise available across the South West.

Action Plan

During 2020/21 we will maintain compliance by completion of the Data Security and Protection Toolkit and continuing our compliance with the Data Protection Act and General Data Protection Regulation.

Emergency Planning and Business Continuity

As part of the planned merger with Taunton and Somerset NHS Foundation Trust, we appointed a Head of Resilience to develop and implement new emergency planning arrangements across acute, community and mental health services in Somerset. This will afford for the first time an opportunity to have an integrated response across these services when critical and major incidents occur. We have continued to work closely with partner agencies within the Local Health Resilience Partnership and Local Resilience Forum to help ensure NHS resilience and service continuity in the event of disruptive and major incidents. New Integrated Strategic and Tactical Major Incident plans at out Trust Board in February 2020. The organisation was again assessed as being substantially compliant during the annual Emergency Planning, Response and Recovery (EPRR) assessment by NHS England in 2019. Our resilience measures helped to ensure our resilience during a number of incidents affecting us during the year including our preparations for the UK's exit from the European Union. This also enabled us to be prepared for the declaration of the Covid-19 pandemic. Our plans are tested through local and organisational exercises and with partner agencies and we seek to learn and embed lessons when real incidents occur. The Trust remains committed to support partner organisations affected by disruptive incidents in Somerset and in the wider region.

Security Management

Our Head of Resilience acts as our professional lead on security management matters and as our Lead Local Security Management Specialist within the Trust and at Musgrove Park Hospital. It has been a busy year providing specialist advice and support to local teams, managers on crime prevention, building security, lone working and CCTV systems. Reported crimes have been investigated alongside police colleagues and perpetrators have as been prosecuted in court for harassment, hate crime, assault, criminal damage and theft. We continue to work closely with operational colleagues to prevent crime taking place and to ensure the safety and wellbeing of patients, colleagues and the public.

How to Become a Member of the Trust

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

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

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

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

Membership Office Tel: **01278 432167**

Email: foundationtrust@sompar.nhs.uk

Somerset NHS Foundation Trust
2nd Floor Mallard Court, Express Park, Bristol Road
Bridgwater, Somerset TA6 4RN

Tel: 01278 432000 **Fax: 01278 432099**

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

Trust Board Contact Details

All Board members can be contacted at the above address.

Telephone numbers:

Chairman, Chief Executive and Non-Executive Directors	01278 432094
Chief Operating Officer (Mental Health and Community Services)	01278 432163
Chief Operating Officer (Acute Hospital Services)	01823 343411
Chief Nurse	01823 342498
Director of Finance	01823 342512
Chief Medical Officer	01823 342442
Director of Governance and Corporate Development	01278 432084
Director of People and Organisational Development	01278 432076
Director of Strategic Development and Improvement	01823 342527
Secretary to the Trust	01278 432073

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

Council of Governors Contact Details

Governors can be contacted via the Membership Support Office:

Tel: **01278 432167**
email: governors@sompar.nhs.uk

or write care of the address above.

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Somerset Partnership 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 Partnership NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

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

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

The Director of Governance and Corporate Development co-chairs the Trust's key operational management group for governance, the Integrated Quality Assurance Board (IQAB), with the Chief Nurse and Chief Medical Officer. The Associate Director of Integrated Governance is also a key member of this committee. The IQAB meets monthly to monitor progress with corporate and operational plans and receive assurance reports and improvement plans from nominated leads on all regulatory requirements in accordance with its reporting schedule.

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

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

The risk and control framework

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

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

Risks are assessed and evaluated using a single form and rating system for all types of risk, allowing direct comparison. As part of the process for merger with Taunton and Somerset NHS Foundation Trust, the governance support team has reviewed the risk scoring tools in both organisations and developed a standardised risk scoring tool to ensure all risks are being scored consistently. From this score, risks are categorised into one of three accountability levels, and responsibility for the control and monitoring of the risk is allocated to the appropriate department, Directorate or the Trust executive team, depending on the level identified. Responsibility for completing actions is allocated to an individual manager, with monitoring carried out by the relevant Directorate or Trust committee.

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

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

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

These Committees all functioned as committees in common with their counterparts in Taunton and Somerset NHS Foundation Trust during all or part of 2019/20.

At the end of the financial year, in line with the national guidance *Reducing burden and releasing capacity at NHS providers and commissioners to manage the COVID-19 pandemic*, the Board agreed to adopt a simple, supportive and streamlined approach to governance and assurance during the period of the COVID-19 emergency, focusing its attention on the impacts and response to the pandemic together with urgent business determined by national or regional directives. However, all Board sub–committees continued to function during the period and into 2020/21 and the Board has continued to meet virtually.

Alongside these arrangements and in line with the Trust's Major Incident Plan, the Trust stood up its Strategic, Tactical and Operational command and control structures to direct and oversee the Trust's response to the pandemic. The effectiveness of the arrangements are overseen by the Quality and Governance Committee and reported regularly to the Trust Board.

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

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

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

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

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

The Q&GC receives reports covering three areas:

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

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

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

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

- Care Quality Commission Insight reports
- Quality and Performance exception reports and divisional dashboards
- Safer staffing dashboards
- Serious Incident Review Group minutes and tracker report
- 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 any data outliers

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

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

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

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

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

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

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

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

The main methods for the identification of risk are:

- Review of compliance with key standards, for example the CQC registration requirements, and legislation such as the Health and Safety at Work Act (1974).
- Executive review of annual and strategic objectives to identify potential risks to meeting those objectives.
- Local risk assessment at departmental level, feeding up to divisional risk registers.
- Facilitated risk identification sessions at various levels in the organisation.
- Incident reporting and complaints information.
- Information from external sources such as CQC inspections, audits and patient and staff surveys.

All risks are assessed and evaluated using a standard form and scoring system, allowing direct comparison. From this evaluation, risks are categorised into one of three accountability levels, and responsibility for the control and monitoring of the

risk is allocated to the department, the directorate or the Trust's executive team, depending on the level identified. Responsibility for completing actions is allocated to an individual manager, with monitoring carried out by the relevant directorate committee or Trust executive director. The three accountability levels are set based on the Trust's risk appetite, which is regularly reviewed by the Board.

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

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

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

The Trust has had an Assurance Framework in place throughout 2018/19. The Assurance Framework is designed to provide the Trust with a method for the effective and focused management of the principal risks which may impact on the achievement of objectives.

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

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

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

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

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

- **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. In particular, we had to continue the temporary closure of the inpatient wards at Dene Barton and Chard community hospitals. An extensive recruitment campaign was maintained during the year, including continued overseas recruitment, but was not sufficiently successful and significant pressures remain. A system-wide Community Hospital Resilience Group was in place throughout the year, reporting regularly to the Health Overview and Scrutiny Committee. Staffing issues also led to the temporary closure and restriction of Minor Injury Unit services during the year, although these were resolved by year end.

- **Sustainability and Transformation Plan (STP)** – the continued difficult progress of the development and implementation of the Somerset STP – and the Somerset Clinical Commissioning Group's Fit for My Future programme - has again presented a number of risks for the Trust in terms of its impact on existing strategic plans, capacity within the Trust to support the STP while maintaining focus on our core services, and the financial sustainability of the Trust within the wider Somerset health and social care system. The timetable for the engagement and consultation of the programme has slipped again during the year which has limited the Trust's options for transformational change to support financial resilience and meaningful service change. Senior members of the Trust, including the Chief Executive, continue to occupy central roles in the STP Programme and the Trust's Chairman has continued in the role of Chair of the STP Somerset System Leadership Board. The delay in development of plans has continued to have an impact on the Trust delivering some of its plans, although formal consultation on the future of inpatient mental health services for adults did commence in the year. As the Trust and Taunton and Somerset NHS Foundation Trust developed our clinical model for the proposed merged organisation, significant work was undertaken to ensure that our proposals align with those of the wider STP programme and our objectives for the delivery and sustainability of high quality, effective community health, mental health and learning disability services.

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

- **Access to Dental General Anaesthetics (GA) for Children (Dorset)** – During the year the Trust was unable to secure sufficient access to theatre capacity in Dorset to keep up with demand for children's GA dental treatment. This lead to a significant waiting list and impact on children's dental care. A vanguard theatre was established in year which succeeded in reducing the waiting to list

significantly in year, although a longer term solution is still required to meet the ongoing levels of demand in the county.

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

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

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

The Trust has a positive culture of reporting incidents enhanced by accessible online reporting systems available across the Trust. All patient related incidents which have resulted in harm as well as 'near miss' incidents are reported onto the National Reporting & Learning System (NRLS) to aid national trend analysis of incident data. Twice yearly, the Trust receives a summary of activity benchmarked against that of other, similar organisations. Significant issues are escalated to the Quality and Governance Committee. During the year the Trust, in partnership with Taunton and Somerset NHS Foundation Trust went through a procurement exercise for an integrated incident reporting system for the merged trust and this will be implemented in 2020/21.

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 put in place, along with Taunton and Somerset NHS Foundation Trust, a series of measures to meet these requirements. Central to this is the resourcing principles, aims and plans set out in the joint People Strategy published in May 2018.

We have in place regular reviews of safe staffing for inpatient ward areas with safecare 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.

The Trust does not as yet have a comprehensive workforce plan that extends to all clinical professionals but is working with colleagues and partner organisations through the Local Workforce Action Board to develop this.

Any service changes, skill mix reviews and new roles are subject to a Quality Impact Assessment process that it shared with organisations across the county. Escalation processes are documented at a local level and as part of system-wide escalation needs. Where these issues have continued or increases, these are escalated to the Trusts board and has resulted in the temporary closure of services where the risks are deemed too significant to continue to run the services.

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

Public engagement with risk management

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

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

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

During 2019/20 the Trust was involved in public consultations relating to:

- Community podiatry services
- Inpatient mental health services for adults of working age

The Trust was also involved in the extensive engagement programme led by Somerset Clinical Commissioning Group in relation to community health services and community hospitals, as part of the STP Fit for My Future programme.

The Trust has further developed its risk management processes to ensure that relevant and up to date risk information is available at all key meetings, ensuring that decisions are based on robust assessments of risk. The Trust has an open and fair

culture, encouraging incident reporting to enable the hospital to learn and improve as part of its core business.

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

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

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

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

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

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

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

The Board monitors quality through the following processes:

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

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

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

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

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

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

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

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

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

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

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

Information Governance

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

In March 2020 the Trust submitted its return for the data security and protection toolkit with an achievement level of 'exceeds standards'.

During 2019/20, the Trust reported no Level 2 incidents to NHS Digital and the Information Commissioner.

Data and Quality Governance

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

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

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

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

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

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

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

Review of effectiveness

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

My review is also informed by:

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

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

The Assurance Framework provides the Board with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. The Assurance Framework was subject to review and scrutiny

at each meeting of the Quality and Performance Committee and Audit Committee, with a quarterly update provided to the Trust Board. The Assurance Framework and Corporate Risk Register were also subject to a positive internal audit review.

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

Clinical Audit is given a high importance. The annual clinical audit plan was agreed by the Quality and Performance Committee and reflects the priorities of the Board of Directors and national best practice, for example, NICE clinical guidelines, national confidential enquiries, NHS frameworks, high level enquiries and other nationally agreed guidance is taken onto account in the context of clinical services provided by the organisation.

Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the Audit Committee. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management.

Internal audit identified three areas of high risk as part of the review of trust services in year.

The review of Contract Management identified a requirement for stronger processes of authorisation for contracts over £1 million which has been implemented in year.

The review of pressure ulcer management identified risks in relation to the timeliness and recording of assessments in community settings. Actions are in place to review the pressure ulcer management policy and oversight of these issues during 2020/21.

The NICE guidance review identified shortcomings in the processes for following up implementation of guidance that had arisen from staff shortages. Recruitment to a dedicated Clinical Effectiveness post has seen these issues being addressed during the year with plans in place to complete this within the merged organisation.

In addition, internal audit identified concerns in relation to the programme management of the merger with Taunton and Somerset NHS Foundation Trust. These issues were resolved in year and a re-audit before the approval of the merger found all of the issues to have been addressed.

The Head of Internal Audit Opinion was issued for 2019/20 was issued at a level of Moderate assurance. The Opinion states:

“Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust’s objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The majority of audits provided moderate assurance and five provided substantial assurance in the design and operational effectiveness of controls, including the key audit of financial systems
- The Trust has a good record of implementing audit recommendations

- All recommendations reported within the Merger Preparedness audit review in January 2020 were followed up in February 2020 and found to be fully implemented."

Conclusion

The Annual Governance review has identified no significant control issues.

