Annual Report & Annual Accounts 2019/20

Yeovil Hospital Healthcare

Yeovil District Hospital NHS Foundation Trust

Annual Report and Annual Accounts 2019/20

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CONTENTS

1. PERFORMANCE REPORT

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

History of Yeovil District Hospital and its Statutory Background

The hospital opened in 1973 and was established as an NHS Foundation Trust on 1 June 2006. It took over the responsibilities, staff and facilities of the previous organisation, East Somerset NHS Trust. As a public benefit corporation, Yeovil District Hospital NHS Foundation Trust ("YDH" or Yeovil District Hospital" or "the Trust") is authorised under the National Health Service Act to provide goods and services for the purposes of the health service in England.

Purpose and Activities of Yeovil District Hospital

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

Statement on the Performance of YDH from the Chief Executive and Key Risks/Issues

Strategic Context

Yeovil District Hospital is situated in Somerset, which is a largely rural county with a population of circa 550,000. The population of Somerset is relatively older than the national average, and over the next 25 years, the number of people over the age of 75 is expected to double. Whilst people in the region are living longer than they used to, there is an ever-increasing gap between life expectancy and healthy life expectancy with increasing numbers of people living longer with one or more complex long-term conditions. At the present time, approximately one third of the population has at least one long-term condition – this equates to 175,000 people in Somerset. This is a key driver of the significant rise in demand for health and care services across all providers within the county.

In 2019/20, the NHS continued to experience unprecedented levels of demand across the sector, and the very end of the financial year was influenced by the COVID-19 pandemic, as declared on 12 March 2020. Whilst there was a limited impact during financial year 2019/20 due to the timing, it is important to recognise the impact that COVID-19 places on NHS organisations going into 2020/21.

NHS organisations, including Yeovil District Hospital, were required to rapidly re-design services on a large scale in order to provide capacity and resource for the treatment of patients with COVID-19. This included the postponement of planned treatment, changing

the way that appointments are provided, through the use of online and telephone consultations, redeploying staff and identifying additional bed and intensive care capacity.

These changes in demand and supply not only affect patients with COVID-19, but have had a significant impact on the care provided to the wider population. The longer-term impact is not yet known, however it is likely that some patients will postpone or decide against seeking treatment in order to avoid visiting healthcare organisations, potentially resulting in long-term health problems and a change in the demand profile in the future. Again, the impact is likely to be different on some age and socio-economic groups than others.

The pressure of this demand throughout 2019/20 and in the early stages of the COVID-19 pandemic, was felt across the Somerset health and social care system, and was coupled with challenges in the recruitment of medical staff and problems in the wider system with the availability of health and social care services, particularly home care. Compared to 2018/19, Yeovil District Hospital experienced a year on year accident and emergency growth of 4.35%.

Despite this, during 2019/20 Yeovil District Hospital remained one of a small number of trusts in the country that continued to maintain performance across the range of key performance standards, including routinely being within the top three of acute trusts for the four-hour accident and emergency waiting times performance throughout the year. Further information on performance indicators and constitutional standards can be found on page 9 onwards.

In addition, the Trust was immensely proud of the 2019 staff survey results, which reflect the positive culture that exists within Yeovil District Hospital. For the second year running, the Trust had the highest recorded response rate of any hospital in the country – 71.9 per cent compared to a national average of 47.5%. The staff survey results also place Yeovil District Hospital as the highest performing trust in the country for both health and wellbeing and for the staff's feedback on the support they receive from their immediate managers. In addition, Yeovil District Hospital also scored extremely positively across a number of other areas, including equality, diversity and inclusion; staff morale; safety of the hospital environment; staff engagement; and team working. More information on the staff survey results can be found on page 52.

Opportunities and Priorities for 2020/21

The Trust continues to be actively engaged as a key partner in the Somerset Sustainability and Transformation Partnership (STP). Through this, the *Fit for my Future* (FFMF) programme has recognised the growing challenges across the healthcare system and the need to ensure that the various parts of the health and care system work more closely together. The ambition is to reduce the number of people becoming ill and mitigate the growth rate in accident and emergency attendances and emergency admissions across Somerset. Where people do become ill, the FFMF programme aims to ensure that people can get access to joined up health and care support in the community, away from hospitals where possible, to help them live independently for as a long as they can. This aspiration reflects the work undertaken by the Trust in recent years as a key partner in our 'Symphony' Programme.