Signed

Chief Executive Date: 16 June 2020

Appendix 1

SOMERSET PARTNERSHIP NHS FOUNDATION TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

Foreword to the accounts

Somerset Partnership NHS Foundation Trust

These accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) of the National Health Service Act 2006

Signed 

Name	**Peter Lewis**
Job title	**Chief Executive**
Date	**16-Jun-20**

KPMG

Independent auditor's report

to the Council of Governors of Somerset NHS Foundation Trust, formerly known as Somerset Partnership NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Somerset Partnership NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note one.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

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

Overview		
Materiality: Financial statements as a whole	£3.5 million (2019: £3.4 million) 1.9% of total income from operations (2019: 1.9%)	
Risks of material misstatement		**vs 2019**
Recurring risks	Valuation of land and buildings	◄►
	Recognition of NHS and non-NHS Income	◄►
	Recognition of Non-Pay Expenditure	◄►

Key

◄► Risk level unchanged from prior year

▼ Decreased risk in the year

▲ Increased risk in the year

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings ("our results") from those procedures in order that the Trust's governors, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Land and Buildings (£79.2 million; 2019: £78.3 million) *Refer to page 67 (Audit Committee Report), page 10 (accounting policy) and page 29 (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at current value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. 94.2% of the Trust's land and buildings related to specialised assets. When considering the cost to build a replacement asset the Trust may consider whether the asset would be built to the same specification or in the same location, with application of current floor plans and physical obsolescence a key factor. Assumptions about changes to the asset must be realistic. The Trust went through an exercise last year to value its estate on an "alternative site" basis, using a model prepared with the assistance of an external advisor. The estate was valued at £78.3m in 2018/19. Valuation is completed by an external expert engaged by the Trust using construction indices and accurate records of the current estate. There is a full revaluation being performed in 2019/20. At 31 March 2020, the Trust commissioned a full revaluation of the estate, completed by an external valuer, resulting in a £0.5 million increase in the value of land and buildings. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. **Disclosure of sensitivity** Following RICS published guidance issued to the profession, a material uncertainty clause was included within the valuation report due to the impact of Covid-19. Appropriate disclosure will be required to note the uncertainty and the sensitivity of the estimates and judgements applied in preparing market-based valuations of land and buildings. The financial statements (note 1.10) disclose the sensitivity estimated by the Trust.	Our procedures included: — **Assessing valuer's credentials:** We considered the scope, qualifications and experience of the valuer, to identify whether the valuer was appropriately experienced and qualified to provide relevant indices; — **Benchmarking assumptions**: We critically assessed the assumptions used within the valuation by assessing the assumptions used to derive the carrying value of assets against BCIS all in tender price index and industry norms; — **Test of details:** We undertook the following tests of details: — We considered the carrying value of the land and buildings, including any material movements from the previous revaluations; — We tested the completeness of the estate covered by the valuation to the Trust's underlying estate records, including additions to land and buildings during the year; — We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the adequacy of the judgements made by management in determining whether assets are impaired or surplus to requirements; — We considered the adequacy of the disclosures about the key judgements and degree of estimation involved in concluding whether there has been any material movement in the value of land and buildings; and — For a sample of assets added during the year we agreed that an appropriate valuation basis had been adopted when they became operational and that the Trust would receive future benefits. **Our results:** — From the evidence obtained, we considered the valuation of land and buildings and related disclosure to be acceptable.

2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Recognition of NHS and non-NHS income (£186.7 million; 2019: £180.7 million) *Refer to page 67 (Audit Committee Report), page 8 (accounting policy) and page 23 (financial disclosures).*	**Effects of Irregularities** Of the Trusts reported total income, £175.4 million (2019: £168.2 million) came from commissioners (Clinical Commissioning Trusts (CCG), other NHS Bodies and NHS England). Income from CCGs, other NHS Bodies and NHS England make up 94.0% of the Trust's income. The majority of this income is contracted on an annual basis, however actual income is based on completing actual levels of activity completed during the year. An agreement of balances exercise is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are produced setting out discrepancies between the submitted balances and transactions between each party, with variances over £300,000 being required to be reported to the National Audit Office to inform the audit of the DHSC consolidated accounts. The Trust reported total other income of £11.3 million (2019: £12.5 million) from other activities principally, education and training and non-patient care activities. Much of this income is generated by contracts with other NHS and non-NHS bodies which are based on achieving financial targets, varied payment terms, including payment on delivery, milestone payments and periodic payments. The amount also includes £2.3 million (2019: £4.1 million) Provider Sustainability Funding (PSF) received from NHS Improvement. This is received subject to achieving defined financial and operational targets on a quarterly basis. As such there is a fraudulent risk of revenue recognition over both NHS and Non-NHS income.	Our procedures included: — **Control observations:** We tested the design and operation of process level controls over revenue recognition; — **Test of details:** We undertook the following tests of details: — We agreed commissioner income to the signed contracts and selected a sample of the largest balances (comprising 97.0% of income from patient care activities) to the supporting invoice and payments to the bank receipts; — We inspected invoices for material income in the month prior to and following 31 March 2020 to determine whether income was recognised in the correct accounting period, in accordance with the amounts billed to corresponding parties; — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant income recorded in the Trust's financial statements to the expenditure balances recorded within the accounts of Commissioners. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising income; — We assessed the judgements made to received the transformation funding recorded in the financial statements as part of the Trust's performance against the required targets to confirm eligibility for the income and agreed bonus amounts to correspondence from NHSI; and — We tested material other income balances by agreeing a sample of income transactions through to supporting documentation and/or cash receipts. **Our results:** — The results of our testing were satisfactory and we considered the amount of NHS and non-NHS income recognised to be acceptable.

2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Recognition of non-pay expenditure (£42.5 million; 2019: £40.0 million) *Refer to page 67 (Audit Committee Report), page 10 (accounting policy) and page 25 (financial disclosures)*	**Effects of Irregularities:** As most public bodies are net spending bodies the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Trust may manipulate expenditure to meet externally set targets and we had regard to this risk when planning and performing our audit procedures. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of recognition of non-pay expenditure at the year-end. There may therefore be an incentive to defer non-pay expenditure or recognise commitments at a reduced value in order to achieve financial targets.	Our procedures included: — **Control observations:** We tested the design and operation of process level controls over expenditure approval; — **Test of details:** We undertook the following tests of details: — We agreed a specific item sample of non-pay expenditure transactions to supporting evidence and cash; — We inspected invoices for material expenditure in the month prior to and following 31 March 2020 to determine whether expenditure was recognised in the correct accounting period relevant to when services were delivered; — We assessed the completeness and judgements made within the expenditure balance, specifically accrued expenditure, through comparison to historical performance; and — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundary. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure with other providers and other bodies within the AoB boundary. **Our results:** — The results of our testing were satisfactory and we considered the amount of non-pay expenditure recognised to be acceptable.

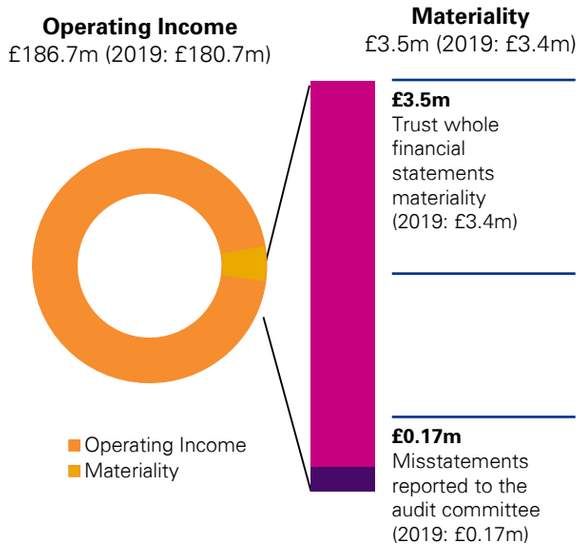
.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £3.5 million (2019: £3.4 million) determined with reference to a benchmark of operating income of which it represents approximately 1.9% (2019: 1.9%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £175,000 (2019: £170,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was performed remotely.



4. We have nothing to report on 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 dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over 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").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 52, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We have nothing to report in this respect.

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

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

Under Section 62(1) and Schedule 10 paragraph 1(d), 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 the 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 the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

No significant risks were identified during our risk assessment.

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

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Somerset Partnership NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Jonathan Brown
for and on behalf of KPMG LLP

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

17 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2020

	NOTE	2019/20 £000	2018/19 £000
Operating Income from patient care activities	3	**175,402**	168,200
Other Operating income	4	**11,293**	12,488
Operating expenses	5, 6	**(181,129)**	(189,303)
Operating (deficit)/surplus from continuing operations		**5,566**	(8,615)
Finance costs			
Finance income	8	**186**	126
Finance costs	9	**(32)**	(44)
Public dividend capital - dividends payable		**(2,473)**	(3,051)
Net finance costs		**(2,319)**	(2,969)
Other gains/(losses)		**7**	(76)
Surplus/(deficit) for the year from continuing operations		**3,254**	(11,660)
Other comprehensive income			
Impairments	11	**558**	(11,722)
Total comprehensive (expense)/income for the period		**3,812**	(23,382)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2020

	NOTE	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	12	**2,864**	3,219
Property, plant and equipment	13	**87,090**	85,995
Total non-current assets		**89,954**	89,214
Current assets			
Inventories	14	**453**	485
Receivables	15	**11,462**	12,422
Cash and cash equivalents	21	**28,579**	18,976
Total current assets		**40,494**	31,883
Current liabilities			
Trade and other payables	16	**(21,346)**	(16,011)
Other liabilities	17	**(482)**	(125)
Borrowings	18	**(249)**	(290)
Provisions	20	**(93)**	(110)
Total current liabilities		**(22,170)**	(16,536)
Total assets less current liabilities		**108,278**	104,561
Non-current liabilities			
Borrowings	18	**(795)**	(1,038)
Provisions	20	**(78)**	(50)
Total non-current liabilities		**(873)**	(1,088)
Total assets employed		**107,405**	103,473
Financed by Taxpayers' equity:			
Taxpayers' equity			
Public dividend capital		**33,713**	33,593
Revaluation reserve		**8,659**	8,101
Income and expenditure reserve		**65,033**	61,779
Total taxpayers' equity		**107,405**	103,473

The notes on pages 5 to 41 form part of these accounts.

The financial statements on pages 1 to 41 were approved by the Board on 16 June 2020 and signed on its behalf by:

Signed:  Date: 16th June 2020

The accompanying notes form part of the financial accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 March 2020

	TOTAL	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000
Taxpayers' and other's equity at 1 April 2019	**103,473**	33,593	8,101	61,779
Surplus for the year	**3,254**	0	0	3,254
Impairments	**558**	0	558	0
Public Dividend Capital received	**120**	120	0	0
Taxpayers' and other's equity at 31 March 2020	**107,405**	**33,713**	**8,659**	**65,033**

	TOTAL	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000
Taxpayers' and other's equity at 1 April 2018	**126,025**	32,763	19,946	73,316
(Deficit) for the year	**(11,660)**	0	0	(11,660)
Impairments	**(11,722)**	0	(11,722)	0
Other reserve movements (Note 1)	**0**	0	(123)	123
Revaluation	**830**	830	0	0
Taxpayers' and other's equity at 31 March 2019	**103,473**	**33,593**	**8,101**	**61,779**

Note 1
Re-allignment for 2017-18 impairment movement between revaluation and Income and Expenditure reserves.

The accompanying notes form part of the financial accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

	NOTE	2019/20 £000	2019/20 £000	2019/20 £000	2018/19 £000	2018/19 £000	2018/19 £000
Cash flows from operating activities							
Operating Surplus/(deficit)				**5,566**			(8,615)
Non-cash income and expense:							
Depreciation and amortisation	5		**5,011**			4,201	
Net impairments	5		**(144)**			17,542	
Income recognised in respect of capital donations	4		**(171)**			(102)	
Decrease/(Increase) in receivables			**1,011**			(3,161)	
Decrease/(Increase) in inventories			**32**			(56)	
Increase in trade and other payables			**4,269**			1,709	
Increase/(Decrease) in other liabilities			**357**			(173)	
Increase in provisions			**11**			8	
				10,376			19,968
Net cash generated from operating activities				**15,942**			11,353
Cash flows from investing activities							
Interest received	8		186			126	
Purchase of intangible assets			(550)			(2,019)	
Sales of property, plant and equipment			7			0	
Purchase of property, plant and equipment			(3,132)			(2,968)	
Net cash (used in) investing activities				**(3,489)**			(4,861)
Cash flows from financing activities							
Public dividend capital received			**120**			830	
Movement on loans from the Department of Health			**(200)**			(200)	
Capital element of finance lease rental payments			**(84)**			(69)	
Interest paid	9		**(20)**			(25)	
Interest element of finance leases			**(11)**			(21)	
PDC Dividend paid:							
Net dividends payable at 1 April B/F		**(130)**			**(5)**		
Dividends payable for year		**(2,473)**			**(3,051)**		
Dividends (receivable)/payable at 31 March C/F		**(52)**	**(2,655)**		**130**	(2,926)	
Net cash generated (used in) financing activities				**(2,850)**			(2,411)
Increase in cash and cash equivalents				**9,603**			4,081
Cash and cash equivalents at 1 April	21			**18,976**			14,895
Cash and cash equivalents at 31 March	21			**28,579**			18,976

The accompanying notes form part of the financial statements.

NOTES TO THE ACCOUNTS

1 Reporting Entity

Somerset Partnership NHS Foundation Trust ("The Trust") is a public benefit corporation authorised under the National Health Service Act 2006, on 1 May 2008. It is licensed by NHS Improvement as an NHS provider under the Health and Social Care Act 2012 (as amended).

The primary objective of the Trust is to provide community and mental health services to the population of Somerset and increasingly to a wider community.

The financial statements of the Trust are for the year ended 31 March 2020 as approved by the Trust Board.

1.1 Accounting policies and other information

Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 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.

1.2 Going concern

In the preparation of the year end accounts the Board of Directors is required to undertake an assessment confirming the Trust will continue as a going concern (i.e. that it will continue in the business of healthcare provision for the foreseeable future). On 1 April 2020, The Trust acquired the assets and business of Taunton and Somerset NHS FT forming Somerset NHS Foundation Trust through merger by acquisition.

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

The NHS Improvement Foundation Trust Annual Reporting Manual 2019/20 states that financial statements should be prepared on a going concern basis unless management either intends to apply to the Secretary of State for the dissolution of the NHS foundation trust without the transfer of the services to another entity, or has no realistic alternative but to do so.

There has been no application to the Secretary of State for the dissolution of the Trust and following the preparation of detailed financial plans for 2020/21, no such application is planned. The Board of Directors has therefore concluded that there is a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for 12 months from the date of approval of the accounts.

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.

NOTES TO THE ACCOUNTS

1.3 Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. At contract inception, the Trust assesses the outputs promised in the research contract to identify as a performance obligation each promise to transfer either a good or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Trust recognises revenue as these performance obligations are met, which may be at a point in time or over time depending upon the terms of the contract.

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 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; using 21.79%.

Provider sustainability fund (PSF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

NOTES TO THE ACCOUNTS

1.4 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than revenue 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.

The Trust recognises revenue from funds from the Government's apprenticeship service when the performance obligation has been satisfied at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.5 Other income

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.6 Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 Government Financial Reporting Manual (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 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 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.

NOTES TO THE ACCOUNTS

1.7 Expenditure on employee benefits (cont-d)

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly. The additional Employer Pension Contributions (6.3%) are paid by NHS England on the Trust's behalf.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

1.8 Expenditure on other goods and services

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

1.9 Consolidation

The Trust exercises control of two Primary Care GP Pratices. These have not been consolidated on the grounds of materiality to the Accounts of 2019/20.

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Measurement

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. All assets are subsequently measured at fair value.

NOTES TO THE ACCOUNTS

1.10 Property, plant and equipment (cont-d)

All 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 corporate 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.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

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. During 2019/20, a full valuation exercise to update the latest carrying values as at 31 March 2020 was undertaken by Cushman & Wakefield DTZ.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), Cushman & Wakefield has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The Valuer has quoted "Less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property / these properties under frequent review". The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust

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

Of the £79million net book value of land and buildings subject to valuation, £76 million relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 13.1.

NOTES TO THE ACCOUNTS

1.10 Property, plant and equipment (continued)

Accounting for revaluations:
The Trust accounts for revaluations of property, plant and equipment on an asset by asset basis.

Reductions in value are charged to an asset revaluation reserve for that class of asset; where no revaluation reserve exists the reduction in value is charged directly to the Statement of Comprehensive Income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

For impairments expensed directly to the Statement of Comprehensive Income, the balance on any revaluation reserve (up to the level of impairment) to which the impairment would have been charged under IAS 36 is transferred to the income and expenditure reserve.

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.

Depreciation

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

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

Buildings and Dwellings	4 to 52 years (2% - 25%)
Plant and Machinery	5 to 20 years (5% - 20%)
Information Technology	5 years (20%)
Furniture and Fittings	5 to 10 years (10% - 20%)

Property, plant and equipment which has been reclassified as 'non-current assets held for resale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until brought into use.

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 income. 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’.

NOTES TO THE ACCOUNTS

1.10 Property, plant and equipment (continued)

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 income 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 all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as ‘held for sale’; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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. 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 ‘non-current assets held for resale’ and instead is retained as an operational asset. The asset is reviewed for impairment and the asset’s economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government grant and other grant funded assets

Donated and grant funded property, plant and 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.

NOTES TO THE ACCOUNTS

1.11 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 Foundation Trust, where the cost of the asset can be measured reliably and the value is £5,000 or greater.

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 only where all of the following can be demonstrated:
• the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
• the Trust intends to complete the asset and sell or use it;
• the Trust has the ability to sell or use the asset;
• how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the
• adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
• the Trust can measure reliably the expenses attributable to the asset during development.

Software
Software which is integral to the operation of hardware e.g. 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 e.g. 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. Revaluation 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 under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

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 economic lives in a manner consistent with the consumption of economic or service delivery benefits.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Development expenditure	3 to 5 years (20% - 33%)
Software	5 to 8 years (12% - 20%) or the terms of the licence, if shorter

NOTES TO THE ACCOUNTS

1.12 Non-current assets held for resale

Non-current assets held for resale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for resale are measured at the lower of their carrying amount and fair value less costs of sale.

Non-current assets held for resale have been determined by the Trust to be assets where there is an intention to sell confirmed by the Board for property or land, with an initial anticipation that the sale will occur within 12 months. Where the Board determines that property or land asset sales should not continue the assets will be reclassified as an operating or investment asset.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

1.13 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or NHS 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.

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, the corresponding notional expenses is also recognised at the point of recognition for the benefit.

1.14 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it’s remaining future economic benefits or service potential.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.15 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. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.16 Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the expected value of the collectible debt.

NOTES TO THE ACCOUNTS

1.17 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.

1.18 Financial instruments 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 the Office for National Statistics (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.

De-recognition

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.

Classification and measurement

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.
Financial assets and financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

NOTES TO THE ACCOUNTS

1.18 Financial Instruments (continued)

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.

1.19 Leases

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

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

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income. The lease liability is derecognised when the liability is discharged, cancelled or expires.

Operating leases
Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

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

NOTES TO THE ACCOUNTS

1.20 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 the discount rates published and mandated by HM Treasury.

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 19 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.

1.21 Contingencies

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

Contingent liabilities are defined as:

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

1.22 Critical judgements in applying the Trust's 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:

Property, plant and equipment

All land and buildings are revalued using professional valuations in accordance with IAS 16 every three and five years, with desktop exercises carried out in subsequent years. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. During 2019/20, the Trust had a full valuation exercise undertaken to update the latest carrying values as at 31 March 2020 using the appropriate BCIS (Building Cost Information Service) indices. The carrying values of revalued items are reviewed at each Statement of Financial Position date to ensure that those values are not materially different to fair value.

Specialised assets are valued on the basis of depreciated replacement cost for a modern equivalent asset. The Trust engaged an external expert to assess obsolescence rates using MEA methodology and these rates were used to value the assets to reflect the fact that a modern equivalent asset need not be built in the current location (in a predominantly residential area) but could perform the same function located on the edge of town in a commercial area. To ensure a consistent basis the valuer has adopted commercial, rather than residential land values.

As part of the valuation process, the valuer also reassesses the remaining useful economic lives of the assets. This judgement affects the future levels of depreciation charges recorded in the accounts.

NOTES TO THE ACCOUNTS

1.22 Critical judgements in applying the Trust's accounting policies (cont.)

Land and property assets which the Board decide to make available for sale within 12 months will be classified as non-current assets for resale. The Board will need to agree that these assets are no longer to be resold for them to be reclassified as an operational or investment asset.

1.23 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.

1.24 Corporation Tax

The Trust is a health service body with the meaning of s986 Corporation Taxes Act 2010. Accordingly it is not liable to corporation tax. The Trust is also exempt from tax on chargeable gains under S271 (3) Taxation of Chargeable Gains Act 1992.

There is, however a power for HM Treasury to submit an order to Parliament which will dis-apply the corporation tax exemption, in relation to particular activities of an NHS Foundation Trust (s987 Corporation Taxes Act 2010). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities to be specified in the order which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum. Until such an order is approved by Parliament, the Trust has no corporation tax liability.

1.25 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.

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in note 22 to the accounts in accordance with the requirements of HM Treasury's FReM.

NOTES TO THE ACCOUNTS

1.27 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 trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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, except for:
(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health (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 thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.28 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 each individual case is handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an actuals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the losses and special payments note (note 28) is compiled directly from the losses and compensations register which reports on a cash basis with the exception of provisions for future losses.

1.29 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.

1.30 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

NOTES TO THE ACCOUNTS

1.31 Accounting standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following standards and interpretations to be applied in 2019/20. The application of the standards as revised would not be expected to have a material impact on the accounts for 2019/20, were they applied in that year:

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

NOTES TO THE ACCOUNTS

2. Segmental analysis

All income and activities are for the provision of health and health related services in the UK.

The Trust is managed by the Board of Directors, which is made up of executive and non-executive directors.

The Board is therefore considered to be the Chief Operating Decision Maker (CODM) of the Trust for 2019/20 and 2018/19.

Due to the nature of the block contract with Somerset Clinical Commissioning Group for services the Trust is unable to fully report the income by directorates (segments), although it does report the expenditure by service area reflecting the current operational management structure. All assets are managed as one central pool.

The monthly financial information presented to the Board includes a corporate level Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Cash Flow and a number of other financial indicators including capital expenditure, performance against cost improvement plans, debt analysis and risk rating.

The segmental expenditure data is included by way of a separate note reporting achievement against planned expenditure inclusive of any directorate specific income and highlighting any variances. It is acknowledged that the analysis of figures included below is different to that used for the remainder of the financial statements.

The table below summarises details reported to the Board during 2019/20 and 2018/19.

	2019/20 £000	2018/19 £000
Total corporate income less that attributable to operational budgets (Note 1)	**170,486**	166,223
Expenditure less non specific income:		
Community Services	**75,267**	73,943
Children & Young People & Dental	**17,443**	23,096
Mental Health and Learning Disabilities	**40,582**	34,668
Central Operations	**4,246**	3,862
TOTAL DIRECTORATES	**137,538**	135,569
Medical	**1,884**	1,691
Pharmacy	**2,312**	2,299
Central Services (note 1)	**18,490**	13,638
TOTAL OTHER SERVICES	**22,686**	17,628
Total operating expenditure net of specific income	**160,224**	153,197
Operational EBITDA before the effect on non-recurring items, as reported to the Board[1]	**10,262**	13,026
Other adjustments	**171**	102
Net profit/(loss) on disposal of assets	**7**	(76)
Trust EBITDA[1]	**10,440**	13,052
Depreciation and amortisation	**(5,011)**	(4,201)
Interest receivable	**186**	126
Finance charges	**(32)**	(44)
PDC dividend payable	**(2,473)**	(3,051)
Retained operational surplus	**3,110**	5,882
Retained surplus arising from operations after exceptional items	**3,110**	5,882
Revaluation items (note 2)	**144**	(17,542)
Surplus/(deficit) for year per Statement of Comprehensive Income	**3,254**	(11,660)

[1]Earnings before Interest, Tax, Depreciation and Amortisation

Note 1
2019/20 includes £5.4m additional Employer Pension contribution paid by NHS England on the Trusts' behalf.

Note 2
The revaluation exceptional items arise from impairments of the valuer's assessment of the carrying values of the Trust's estate.

NOTES TO THE ACCOUNTS

3. Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.2

3.1 Income from patient care activities (by nature)	2019/20 £000	2018/19 £000
Mental Health Services		
Cost and volume contract income	**4,488**	4,920
Block contract income	**67,133**	60,606
Clinical partnerships providing mandatory services (including S75 agreements)	**333**	920
Community Services		
Community services from CCGs and NHS England	**92,281**	86,960
Income from other sources (e.g. local authorities)	**5,677**	12,650
All Services		
Additional pension contribution central funding	**5,430**	0
Agenda for Change pay award central funding	**0**	2,144
Other clinical income	**60**	0
Total income from activities	**175,402**	168,200

3.2 Income from patient care activities (by source)	2019/20 £000	2018/19 £000
Income from patient care activities received from:		
Other NHS providers	**2,102**	1,792
NHS England (Note 1)	**18,728**	12,747
Clinical commissioning groups	**149,297**	138,487
Local authorities	**2,860**	10,966
Department of Health and Social Care	**162**	2,144
NHS other	**87**	250
Non-NHS: Overseas patients (chargeable to patient)	**1**	0
Injury cost recovery scheme	**312**	202
Non NHS: other	**1,853**	1,612
Total income from activities	**175,402**	168,200
Of which:		
Related to continuing operations	**175,402**	168,200

Note 1
2019/20 includes £5.4m additional Employer Pension contribution paid by NHSE on the Trusts' behalf.