Somerset's response to the NHS Long Term Plan, which was published in early 2019, identified a number of priority areas across the Somerset and care system with the aim to address the main challenges faced. This means:

- focusing more on population health and how we can support people to stay well and live well

- giving people more control over their own health and wellbeing and providing more personalised care when they need it
- improving community health and care services, providing care as close to home as practical, by increasing 'out of hospital' care and removing artificial barriers between services
- using digital technology to support better communication and care across services both in and out of hospital
- supporting people to stay well while reducing pressure on emergency hospital services through service redesign.

The Trust does face financial challenges, notably running with a financial deficit since 2014/15, which deteriorated over the subsequent years. There had been a stabilisation of the deficit from 2016/17 to 2019/20 but with a known risk of further deterioration. A number of factors contributed to this deficit, such as diseconomies of scale due to size and rurality, loss-making subsidiaries and potential excess operational costs.

An inspection was undertaken by the Care Quality Commission (CQC) in early 2019, which included within it an NHS Improvement (NHSI) Use of Resources review. This review considered the organisation's overall financial governance, its cost control measures and efficiency to consider whether resources are used productively. Despite a Good rating for its clinical services, the Trust received a Use of Resources rating of Inadequate as part of this inspection. These factors led to NHS England and Improvement (NHSE&I) commissioning an external review of the Trust's financial governance by an experienced Acute Trust Director of Finance. This review highlighted a number of areas of good practice alongside some areas for improvement. The Trust has worked to implement the recommendations from this review during the remainder of the financial year and the Trust achieved its financial Control Total for 2019/20. Further information on the external reviews, including the findings and recommendations, and the effectiveness of the use of resources can be found on page 66.

In addition to the above, the Trust significantly changed its approach to cost improvement with the launch of a major clinical efficiency and productivity programme using national benchmarking data from the Model Hospital, Getting it Right First Time (GIRFT) and the Trust's own internal costing systems, to identify the major areas of focus. This programme was launched in mid-March 2019 and builds on the Trust's strong culture of engagement as recognised by the Care Quality Commission's inspection and staff surveys.

Key to sustainably tackling the challenges faced by YDH is the continued expansion and roll out of innovative models of care supported by new partnerships and digital technology. YDH is working with Somerset NHS Foundation Trust, Somerset Clinical Commissioning Group, Somerset County Council and local GPs as part of the Somerset STP, which is currently developing its plans for an Integrated Care System (ICS) for Somerset in line with the ambitions of the NHS Plan. Key to the development of an ICS is the need to work increasingly close with all partners, including general practice, social care and the voluntary sector.

Vision and Strategy

Yeovil District Hospital's vision and strategy are shown below with the four strategic objectives supported by a clear set of organisational priorities.

Our Vision: To care for you as if you are one of our family

Care for our population	Develop our people	Innovate & collaborate	Develop a sustainable system
We will seek and seize opportunities to continually improve the quality, accessibility and safety of our services, and the experience we provide. We will support and encourage our local population to live healthier lives.	We will ensure our teams have the skills, capacity and environment to enable them to provide the care that they aspire to. We will make our hospital an employer of choice.	As part of a sustainable Somerset care system, and working with our partners, we will develop and deliver outstanding services, employing new models of care and innovative technology.	We will manage our resources responsibly to ensure the sustainability of our services and the local care system, without compromising on safety and quality.