4. Other Operating income

	2019/20 £000	2018/19 £000
Other operating income from contracts with customers:		
Research and development (contract)	**179**	243
Education and training (excluding notional apprenticeship levy income)	**2,153**	2,241
Non-patient care services to other bodies	**1,102**	540
Provider sustainability / sustainability and transformation fund income	**2,308**	4,110
Income in respect of employee benefits accounted on a gross basis	**716**	830
Estate recharges and property rentals	**3,731**	3,736
Catering	**119**	114
Other	**814**	572
Other non-contract operating income		
Receipt of capital grants and donations	**171**	102
Total other operating income	**11,293**	12,488
Of which:		
Related to continuing operations	**11,293**	12,488

Note 1

NOTES TO THE ACCOUNTS

4.1 Additional information on revenue from contracts with customers recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	125	298

4.2 Income from activities arising from commissioner requested services

Under the terms of its trust license, 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 trust license and are services that commissioners believe would need to be protected in the event of trust failure. This information is provided in the table below:

	2019/20 £000	2018/19 £000
Income from services designated (or grandfathered) as commissioner requested services	175,090	167,998
Income from services not designated as commissioner requested services	312	202
Total	**175,402**	168,200

4.3 Profit and losses on disposal of property, plant and equipment

The principal element of the net gain on disposal arose from recycling IT assets which had no asset value (2018/19: loss on disposal arose following the cessation of the contract to provide dental services on the Isle of Wight).

4.4 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2020 £000	31 March 2019 £000
within one year	0	0
after one year, not later than five years	0	0
after five years	0	0
Total revenue allocated to remaining performance obligations	**0**	0

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

NOTES TO THE ACCOUNTS

5. Operating expenses

	2019/20 £000	2018/19 £000
Purchase of healthcare from NHS and DHSC bodies	**3,186**	2,594
Purchase of healthcare from non-NHS and non-DHSC bodies	**6,616**	4,842
Staff and executive directors costs	**133,580**	127,550
Remuneration of non-executive directors	**140**	145
Supplies and services - clinical (excluding drug costs)	**4,230**	4,477
Supplies and services - general	**2,422**	2,584
Establishment	**4,716**	4,719
Research and development	**23**	23
Transport (including patient travel)	**824**	616
Premises	**9,492**	8,169
Movement in credit loss allowance: all other receivables and investments	**8**	(17)
Movement in credit loss allowance: contract receivables/contract assets	**10**	(3)
Change in provisions discount rate(s)	**(1)**	0
Drug costs (drugs Inventory consumed and purchase of non-inventory drugs	**3,998**	4,034
Rentals under operating leases	**2,986**	3,698
Depreciation on property, plant and equipment	**4,105**	3,534
Amortisation on intangible assets	**905**	668
Net impairments	**(144)**	17,542
Audit fees payable to the external auditor:		
audit services - statutory audit	**60**	72
other auditor remuneration (external auditor only)	**3**	11
Clinical negligence	**472**	277
Legal fees	**196**	190
Consultancy costs	**225**	189
Education and training	**313**	1,056
Car parking and security	**255**	246
Redundancy	**0**	172
Insurance	**92**	110
Internal audit costs	**66**	64
Losses, ex gratia and special payments	**35**	19
Subscriptions	**503**	449
Interpreting costs	**245**	225
Other	**1,568**	1,048
	181,129	189,303
Of which:		
Related to continuing operations	**181,129**	189,303

NOTES TO THE ACCOUNTS

6. Somerset Partnership NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Somerset Partnership NHS Foundation Trust is the lessee.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	**2,986**	3,698
Total	**2,986**	3,698

	2019/20 £000 (Note 1)	2018/19 £000
Future minimum lease payments due:		
- not later than one year;	**2,998**	3,537
- later than one year and not later than five years;	**5,934**	5,499
- later than five years.	**1,650**	5,517
Total	**10,582**	14,553

Note 1

On transition to IFRS 16 on 1 April 2021, existing operating leases will be re-classified as finance leases. A lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury.

7.1 Other auditor remuneration

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	**3**	11
Total	**3**	11

7.2 Limitation on auditors' liability

The limitation on the auditor's liability for external audit work for 2019/20 is £1m (2018/19 £1m)

NOTES TO THE ACCOUNTS

8. Finance income

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

	2019/20 £000	2018/19 £000
Interest on bank accounts	**186**	126
Total	**186**	126

9. Finance expenditure

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

	2019/20 £000	2018/19 £000
Interest expense:		
Loans from the Department of Health and Social Care	**21**	24
Finance leases	**11**	20
Total	**32**	44

10. The late payment of commercial debts (interest) Act 1998/Public Contract Regulations 2015

The Trust has not incurred any interest arising from claims made under this legislation or paid any compensation to cover debt recovery costs in 2019/20 or 2018/19.

11. Impairment and revaluation of assets

	2019/20 £000	2018/19 £000
Net impairments/(reversals) charged to operating surplus/(deficit resulting from:		
Foreseen obsolescence	**(144)**	17,542
Total net impairments/(reversals) charged to operating surplus/(deficit)	**(144)**	17,542
Impairments and (reversals) (credited)/charged to the revaluation reserve	**(558)**	11,722
Total net impairments/(reversals)	**(702)**	29,264
Net decrease/(increase) in valuation	**(702)**	29,264

The Trust's land, buildings and dwellings were revalued by Cushman & Wakefield DTZ as at 31 March 2020. Cushman & Wakefield DTZ has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. The Trust's specialised buildings and associated land have been valued using the depreciated replacement cost method, based upon provision of a modern equivalent asset (MEA). A fundamental principle of MEA valuations is that a hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for the existing operations. The valuation of the Trust's specialised land and buildings has therefore been based upon the Trust hypothetically being located on a suitable alternative site away from the town centre, where the cost of the land would be significantly lower , but where the Trust would still be able to provide the same level of service but the location of providing the service would be delivered from the four-hub model.

Applying these MEA revaluations has resulted in a net overall increase of £702,000 in the value of the Trust's estate (2018/19: net decrease of £29,264,000). This increase in value of the Trust's estate is recorded in property, plant and equipment. £144,000 has been recognised as a net reversal of impairment charged to the Statement of Comprehensive Income. (2018/19: net impairment charge of (£17,452,000)) and the remaining £558,000 has been recognised as a reversal of impairment to the revaluation reserve (2018/19: £11,722,000).

NOTES TO THE ACCOUNTS

12. Intangible assets

12.1 Intangible assets - 2019/20

	Software Licences £000	Total £000
Gross cost at 1 April 2019	**5,305**	**5,305**
Additions - purchased	**550**	**550**
Gross cost at 31 March 2020	**5,855**	**5,855**
Amortisation at 1 April 2019	**2,086**	**2,086**
Provided during the year	**905**	**905**
Amortisation at 31 March 2020	**2,991**	**2,991**
Net book value at 31 March 2020	**2,864**	**2,864**
Net book value at 1 April 2019	**3,219**	**3,219**

12.2 Intangible assets - 2018/19

	Software Licences £000	Total £000
Gross cost at 1 April 2018	3,286	3,286
Additions - purchased	2,019	2,019
Gross cost at 31 March 2019	**5,305**	**5,305**
Amortisation at 1 April 2018	1,418	1,418
Provided during the year	668	668
Amortisation at 31 March 2019	**2,086**	**2,086**
Net book value at 31 March 2019	**3,219**	**3,219**
Net book value at 1 April 2018	**1,868**	**1,868**

NOTES TO THE ACCOUNTS

13.1 Property, plant and equipment - 2019/20

	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
Cost or valuation at 1 April 2019	4,367	73,022	908	0	7,493	7	8,694	2,295	96,786
Additions	0	1,912	0	592	733	0	1,241	20	4,498
Impairments	(5)	(3,219)	(91)	0	0	0	0	0	(3,315)
Reversal of impairments	216	1,701	28	0	0	0	0	0	1,945
Reclassifications		334	0	(334)	0	0	0	0	0
Cost or valuation at 31 March 2020	**4,578**	**73,750**	**845**	**258**	**8,226**	**7**	**9,935**	**2,315**	**99,914**
Accumulated depreciation at 1 April 2019	0	7	1	0	4,367	3	5,242	1,171	10,791
Provided during the year	0	2,057	16	0	491	0	1,325	217	4,106
Impairments	0	(443)	(14)	0	0	0	0	0	(457)
Reversal of impairments	0	(1,613)	(3)	0	0	0	0	0	(1,616)
Accumulated depreciation at 31 March 2020	**0**	**8**	**0**	**0**	**4,858**	**3**	**6,567**	**1,388**	**12,824**
Net book value at 31 March 2020	**4,578**	**73,742**	**845**	**258**	**3,368**	**4**	**3,368**	**927**	**87,090**
Net book value at 1 April 2019	**4,367**	**73,015**	**907**	**0**	**3,126**	**4**	**3,452**	**1,124**	**85,995**
Net book value at 31 March 2020									
- Owned	4,578	71,060	845	258	2,682	4	3,352	730	83,509
- Finance leased	0	0	0	0	145	0	0	0	145
- Government granted	0	1,894	0	0	0	0	0	0	1,894
- Donated	0	788	0	0	541	0	16	197	1,542
Total at 31 March 2020	**4,578**	**73,742**	**845**	**258**	**3,368**	**4**	**3,368**	**927**	**87,090**

NOTES TO THE ACCOUNTS

13.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Plant & machinery	Transport Equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	15,166	91,713	949	7,012	24	8,262	4,198	127,324
Transfers by absorption - normal	0	1,164	0	1,056	0	1,025	43	3,288
Impairments	(11,096)	(21,429)	(42)	(3)	0	0	0	(32,570)
Reversal of impairments	297	1,562	1	0	0	0	0	1,860
Reclassifications	0	12	0	0	(12)	0	0	0
Disposals	0	0	0	(572)	(5)	(593)	(1,946)	(3,116)
Cost or valuation at 31 March 2019	**4,367**	**73,022**	**908**	**7,493**	**7**	**8,694**	**2,295**	**96,786**
Accumulated depreciation at 1 April 2018	0	6	0	4,434	7	4,480	2,817	11,744
Provided during the year	0	1,433	12	452	2	1,355	280	3,534
Impairments	0	(1,318)	(9)	0	0	0	0	(1,327)
Reversal of impairments	0	(118)	(2)	0	0	0	0	(120)
Reclassifications	0	4	0	0	(4)	0	0	0
Disposals	0	0	0	(519)	(2)	(593)	(1,926)	(3,040)
Accumulated depreciation at 31 March 2019	**0**	**7**	**1**	**4,367**	**3**	**5,242**	**1,171**	**10,791**
Net book value at 31 March 2019	**4,367**	**73,015**	**907**	**3,126**	**4**	**3,452**	**1,124**	**85,995**
Net book value at 1 April 2018	**15,166**	**91,707**	**949**	**2,578**	**17**	**3,782**	**1,381**	**115,580**
Net book value at 31 March 2019								
- Owned	4,367	70,088	907	2,556	4	3,423	881	82,226
- Finance leased	0	0	0	201	0	0	0	201
- Government granted	0	1,876	0	0	0	0	0	1,876
- Donated	0	1,051	0	369	0	29	243	1,692
Total at 31 March 2019	**4,367**	**73,015**	**907**	**3,126**	**4**	**3,452**	**1,124**	**85,995**

NOTES TO THE ACCOUNTS

13.3 Net book value of assets held under finance leases

The Trust held £139,358 (2018/19: £222,940) of assets under finance leases during the financial year. This relates to dental equipment.

13.4 Donated assets

During 2019/20, donations of £171,000 were donated to the Trust (2018/19: £102,000). There were no restrictions on the use of donated assets.

13.5 Asset reclassification

During the year there was £334,000 of reclassifications from assets under construction to buildings.

NOTES TO THE ACCOUNTS

14. Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	**148**	157
Consumables	**275**	298
Energy	**30**	30
Total inventories	**453**	485

Inventories recognised in expenses for the year were £2,752,000 (2018/19: £2,925,000. There were no write down of inventories (2018/19: £0).

15.1 Trade receivables and other receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	**8,867**	9,664
Allowance for impaired contract receivables/assets	**(154)**	(146)
Allowance for other impaired receivables	**(22)**	(12)
Prepayments (non-PFI)	**2,595**	2,703
PDC dividend receivable	**52**	0
VAT receivable	**124**	213
Total current trade and other receivables	**11,462**	12,422

All trade and non trade receivables are current.

15.2 Allowances for credit losses - 2019/20

	Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 April 2019	**146**	**12**
New allowances arising	8	12
Reversals of allowances	0	(2)
Allowances as at 31 March 2020	**154**	**22**

NOTES TO THE ACCOUNTS

15.3 Allowances for credit losses - 2018/19

	Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 Apr 2018 - brought forward	0	178
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	163	(163)
Reversals of allowances	(17)	(3)
Allowances as at 31 March 2019	**146**	**12**

16. Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables (Note 1)	**8,813**	5,539
Capital payables	**1,196**	0
Other taxes payable (Note 1)	**0**	1,702
Social security costs	**2,294**	2,213
Accruals	**8,817**	6,348
PDC dividend payable	**0**	130
Other payables	**226**	79
Total current trade and other payables	**21,346**	16,011

Note 1
£1,754k re-classification of Pension accrual from Other taxes payable to Trade Payables

All trade and non trade payables are current.

17. Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	**482**	125
Total current other liabilities	**482**	125

18. Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health and Social Care	**205**	206
Obligations under finance leases	**44**	84
Total current borrowings	**249**	290
Non-current		
Loans from the Department of Health and Social Care	**700**	900
Obligations under finance leases	**95**	138
Total non-current borrowings	**795**	1,038

18.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	Finance leases £000	Total £000
Carrying value at 1 April 2019	**1,106**	**222**	**1,328**
Cash movements:			
Financing cash flows - payments and receipts of principal	(200)	(84)	**(284)**
Financing cash flows - payments of interest	(21)	(10)	**(31)**
Non-cash movements:			
Application of effective interest rate	20	11	**31**
Carrying value at 31 March 2020	**905**	**139**	**1,044**

19 Finance leases

19.1 Somerset Partnership NHS Foundation Trust as a lessee

Obligations under Finance leases where Somerset Partnership NHS Foundation Trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**139**	**222**
Of which liabilities are due:		
- not later than one year;	**47**	94
- later than one year and not later than five years;	**100**	148
Finance charges allocated to future periods	**(8)**	(20)
Net lease liabilities	**139**	222
Of which payable:		
- not later than one year;	**44**	83
- later than one year and not later than five years;	**95**	139

NOTES TO THE ACCOUNTS

20. Provisions for liabilities and charges analysis

	Pensions relating to staff	Legal claims	Total
	£000	£000	£000
At 1 April 2019	105	55	**160**
Change in the Discount Rate	(1)	0	**(1)**
Arising during the year	88	31	**119**
Utilised during the year	(55)	(48)	**(103)**
Reversed unused	(4)	0	**(4)**
At 31 March 2020	**133**	**38**	**171**
Expected timing of cash flows:			
- not later than one year;	55	38	**93**
- later than one year and not later than five years;	78	0	**78**
Total	**133**	**38**	**171**

Pensions
Pension provisions relate to early retirements in lieu of redundancy for periods prior to 1997/98 where the costs were "capitalised" as required by accounting standards. Some of the original provisions have been exhausted and so during the current period the Trust has made additional provisions to reflect ongoing payments. Quarterly payments are made to the NHS Pensions Agency and a significant amount of the payments are expected to be due after one 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 NHSR makes the majority of payments direct. See also note 25.

20.1 Clinical negligence liabilities
£1,248,000 is included in the provisions of NHS Resolution at 31 March 2020 in respect of potential clinical negligence liabilities of the Trust (31 March 2019: £1,641,000).

NOTES TO THE ACCOUNTS

21. 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.

	2019/20 £000	2018/19 £000
At 1 April	**18,976**	14,895
Net change in the year	**9,603**	4,081
At 31 March	**28,579**	18,976
Broken down into:		
Cash at commercial banks and in hand	**27**	45
Cash with the Government Banking Service	**28,552**	18,931
Total cash and cash equivalents as in Statement of Financial Position and Statement of Cash Flows	**28,579**	18,976

22. Third party assets held by the Trust

The Trust held cash and cash equivalents which relates to monies held by the Trust on behalf of clients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020 £000	31 March 2019 £000
Bank balances	**98**	190
Total third party assets	**98**	190

23.1 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	**394**	1,401
Total	**394**	1,401

NOTES TO THE ACCOUNTS

23.2 Other financial commitments
The Trust has no financial committments during 2019/20 and 2018/19.

24. Events after the reporting year
On 1 April 2020, Somerset Partnership acquired the assets and business of Taunton & Somerset NHS Foundation Trust; forming Somerset NHS Foundation Trust through merger by acqusition; approved by NHS Improvement. The merger formed to improve the services and care we deliver to our patients of Somerset.

25. Contingent liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	**(15)**	(16)
Net value of contingent liabilities	**(15)**	(16)

There are no amounts identified as recoverable against these liabilities.

26. Related party transactions
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.

NOTES TO THE ACCOUNTS

26. Related party transactions (continued)

The Department of Health and Social Care is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are summarised below:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2019/20 £000	2019/20 £000	31/03/2020 £000	31/03/2020 £000
Department of Health and Social Care	0	162	0	0
NHS England	0	15,865	658	1,385
Health Education England	1	2153	0	136
NHS Bath and North East Somerset CCG	0	122	0	22
NHS Bristol, North Somerset and South Gloucestershire CCG	0	201	5	58
NHS Dorset CCG	0	183	0	59
NHS Kernow CCG	1	40	0	8
NHS Devon CCG	0	572	5	114
NHS Somerset CCG	0	147,470	0	1,344
NHS Wiltshire CCG	0	423	0	129
Devon Partnership NHS Trust	30	432	0	251
North Bristol NHS Trust	0	22	0	7
Royal United Hospitals Bath NHS Foundation Trust	229	368	23	172
Weston Area Health NHS Trust	0	13	0	13
Dorset County Hospitals NHS Foundation Trust	1,486	23	41	0
Dorset Healthcare University NHS Foundation Trust	174	1	2	0
Gloucester Hospitals NHS Foundation Trust	356	0	27	0
Great Western Hospitals NHS Foundation Trust	29	0	27	0
Royal Devon & Exeter NHS Foundation Trust	5	204	1	0
Avon & Wiltshire NHS Foundation Trust	51	756	12	1
University Hospital Bristol NHS Foundation Trust	42	13	5	0
Yeovil District Hospital NHS Foundation Trust	2,513	516	635	65
Taunton and Somerset NHS Foundation Trust	7,537	4,296	1,401	2,038
NHS Resolution	472	0	35	0
NHS Property Services	1,681	0	512	0
Other NHS bodies	504	1,247	355	109
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	17,922	0	1,754	0
Somerset County Council	0	3,318	0	647
Other central and local government bodies	3,531	109	2,294	151
Other related parties				
Wiveliscombe GP Surgery	0	783	0	133
North Petherton GP Surgery	0	317	0	46

NOTES TO THE ACCOUNTS

26. Related party transactions (continued)
The equivalent disclosures made for 2018/19 were as follows:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	2018/19 £000	2018/19 £000	31/03/2019 £000	31/03/2019 £000
Department of Health and Social Care	0	2,144	0	0
NHS England	0	17,154	0	4,668
Health Education England	0	2,167	0	131
NHS Bath and North East Somerset CCG	0	123	0	27
NHS Bristol CCG	0	142	0	21
NHS Dorset CCG	0	281	0	103
NHS Kernow CCG	1	38	0	6
NHS North, East, West Devon CCG	0	515	4	196
NHS Somerset CCG	5	136,786	94	61
NHS Wiltshire CCG	0	336	0	53
Devon Partnership NHS Trust	141	8	129	0
North Bristol NHS Trust	1	10	0	**11**
Royal United Hospital Bath NHS Trust	245	363	59	99
Weston Area Health NHS Trust	0	13	0	26
Dorset County Hospitals NHS Foundation Trust	590	0	93	0
Dorset Healthcare University NHS Foundation Trust	161	3	1	4
Gloucester Hospitals NHS Foundation Trust	324	0	27	0
Royal Devon & Exeter NHS Foundation Trust	5	219	0	21
Avon & Wiltshire NHS Foundation Trust	50	797	20	0
University Hospital Bristol NHS Foundation Trust	24	7	4	2
Yeovil District Hospital NHS Foundation Trust	3,160	605	508	179
Taunton and Somerset NHS Foundation Trust	5,992	2,801	1,771	1,499
NHS Resolution	371	0	0	0
NHS Property Services	1,866	0	81	0
Other NHS bodies	452	729	115	140

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	12,521	0	0	0
Somerset County Council	0	11,381	0	78
Other central and local government bodies	8,888	114	3,915	236

Other related parties

Wiveliscombe GP Surgery	0	445	0	63

NOTES TO THE ACCOUNTS

27. Financial Instruments

Financial risk management

IFRS 9, dealing with financial instruments, require disclosure of the role that financial instruments have had during the year in creating or changing the risks the Trust faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which these standards mainly apply.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest-rate risk
The Trust has the power to borrow for capital expenditure subject to affordability as confirmed by NHS Improvement, the independent regulator. In 2014/15 the Trust took out a £2 million loan from the Department of Health and Social Care to fund capital expenditure at a fixed rate of 2% p.a. over 10 years.

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 2020 are in receivables from customers, as disclosed in the trade and other receivables note (Note 15.1).

Cash deposited with financial institutions outside the Government Banking Service at 31 March 2020 was £2,000 (2019: £30,000). The credit risk on this is negligible.

Liquidity risk
The Trust's net operating costs are incurred under contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from retained surpluses and funds obtained from the Independent Trust Financing Facility or central funding from the Department of Health and Social Care in the form of Public Dividend Capital. The Trust has undertaken a going concern review involving a year's future cash flow assessment. Following this review, the Trust has concluded that it is not exposed to significant liquidity risks.

Investment risk
The Trust has the ability to invest surplus cash; the risks resulting from transactions of this nature are mitigated by the Trust's treasury and investment policies and protocols and by the reporting of performance against financial targets to NHS Improvement.

NOTES TO THE ACCOUNTS

27.1 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	**8,687**	**8,687**
Cash and cash equivalents at bank and in hand	**28,579**	**28,579**
Total at 31 March 2020	**37,266**	**37,266**

Carrying values of financial assets as at 31 March 2019	Loans and receivables	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	9,506	9,506
Cash and cash equivalents at bank and in hand	18,976	18,976
Total at 31 March 2019	**28,482**	**28,482**

27.2 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	**905**	**905**
Obligations under finance leases	**139**	**139**
Trade and other payables excluding non-financial liabilities	**17,295**	**17,295**
Total at 31 March 2020	**18,339**	**18,339**

Carrying values of financial liabilities as at 31 March 2019	Other financial liabilities	Total book value
	£000	£000
Loans from the Department of Health and Social Care	**1,106**	1,106
Obligations under finance leases	**222**	222
Trade and other payables excluding non-financial liabilities	**11,966**	11,966
Total at 31 March 2019	**13,294**	**13,294**

NOTES TO THE ACCOUNTS

27.3 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	17,544	12,251
In more than one year but not more than two years	244	244
In more than two years but not more than five years	551	694
In more than five years	0	105
Total	18,339	13,294

27.4 Fair values

There is no significant difference between the book values and fair values of the Trust's financial assets and liabilities at 31 March 2020.

28. Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases £000	Total number of cases	Total value of cases £000
Losses				
Losses of cash (including overpayment and theft)	**0**	**0**	17	2
Bad debts and claims abandoned	**27**	**8**	27	7
4. Damage to buildings, property etc.	**1**	**0**	0	0
Total losses	**28**	**8**	44	9
Special payments				
Compensation payments	**6**	**26**	4	10
Ex gratia payments	**0**	**0**	1	0
Special severance payments	**0**	**0**	1	1
Total special payments	**6**	**26**	6	11
Total losses and special payments	**34**	**34**	50	20
Compensation payments received		**5**		0

NOTES TO THE ACCOUNTS

29. Employee benefits

	2019/20 £000	2018/19 £000
Salaries and wages	**95,412**	95,630
Social security costs	**8,480**	8,414
Apprenticeship levy	**478**	474
Employer's contributions to NHS Pensions	**12,492**	12,521
Additional Employer contribution (paid by NHSE)	**5,430**	0
Termination benefits	**0**	172
Temporary staff (including agency)	**11,532**	10,983
Total staff costs	**133,824**	128,194
Of which		
Costs capitalised as part of assets	**(244)**	(300)

29.1 Retirements due to ill-health

During 2019/20, there was 1 early retirement from the Trust agreed on the grounds of ill-health (2018/19: 3 early retirements). The estimated pension liabilities of these ill-health retirements are £39,000 (2018/19: £113,465)

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

29.2 Directors' remuneration

The aggregate amounts payable to directors were:

	2019/20 £000	2018/19 £000
Salary	**670**	512
Employer's National Insurance contributions	**86**	136
Employer's pension contributions	**91**	121
Total	**847**	**769**

Further details of director's remuneration can be found in the Remuneration Report.

Benefits are accruing under the NHS defined benefit pension scheme to 9 of the directors; (2018/19: 9). This include the Director's recharge to/from Taunton and Somerset NHS FT where the Trust entered into an Alliance with Taunton & Somerset NHS Foundation Trust during 2017/18; a single Executive/Management Team was formed. No benefits are accruing under any money purchase schemes.

There were no other advances or guarantees existing with any of the Director's as at 31 March 2020 (2018/19: 0)

Year end report 2019/20

Somerset Partnership NHS Foundation Trust

16 June 2020

I confirm that this is the final version of our ISA 260 Audit Memorandum relating to our audit of the 2019/20 financial statements for Somerset Partnership NHS Foundation Trust. This document was discussed and approved by Somerset Foundation Trust's Audit Committee on 16 June 2020.