2019 Strategic Priorities

Yeovil Hospital Healthcare NHS

Our Vision: To care for you as if you are one of our family

Care for our population	Develop our people	Innovate & collaborate	Develop a sustainable system
Strategic priorities	**Strategic priorities**	**Strategic priorities**	**Strategic priorities**
• Refresh our clinical strategy and ensure alignment with STP plans. • Demonstrate outstanding standards of care. • Deliver national A&E and cancer standards. • Support the Somerset system to reduce overall elective waiting times and improve RTT performance. • Fully embed end of life care planning. • Improve the way we learn from avoidable harm. • Improve mental health care with a particular focus on the care of dementia and CAMHS.	• Build on our positive 2018 staff survey, with a focus on reducing violence and aggression towards our staff • Significantly reduce our staff agency usage with particular focus on medical agency. • Refresh iCARE in order to underpin our positive culture. • Review our clinical leadership model. • Develop a clinical workforce strategy to reflect our revised clinical strategy. • Continue to improve staff retention. • Improve our GMC survey results.	• Review our estates masterplan, focussing on our emergency and day surgery services. • Refresh and align our digital transformation strategy with the Trust clinical strategy. • Improve the basic level of IT across the Trust. • Implement ePrescribing and expand eObservations. • Establish our Business Intelligence strategy, including a 'single source of the truth' for the Somerset ICS. • Collaborate on the delivery of the SIDER project and countywide digital programmes. • Support the development of local 'Neighbourhoods' and Primary Care Networks, including the relaunch of the South Somerset Care Board.	• Meet our control total and CIP target for 2019/20. • Demonstrate improved financial 'grip', including the roll out of PLICS. • Refresh our focus on improving efficiency and productivity using best practice tools. • Embed Quality Improvement Methodology across the Trust • Transform SHS to be financially independent. • Develop a plan for Simply Serve Ltd to support back office consolidation. • Continue progress towards a Somerset Integrated Care System.

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

i Treating our patients and staff as individuals
C Effective communication
A Positive attitude
R Respect for patients, carers and staff
E Environment conducive to care and recovery

2019/20 Performance Summary

Yeovil District Hospital has a fully comprehensive Quality Improvement Strategy for 2019-2021, which outlines the areas of focus for quality improvement. The review of the strategy for 2019-2021 considered and built upon the previous strategy in its deliberations, as well as national reports including recommendations from:

- Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (Francis, 2013)
- A promise to learn – commitment to act: improving the Safety of Patients in England (Berwick, 2013)
- A Review of the NHS Hospitals Complaints System Putting Patients Back in the Picture (Clywd, 2013)
- Cavendish Report (Cavendish, 2013)
- Safer Staffing Requirements: Safe Staffing for adult inpatients in acute care (2018)
- Better Births, Improving outcomes of maternity services in England
- The Morecambe Bay Investigation (Kirkup, 2015)
- The regulatory requirements of the Duty of Candour
- The Care Act (2015).
- Learning, candour and accountability: A review of the way Trusts review and investigate the deaths of patients in England (Care Quality Commission, 2017)
- National guidance on Learning from Deaths for Trusts (National Quality Board, 2017)
- Working with Families, (NHS Improvement, 2018).

The strategy incorporates national recommendations, including those relating to safe staffing and considers system wide challenges, STP ambitions and local priorities that reflect patients' needs. In addition, plans to develop and implement models to provide enhanced seven-day services, which will be a key enabler to preventing admissions at weekends and facilitating discharge, will improve the experience for patients. Improving access to high quality end of life care remains a priority.

Yeovil District Hospital was not inspected by the Care Quality Commission in 2019/20 although the report of the inspection between December 2018 and January 2019 was published in May 2019. This report outlined there had been clear progress in a number of areas since the previous inspection and in two domains the highest Outstanding rating was achieved. The hospital's core services were rated as Good for caring and for being effective, responsive and well led. The hospital was rated as Requires Improvement under the safe domain. The Care Quality Commission published the Trust's Use of Resources report at the same time, which is based on an assessment undertaken by NHS Improvement. As has previously been noted, the Trust was rated as Inadequate for using its resources productively. The combined rating for the Trust, taking into account the Care Quality Commission's inspection for the quality of services and NHS Improvement's assessment for Use of Resources, is Requires Improvement.

It is important to clarify the reasons behind the ratings given against the safe domain, which relate to technical aspects of the service and do not, in themselves, suggest clinical risk to patients. The Care Quality Commission noted certain areas where it would like to have seen greater clarification, evidence or improvement, including the need for greater consistency in

record keeping and changes to the support provided for children and young people with mental health issues. All 'must do' actions identified by the Care Quality Commission have been completed with ongoing monitoring as to their effectiveness.

The matrix of core service results is shown below:

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

This rating comprised of 35 'good' or 'outstanding' ratings in a total of 39 inspection themes. Patients attending our hospital to receive care or treatment from any of these services can therefore do so confident that we are meeting or exceeding national benchmarks for hospital services. Whilst the overall assessment of all core hospital services is 'Good' – the second best rating available from CQC – we are also delighted that two of our services achieved the highest possible 'Outstanding' results in certain areas.