.. ……

Jonathan Brown

Partner for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square, Bristol, BS1 4BE

17 June 2020

Our audit opinions and conclusions:

Financial Statements: unqualified

Use of resources: clean

Introduction

To the Audit Committee of Somerset Partnership NHS Foundation Trust

We are pleased to have the opportunity to meet with you on 16 June to discuss the results of our audit of the consolidated financial statements of Somerset Partnership NHS Foundation Trust (the 'Trust') as at and for the year ended 31 March 2020.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented in January 2020. We will be pleased to elaborate on the matters covered in this report when we meet.

Our audit is substantially complete. There have been changes to our audit plan and strategy based on revised requirements from NHSI and NHSE as communicated in March 2020. These changes relate to the following

- Quality report assurance is not required to be provided for 2019/20.
- IFRS 16 is deferred with only limited disclosure requirement for 2019/20.
- The timetable for approval of the financial statements has been extended.
- Certain requirements of the Annual Report are not required in 2019/20.

Subject to your approval of the financial statements, we expect to be in a position to sign our audit opinion on 16 June.

We expect to issue an unmodified Auditor's Report on the financial statements and an unqualified Value for Money Conclusion,

We draw your attention to the important notice on page 3, which explains:

- The purpose of this report;
- Limitations on work performed; and
- Restrictions on distribution of this report.

Yours faithfully,

Jon Brown

16 June 2020

How we have delivered audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

– **Executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls** and

– All of our related activities are undertaken in an environment of the utmost level of **objectivity,** independence, **ethics** and **integrity**.

The National Audit Office (NAO) has issued a document entitled Code of Audit Practice (the Code). This summarises where the responsibilities of auditors begin and end and what is expected from the Trust. External auditors do not act as a substitute for the Trust's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Contents

Important notice

This report is presented under the terms of our audit engagement letter.

— Circulation of this report is restricted.

— The content of this report is based solely on the procedures necessary for our audit.

This Report has been prepared for the Trust's Audit Committee, in order to communicate matters of interest as required by ISAs (UK and Ireland), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Somerset Partnership NHS Foundation Trust (the 'Trust'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted by the Group Accounting Manual issued by the Department of Health and Social Care, as at and for the year ended 31 March 2020. This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Trust's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors. We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

At the time of writing, our audit is not yet fully complete and matters communicated in this Report may change prior to signing our audit report. We will provide an oral update on the status of our audit at the Audit Committee meeting but would highlight the following work is in the process of being finalised:

— Confirmation of final adjustments agreed with other parties from the Agreement of Balances exercise; and

— Receipt and review of final versions of the financial statements and annual report.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit Committee of the Trust; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

KPMG

Summary

Summary

Financial Statements Audit

We intend to issue an unqualified audit opinion on the accounts following the Audit Committee adopting them and receipt of the management representations letter.

We have completed our audit of the financial statements. We have also read the content of the Annual Report (including the Remuneration Report) and reviewed the Annual Governance Statement (AGS). Our key findings are:

- There is one unadjusted audit difference, explained in section 2 and appendix 4.
- We have agreed presentational changes to the accounts with Finance, mainly related to compliance with the Group Accounting Manual (GAM).
- We have reviewed the annual report and have no matters to raise with you.

Value for Money

Based on the findings of our work, we have concluded that the Trust has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. Through our risk assessment procedures, we have assessed the impact of COVID-19 as highlighted on pages 6 and 7.

Quality Report

For 2019/20, we are not required to provide assurance over your quality report.

Audit Certificate

We are required to certify that we have completed the audit of the Trust's financial statements in accordance with the requirements of the Code. If there are any circumstances under which we cannot issue a certificate, then we must report this to those charged with governance. There are no issues that would cause us to delay the issue of our certificate of completion of the audit.

Other Matters

We intend to issue an unqualified Group Audit Assurance Certificate to the NAO regarding the Whole of Government Accounts submission, made through the submission of the summarisation schedules to NHS Improvement (NHSI).

We are satisfied that the Trust has addressed the recommendations raised in our ISA260 and Quality Report work in 2018/19. We have raised one recommendation as a result of our audit for 2019/20 – details are shown in appendix 3.

In auditing the accounts of an NHS body auditors must consider whether, in the public interest, they should make a report on any matters coming to their notice in the course of the audit, in order for it to be considered by Trust members or bought to the attention of the public; and whether the public interest requires any such matter to be made the subject of an immediate report rather than at completion of the audit.

Summary: Impact of COVID-19

Scepticism Challenge

Below we have summarised the impact of COVID-19 on our audit approach for 2019/20:

Area of the audit	Status	Page	Impact on Audit Approach
Financial Statements: Valuations	OK	Page 11	Following RICS published guidance issued to the profession, material uncertainty clauses have been noted within valuation reports due to the impact of COVID-19. NHSI have provided example disclosures to include within the financial statements to document the uncertainty and reflect the sensitivity of the valuation. We have reviewed the disclosures prepared by the Trust and recommended additional narrative to provide context to the uncertainties.
Financial Statements: Going Concern	OK	Page 15	While impacting across the corporate sector the directions under which you prepared your accounts included in the GAM and the funding mechanisms put in place across the NHS mean your Trust will be considered a going concern. We have however considered your financial position through our work on use of resources in line with the FRC's Practice Note 10 (Audit of financial statements of public sector bodies in the United Kingdom).
Financial Statements: Events after the reporting period	OK	-	We have considered whether it is necessary to disclose any post date events from the effects of the COVID-19 pandemic on the Trust's operations. No matters to report. We have not identified any subsequent events that require adjustment or disclosure.
Financial Statements: Revision to threshold for the AoB exercise	OK	-	As a result of the guidance to the NHS increasing the threshold at which balances requires confirmation between bodies we amended our audit procedures to confirm your income, expenditure, receivable and payables with counterparties within the NHS resource accounting boundary. This also impacted the procedures we perform for issuing our consolidation opinion to the NAO. We have set out any issues that require adjustment or disclosure in appendix 4. .
Financial Statements: Procedures	OK	-	We have considered more broadly how our audit procedures should be revised given the extended deadline for submission. This means we have updated our procedures, for example considering a longer period for post date events and specifically considering whether COVID-19 related income and expenditure from the final weeks of the year were correctly included in the financial statements. No matters to report. We have not identified any issues that require adjustment or disclosure.

Summary: Impact of COVID-19

Scepticism Challenge

Area of the audit	Status	Page	Impact on Audit Approach
Financial Statements: IFRS 16		Page 15	The implementation of the new lease accounting standards has been deferred to 1 April 2021 with only limited disclosure requirement for 2019/20. We have summarised the work completed during our planning and interim audit work.
Annual Report: revised requirements and content	OK	Page 18	NHS I have reduced the requirements of the Annual Report for the current period as part of the response to COVID-19. In summary the changes are: • The annual report is no longer required to include a performance analysis section within the performance report. This is optional. • The annual report is no longer required to include a quality report. This is optional, although the Trust is required to publish a quality report at a later date. • The staff sickness disclosure in the staff report can be replaced with a link to where the information will be available online. • The model annual governance statement is updated to reflect the change to preparation of quality reports. We have reviewed the revised Annual Report and have no matters to report.
Quality Accounts: revised requirements		-	We are not required to provide assurance over the quality report for 2019/20.
Value for money: response to COVID-19	OK	Page 19	As part of our value for money testing, we considered if any additional risk arose due to COVID-19. By way of reminder our value for money responsibilities are focused on understanding the arrangements you have put in place up to the 31 March 2020 and to consider the disclosures you have made within your annual governance statement. We have no matters to report and concluded there were no specific additional risks that impacted on the value for money.

KPMG

Financial Statements Audit

Section one

Financial statements audit - our summary findings

Scepticism Challenge

Assessment of the control environment

Recommendations raised One

Recommendations reiterated from prior year None

The Trust outsources an element of its control environment to the following service organisations. We rely on the findings of the service auditors assessment of the local control environment as part of our audit approach.

- IBM – the Trust uses the ESR system. The service auditor issued a unqualified opinion.

Representations

You are required to provide us with representations on specific matters such as your going concern assertion. We provided a draft of this representation letter to the Head of Financial Services on 5 June 2020. We draw your attention to the requirement in our representation letter for you to confirm to us that you have disclosed all relevant related parties to us. We are not asking management to provide an Trust-specific representations.

Accounts Production

We received complete draft accounts by 27 April 2020 in accordance with NHSI's deadline. The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of ARM and GAM. We thank the finance team for their co-operation and responsiveness throughout the audit which allowed the work to progress and complete within the allocated timeframe.

Risks	Our findings
Significant Risks	Pages 11 –14
1. Valuation of land and buildings	We have reviewed the report of the valuer and used an internal valuation specialist to challenge the assumptions and methodology used. No issues have been identified and we considered the valuation of land and buildings to be acceptable.
2. Revenue Recognition	The results of our testing were satisfactory. We considered the amount of revenue recognised to be acceptable.
3. Management override of controls	The results of our testing were satisfactory.
4. Fraudulent Expenditure recognition	The results of our testing were satisfactory and we considered the amount of expenditure recognised to be acceptable.
Other Matters	Page 15
5. New accounting standards	We have held initial discussions regarding the Trust's assessment of the impact of the new accounting standards. The full impact of IFRS16 has been deferred for a further year.
6. Going concern	No going concern issues have been identified from our work on the financial statements or review of future forecasts and budgets.
Key accounting judgements	Page 17
A. Valuation of Land and Buildings	We used an internal valuation specialist to challenge the assumptions and methodology used. We recommended enhancements to the disclosure of the judgement and sensitivity around the valuation, which have now been updated in the financial statements.

Financial statements audit - our summary findings

Scepticism Challenge

Compliance with ISA 260: We are required under ISA 260 to communicate to you any matters specifically required by other auditing standards to be communicated to those charged with governance; and any other audit matters of governance interest. As the Trust is required to comply with elements of the UK Corporate Governance Code through the Foundation Trust Code of Governance, ISA 260 also requires us to communicate to you any information that we believe is relevant to understanding our rationale and the supporting evidence for the exercise of our professional judgement. This includes our view of: Business risks relevant to the financial reporting objectives, the application of materiality and the impact of our judgements on these areas for the overall audit strategy and audit plan; significant accounting policies; management's valuations of the Trust's material asset and liabilities and the related disclosures; the quality of management's assessment of the effectiveness of the system of internal control included in the AGS; and any other matters identified during the course of the audit. We have not identified any other matters to specifically report.

Compliance with the Audit Code: Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepared an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We have discharged these responsibilities as follows:

Type	Status	Response
Our declaration of independence	OK	No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Make a referral to your regulator	OK	If we identify that potential unlawful expenditure might be incurred then we are required to make a referral to your regulator. We have not identified any such matters.
Issue a report in the public interest	OK	We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.
Provide a statement to the NAO on your consolidation schedule	OK	This "Whole of Government Accounts" requirement is fulfilled when we check your summarisation scheduled are consistent with your annual accounts. We have completed that work and found no matters to report.
Provide a summary of our key use of resources risks	OK	We are required to reach a conclusion on your use of resources. We did not identify any significant risks during our initial planning procedures and confirmed this assessment during our final audit visit.
Certify the audit as complete	OK	We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

Financial statements audit - significant risks

Scepticism Challenge

Valuation of land and building assets

Related BAF risks	-

Significant audit risk

The risk

Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'.

When considering the cost to build a replacement asset the Trust may consider whether the asset would be built to the same specification or in the same location, with application of current floor plans and physical obsolescence a key factor. Assumptions about changes to the asset must be realistic. The Trust went through an exercise last year to value its estate on an "alternative site" basis. The estate was valued at £72.3m in 2018/19.

There is a desktop valuation being performed by Cushman & Wakefield in 2019/20.

Audit response

We undertook the following work over the valuation of material land and building balances:

- Control performance: We considered the effectiveness of the annual valuation review completed by the Trust, ensuring that the value of the land and buildings, including any material movements from the previous revaluation, were assessed;
- Valuation: We considered the carrying value of the land and buildings; including any material movements from the previous revaluations. We reviewed local indices as part of our judgement;
- Use of External Valuer: We will assess the competence, capability, objectivity and independence of Cushman & Wakefield, the Trust's external valuer
- Impairment review: we critically assessed the Trust's formal consideration of indications of impairment and surplus assets within it's estate, including the process undertaken and the adequacy of the judgements made by management in determining whether assets are impaired or surplus to requirements;
- Additions to assets: For a sample of assets added during the year we agreed that an appropriate valuation basis had been adopted when they became operational and that the Trust will benefit from future service potential;
- Underlying Data: We agreed the underlying data within the revaluation to supporting documentation and considered any changes when compared to previous valuations; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation and the related sensitivities.

Outcome from audit work

- We have reviewed the report of the valuer and used an internal valuation specialist to challenge the assumptions and methodology used. No issues were identified.
- We tested the inputs to the model valued by Cushman & Wakefield and confirmed that the model was consistent with the prior year.
- We have sense-checked the movement in land and buildings through comparison to movements in indices and confirmed the movement is in line with our expectations.
- In accordance with RICS guidance, valuers have incorporated material uncertainties within reports, due to the impact of COVID-19. The Trust has incorporated additional disclosure in the current period to reflect the uncertainty and judgement within the valuation.

Financial statements audit - significant risks (cont.)

Scepticism Challenge

❷ Revenue recognition (Significant risk that professional standards require us to assess in all cases)

Related BAF risks	-

Significant audit risk

The risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

We recognise that the incentives in the NHS differ significantly to those in the private sector which have driven the requirement to make a rebuttable presumption that this is a significant risk. These incentives in the NHS include the requirement to meet regulatory and financial covenants, rather than broader share based management concerns.

We have classified NHS and non-NHS income as a significant risk to respond to this requirement.

Audit response

Our work will focus on the recognition of NHS and non-NHS income and our testing will consider the completeness, existence and accuracy of the balances recorded within the financial statements.

- Control observation: We tested the operating effectiveness of process level controls over revenue recognition;
- Contract agreement: We agreed commissioner income to the signed contracts and selected a sample of the largest balances to agree that they have been invoiced in line with the contract agreement and payment has been received. We agreed that the levels of over and underperformance reported are consistent with contract variations;
- Income recognition: We carried out sample testing of invoices for material income in the month prior to and following 31 March 2020 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties;
- Agreement of Balances: We assessed the outcome of the agreement of balances exercise with CCGs and other NHS providers and confirmed the values they are disclosing within their financial statements to the value of income captured in the financial statements. We sought explanations for any variances over £0.3 million, and all balances in dispute, and challenged the Trust's assessment of the level of income they are entitled to and receipts that can be collected;
- Transformation funding: We agreed the Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Tariff (MRET) due at the year end to the confirmation received from NHSI and agreed that this was appropriately recorded in the financial statements; and
- Other income: We tested material other income balances by agreeing a sample of income transactions through to supporting documentation and bank balances.

Outcome from audit work

- We competed detailed testing on over 90% of commissioner income and sample tested other income balances with agreement to supporting documentation and bank.
- The results of our testing were satisfactory and we considered the amount of NHS and non-NHS income recognised to be acceptable.

Financial statements audit – significant risks (cont.)

Scepticism Challenge

❸ Management override of control (Significant risk that professional standards require us to assess in all cases)

Related BAF risks	-

Significant audit risk

The risk

Professional standards communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.

Audit response

Our audit methodology incorporates the risk of management override as a default significant risk.

- In line with our methodology, we tested the operating effectiveness of controls over journal entries and post closing adjustments;
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates;
- Assessed the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business, or are otherwise unusual;
- Understood the judgement management reached which led to receipt of Provider Sustainability Fund (PSF);
- Considered accounting judgements which impact the reported outturn position;
- Reconciled the year end outturn to in year financial reporting to ensure that divergence in performance could be justified; and
- Considered the year end cut off processed to ensure that revenue and expenditure items have been reflected in the correct period.

Outcome from audit work

- The results of our testing were satisfactory.

Financial statements audit - significant risks (cont.)

Scepticism Challenge

❹ Fraudulent expenditure recognition (Significant risk that professional standards require us to assess in all cases)

Related BAF risks	-

Significant audit risk

The risk

In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition and so the auditor has regard to this when planning and performing audit procedures.

This risk relates to completeness of the non-pay and non-depreciation expenditure balance.

Audit response

Our review of heightened fraudulent expenditure recognition focused on non-pay and non-depreciation operating expenses, in particular we completed the following procedures;

- Control observations: We tested the design and operation of process level controls over expenditure cut off;
- Expenditure recognition: We inspected invoices for material expenditure, in the period following 31 March 2020 to determine whether expenditure was recognised in the correct accounting period;
- Expenditure completeness: We considered the completeness and judgements made within the expenditure balance, specifically accrued expenditure challenging the reasonableness of the judgements based on supporting information and historical accuracy of accruals;
- Expenditure recognition: We tested a sample of expenditure transactions by agreeing through to supporting documentation and cash payments; and
- Agreement of Balances: We assessed the outcome of the agreement of balances exercise with CCGs and other NHS providers and compared the values reported to the value of expenditure captured in the financial statements. We sought explanations for any variances over £300,000, and all balances in dispute.

Outcome from audit work

- The results of our testing were satisfactory and we considered the amount of non-pay and non-depreciation expenditure recognised to be acceptable.

Financial statements audit - other areas of focus

Scepticism Challenge

Other area of focus – Disclosure of impact of IFRS 16

The risk

- IFRS 16 (Leases) is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2020. This will require disclosure in the Trust's accounting policies in 2019/20 and the Trust will be required to report transactions from 1 April 2020, meaning it is important that the Trust is able to start collating reliable data for comparable figures ahead of that date.
- There are complex accounting requirements underlying the determination of quantitative amounts in disclosures.
- Disclosure likely to be subject to scrutiny from users of the accounts

Outcome from audit work

IFRS 16 will be deferred for a further year and there are only limited disclosure requirements for 2019/20. As part of our planning and interim audit work we discussed the Trust's progress in assessing the impact of IFRS 16.

The testing completed to date will be used to facilitate the transition work in 2020/21.

Other area of focus – Going concern

The risk

- The GAM directs that your financial statements will be prepared on a going concern basis unless services are being transferred outside of the public sector or being discontinued.
- Risks to your financial position are expressed through disclosure in the financial statements (which need to be complete and balanced) and consideration in our use of resources responsibilities.
- Key analysis of your future financial performance is contained in your submissions to NHSI which forecast both current and future years expected financial performance.

Outcome from audit work

- Our work has not identified any issues which would impact on the going concern consideration. The Trust delivered its financial targets for 2019/20, with a reported surplus of £3.3 million and cash and cash equivalents of £28.6 million at the year end.
- The Trust's initial plans for 2020/21 have changed due to COVID-19. NHSI have confirmed that COVID-19 funding will be provided for at least the first four months of the financial year to ensure a break even position for all Trusts. The Trust's cash position is sufficient to cover any deficit or net cash outflows in subsequent months following the end of the COVID-19 funding regime.
- There is no indication that services are not expected to continue for the foreseeable future.

Financial statements audit - mandated risks

Scepticism Challenge

Risk	Why	Finding from the audit
Fraud risk from revenue recognition	Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.	We have classified both NHS and non-NHS income as a significant audit risk for 2019/20, and have outlined the audit work we have undertaken to address this on page 12, which fulfil our responsibilities for this objective.
Fraudulent expenditure recognition	Practice Note 10 suggests that auditors in the public sector should consider whether there is a fraud risk arising from the recognition of expenditure.	We have classified non-pay and non-depreciation expenditure as a significant risk, and have outlined the audit work we have undertaken to address this on page 14, which fulfil our responsibilities for this objective.
Fraud risk from management override of controls	Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit. We have considered that there is a heightened risk of management override of control based upon the incentives and performance oversight offered and deployed by NHSI during the 2019/20 period.	Our procedures, including testing of journal entries, accounting estimates and significant transaction outside the normal course of business, no instances of fraud were identified. We have performed specific procedures to: • Understand the Q4 judgement management reach which have led to receipt of PSF funding; • Review accounting judgements which are impacting the reported outturn position (see page 17); • Reconciled the year end performance to in year financial report to ensure that divergence in performance can be understood and justified; and • Reviewed the year end cut off processed to ensure that revenue and expenditure items have been reflected within the correct period. We have no specific concerns to raise over management override of controls.

Reconfirming materiality: We can confirm that we have completed all our audit work to the materiality that we proposed at the planning stage of the audit, which was a total materiality of £3.5m, performance materiality of £2.6m with an audit differences posting threshold of £0.175m.

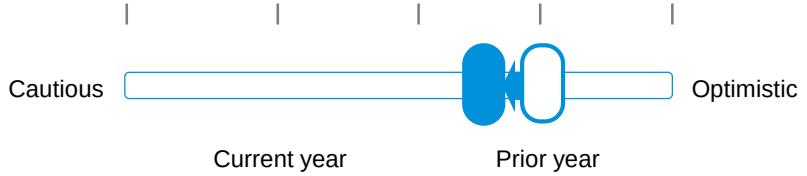
Financial statements audit - judgements

Scepticism Challenge

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Cautious means a smaller asset or bigger liability; optimistic is the reverse. We have only considered material judgements for the purpose of our reporting here.



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
	Cautious / Neutral / Optimistic			Needs improvement / Neutral / Best practice	
Valuation of land and buildings		**79.2**	**0.9**		The MEA valuation has been performed in line with valuer guidance. Whilst in the 2018/19 there was an instance of non-application of the revised policy of depreciation provided by the external valuer, this is not the case for 2019/20. A disclosure misstatement has been identified relating to the presentation of the valuation adjustment required as highlighted in our schedule of uncorrected misstatements in appendix 4, however does not relate to management's judgement. We have raised comments regarding the disclosure to add further detail around the sensitivity and uncertainty within the estimate in line with NHSI guidance.

Financial statements audit - other matters

Scepticism Challenge

Annual report

We have read the contents of the Annual Report (including the Accountability Report, Performance Report and AGS) and audited the relevant parts of the Remuneration Report. We have checked compliance with the NHS Foundation Trust Annual Reporting Manual (ARM) issued by NHSI. Based on the work performed:

- We have not identified any inconsistencies between the contents of the Accountability, Performance and Director's Reports and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the director's statements. As Directors you confirm that you consider that the annual report and accounts taken as a whole are fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.
- The part of the Remuneration Report that is required to be audited were all found to be materially accurate, with the exception of the median pay ratio disclosure, which has not been calculated in line with the guidance in the FT Annual Reporting Manual;
- The AGS is consistent with the financial statements and complies with relevant guidance subject to updates as outlined within section three; and
- The report of the Audit Committee included in the Annual Report is currently being reviewed by management to ensure that it appropriately addresses matters communicated by us to the Audit Committee, and meets guidance as set out in the ARM.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our fee for the audit was £62,750 plus VAT (£69,500 in 2018/19). This fee has been updated since our audit plan agreed by the Audit Committee in January 2020, due the reduced audit requirements on the quality report and IFRS 16. We have not completed any non-audit work at the Trust during the year.

KPMG

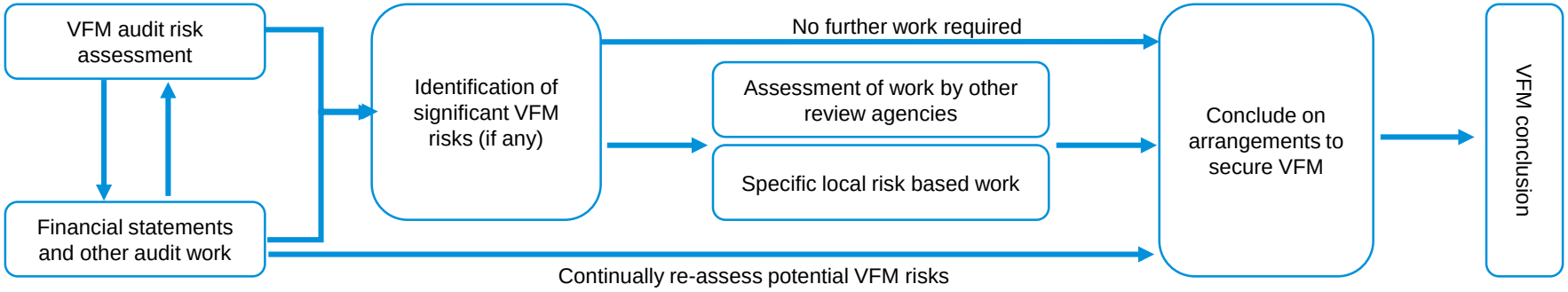
Value for Money

Section two

Value for Money

Scepticism Challenge

For 2019/20 our value for money (VFM) work follows the NAO's guidance. It is risk based and targets audit effort on the areas of greatest audit risk. Our methodology is summarised below. We did not identify any significant VFM risks and provide a summary below of the routine work required to issue our VFM conclusion, which is that we are satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020, based upon the criteria of informed decision making, sustainable resource deployment and working with partners and third parties.



AGS review	Regulatory review	Other matters considered in risk assessment
We reviewed the 2019/20 AGS and took into consideration the work of internal audit. We confirm that the AGS reflects our understanding of the Trust's operations and risk management arrangements.	We considered the outcomes of relevant regulatory reviews (NHS Improvement, CQC, etc.) and Internal Audit findings in reaching our conclusion. The Trust is in segment 2 of the NHS Improvement Single Oversight Framework at year end, with targeted support needs identified in operational performance. The latest CQC report rates the Trust as 'Good' overall.	As part of our risk assessment we reviewed various matters, including: • core assumptions in the 2019/20 Annual Plan. • recurrent cost improvement schemes are identified and delivered. • current operational performance and commissioner relationships / contractual risks. • planned VS actual outturn. • Management's assessment of the Trust's ability to continue as a going concern. • any financial support received. • partnership arrangements / relationships with key third parties. • an additional risk relating to the response to COVID19.

Appendix

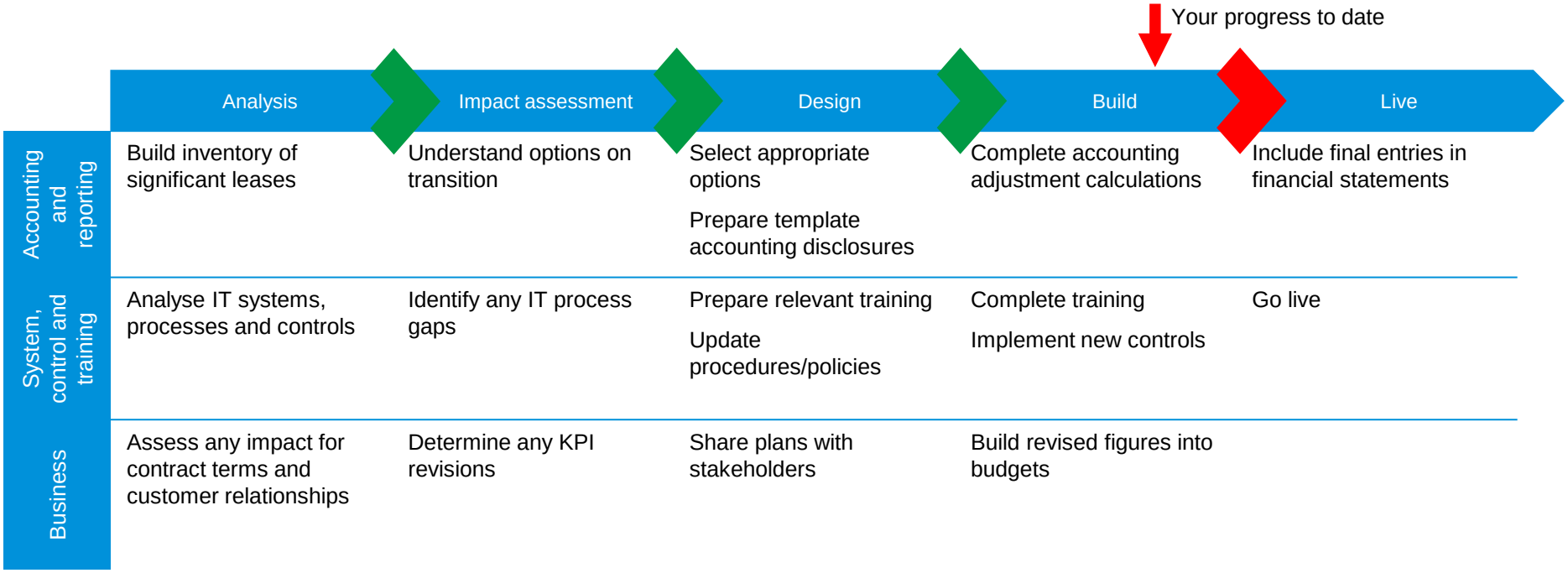
Contents

Appendix 1

Readiness for IFRS 16 (Leases)

Emerging challenges

The implementation of the new lease accounting standards has been deferred to 1 April 2021 with only limited disclosure requirement for 2019/20. For IFRS 16 full analysis is required of expenditure that could constitute an lease (such as operating leases for buildings that were previously not held on the balance sheet). We have outlined below the typical stages a transition programme would go through..



Appendix 2

Revision to the Going Concern auditing standard

In September 2019 the FRC published a revised UK auditing standard for Going Concern ISA UK 570. This responds to recent enforcement cases and well-publicised corporate failures where the most recent auditor's report had not included a material uncertainty on going concern. The revised standard is applicable for periods commencing on or after **15 December 2019,** including short periods**.** We have not early adopted the standard for 31 March 2020 year-ends.

The key changes

The key changes in comparison to the current standard are:

- Enhanced coverage of going concern in the audit report, including:
    - A positive statement from the auditor that the use of the going concern basis is appropriate and the auditor has not identified a material uncertainty on going concern.
- More detailed audit requirements on risk assessment procedures, including on the entity and its environment; the applicable financial reporting framework; and the entity's system of internal control.
- Additional audit procedures when events or conditions are identified which have not been identified or disclosed to the auditors by management.
- Under the new standard detailed substantive procedures will be required in all cases, whereas in the current standard there are reduced requirements if no events or conditions are identified that may cast significant doubt on the entity's ability to continue as a going concern.
- For UK Corporate Governance Code adopters, additional audit procedures on the viability statement*, for NHS Foundation Trust's the principles in the UK Corporate Governance Code are included within the adopted NHS Foundation Trust Code of Governance.*
- Requirement to consider reporting material uncertainties to external regulatory and enforcement authorities.

NHS bodies are directed to prepare accounts on a going concern basis unless otherwise instructed for example unless services are being transferred outside of the public sector or being discontinued. We set out below the key impacts:

Risk assessment procedures and related activities: In addition to work which the auditor previously undertook understanding the entity and its environment, the new standard requires auditors to perform more detailed risk assessment procedures including specific work on the entity's system of internal control and risk assessment processes as they specifically pertain to going concern. This will include greater scrutiny over areas such as cash flow management and borrowing arrangements.

Removal of the gateway to assess whether events or conditions exist: The auditor will perform an evaluation of management's going concern assessment in all cases, not only when events or conditions which may cast significant doubt as to the entity's ability to continue as a going concern have been identified.

Increased challenge due to change in emphasis in the report: The FRC intends that auditors increase their scrutiny of going concern. Whilst much of our detailed work will remain unchanged with continued emphasis to robustly challenge management's assessment of going concern which includes thoroughly testing the adequacy of the supporting evidence, evaluating the risk of management bias. The change in the nature of the report is likely to result in more challenges being raised. This will mean the Trust will need to specifically design, perform and document its own assessment of Going Concern.

Specified procedures on viability reports and potential impact on going concern periods: The viability report is required via adoption of the UK Corporate Governance Code. As the principles of this are adopted by NHS Foundation Trusts through the NHS Foundation Trust Code of Governance these requirements are considered through our work on the Trust's value for money arrangements. This means this part of the standard is not directly applicable to NHS Foundation Trusts.

Appendix 3

Recommendations raised and followed up

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations					
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
Annual report			
1	3	**Median Pay Ratio Calculation – inclusion of Agency Staff** During the audit we identified that the Median Pay Ratio calculation did not include temporary or agency staff due to the difficulty in deriving annualised pay figures for those staff. The guidance in FT Annual Reporting Manual (and the Public Expenditure System paper produced by HM Treasury referenced in the ARM) is that the calculation should include agency and other temporary staff covering staff vacancies. It is likely that including temporary and agency staff would have the impact of reducing the disclosed ratio. We recommend that temporary and agency staff are included in the Median Pay calculation in order to be compliant with the ARM.	The median pay calculation included temporary staff but detailed agency staff information is not available, Somerset NHS FT will ensure the median pay calculation includes agency staff for 2020/21.

All recommendations raised in our prior year ISA260 report have been completed.

Appendix 4

Audit Differences

Under UK auditing standards (ISA (UK&I) 260) we are required to provide the Audit Committee with a summary of unadjusted audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK&I) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than £0.17m are shown below:

Unadjusted audit differences (£m)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Land and Buildings valuation adjustment disclosure	-	-	Misstatement identified in the presentation of the valuation adjustments posted in Note 13 of the statutory accounts, whereby the current presentation did not appropriately reflect the correct classification of the adjustment made on each asset. The misstatement has led to the Trust identifying an error in the configuration of the system and have communicated with the software provider to put in put in place the steps to correct moving forward. The Trust has not corrected for this difference.

Under UK auditing standards (ISA UK&I 260) we are required to provide the Audit Committee with a summary of adjusted audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Adjusted audit differences (£m)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Reclassification of staff costs	-	-	'Wages and Salaries' and 'Employer Pension contributions' of £5.3m were over and understated due to the initial classification of the additional pension contributions received by NHSE. The misstatement is purely presentational and a movement of costs within classifications, and has been accepted and amended by management.
2	Reclassification of Payable balances	-	-	Outstanding Pension costs of £1.8m payable at year end were initially classified under 'Other Taxes Payable' however should be shown within 'Trade Payables'. There has therefore been an under / overstatement of these two classifications within year end creditor breakdown. The misstatement is purely presentational and a movement of a balance within classifications, and has been accepted and amended by management.
3	Presentation of prior period Remuneration Report balances	-	-	2018/19 comparative table in the 2019/20 remuneration report did not agree to 2018/19 audited remuneration report. The misstatement is purely presentational and has been accepted and amended by management.

Appendix 4

Audit Differences (cont.)

We are required to report any inconsistencies greater than £300,000 between the signed audited accounts and the consolidation data and details of any unadjusted errors or uncertainties in the data provided for intra-group and intra-government balances and transactions regardless of whether a Trust is a sampled or non-sampled component. We have provided details of the inconsistencies that we are reporting to the NAO as follows:

Counter party	Type of balance/ transaction	Balance as per Trust (£'000)	Balance as per counter party (£'000)	Difference (£'000)	Comments on Difference
14F – South West Specialised Commissioning Hub	Debtor	£0	-£634	-£634	This difference relates to the fact that the Trust has reclassified an overall customer balance in credit on the debtor ledger to be a payable. The counterparty have not made this correction, resulting in off-setting mismatches in the Agreement of Balances. The Trust have contacted the South West Specialised Commissioning Hub to resolve the mismatch but have not had any response. We consider the Trust's position to be correct and will note this in our reporting to the NAO.
14F – South West Specialised Commissioning Hub	Creditor	£658	£0	£658	

Appendix 5

Audit Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit Committee members

Assessment of our objectivity and independence as auditor of Somerset Partnership NHS Foundation Trust ('the Trust')

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the Trust and its affiliates for professional services provided by us during the reporting period. We have detailed the fees charged by us to the company and its related entities for significant professional services provided by us during the reporting period below, as well as the amounts of any future services which have been contracted or where a written proposal has been submitted. Total fees charged by us for the period ended 31 March 2020 can be analysed as follows:

Component of audit (all fees exclude VAT)		
	2019/20	**2018/19**
Audit services – statutory audit		
Financial Statements Audit	£59,500	£60,500
MEA Valuation work	£1,500	£6,000
Impact of new accounting standards	£750	£2,000
Increased procedures required by NAO-WGA	£1,000	£1,000
Total fee for Trust	**£62,750**	**£69,500**

This fee has been updated since our audit plan agreed by the Audit Committee in January 2020 due the reduced audit requirements on the quality report and IFRS 16.We have only billed for the planning and interim work completed on these areas where applicable.

Appendix 5

Audit Independence (cont.)

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Trust and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Appendix 6

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

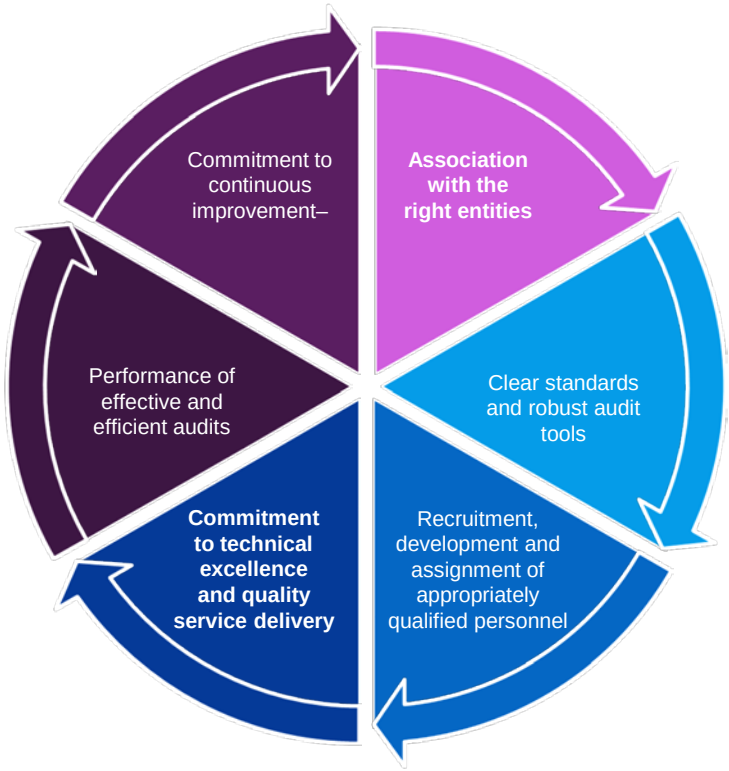
To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

kpmg.com/socialmedia

kpmg.com/app