Yeovil District Hospital continues to receive positive feedback through a variety of methods including the Friends and Family Test survey. As of 31 March 2020, 98% of respondents said that they would recommend Yeovil District Hospital to their friends and family.

Our year 2019/20

The financial year 2019/20 was one of the busiest years on record for the NHS, with exceptionally high demand causing challenges within A&E departments and primary care access. Within Yeovil District Hospital itself, there was a 4.35% year-on-year A&E activity growth with over 31% of attendances resulting in an inpatient stay. This activity growth equates to 58,140 patients being seen in 2019/20 compared to 55,715 the previous year. This was up again on the 10.4% increase in attendances already seen between 2017/18 and 2018/19. In 2019/20, 94.7% of patients were seen and either discharged or admitted within four hours against the 95% target set by NHS England. Yeovil District Hospital is consistently in the top three hospitals in the country for performance against this standard.

This good performance was recognised by a feature titled *Yeovil Hospital offers hope to stretched health services* in the Financial Times. This was a great opportunity for us to discuss the approaches and culture, which enable us to maintain patient flow across the hospital despite the significant increase in demand.

As part of the wider collaborative working across the Somerset system, and in order to support more equitable service access during 2019/20, Yeovil District Hospital supported neighbouring Trusts to reduce their waiting times in selected specialties. As a result, referrals from a geographical area between Somerset NHS Foundation Trust and Yeovil District Hospital were directed to Yeovil. This system wide approach and the associated trajectory reflected a system agreement to maintain a minimum 82% Referral to Treatment waiting time performance at Yeovil District Hospital.

For 2019/20, the Trust's referral to treatment (RTT) performance for the 18-week ongoing pathways standard was 89.4%, which represents strong performance when benchmarked nationally. It should be noted, however, that in response to the early national guidelines to support management of the COVID-19 pandemic, elective operating was suspended. It is anticipated that RTT and diagnostic performance will be significantly affected into the new financial year, with a significant increase in the number of patients waiting over 18 weeks for treatment and over 6 weeks for routine diagnostic appointments. In order to ensure quality and safety for patients, this position will continuously be reviewed to ensure that patients' conditions do not deteriorate and patients requiring urgent and emergency care continue to receive treatment.

During 2019/20, there were some variations in performance against the diagnostic waiting times standard, most notably in March 2020 following the need to respond to the COVID-19 pandemic. This resulted in a number of diagnostic pathways having to be altered or suspended. Diagnostic six-week waiting time performance across the year was 92.4% against the 99% target. In recent years, significant improvements have been made to diagnostic capacity and during 2019/20 the Trust procured a new managed equipment service to ensure it continues to take a strategic approach to securing sufficient diagnostic capacity. In addition, during the year baseline capacity was supplemented through the use of portable scanning solutions and the appointment to new roles that provide additional capacity such as new nurse endoscopist roles.

The demand for cancer services is ever increasing, which like many other trusts has placed significant additional challenges on Yeovil District Hospital. Due to the increasing demand through the suspected cancer referral route, there have been fluctuations in performance at Yeovil District Hospital, in particular against the 62-day standard. This is largely as a direct result of patient choice, increasingly complex pathways and clinical decisions. Despite this, Yeovil District Hospital's 62-day standard performance was 86.1% against the 85% target for financial year 2019/20.

As of March 2020, strong performance was achieved with the two-week wait (96.1%) against the 93% target. Performance for the 31-day first treatment narrowly missed the 96% target at 95.7%.

It is anticipated that performance against the cancer standards will be affected into 2020/21 as a direct consequence of the COVID-19 pandemic. In order to mitigate this, the Trust has maximised the use of the National Contract with the Independent Sector providers to undertake surgery. The Trust is operating a central point for cancer surgery prioritisation with a triage system for all cancer sites and considers the balance of clinical priority against available capacity. In addition, and in order to ensure patient safety, the Trust has temporarily relocated its oncology service to the facility at St Margaret's Hospice in Yeovil.

In recent months, the Trust has seen a significant decrease in the rate of suspected cancer referrals; largely assumed to be a result of people feeling anxious about attending healthcare facilities or visiting their GP during the COVID-19 pandemic. Therefore, it is highly likely there will be a surge in the number of referrals once members of the public once again start to access services in greater numbers. To combat this reduction in referrals, the Trust alongside the wider NHS, has ensured that there is clear messaging that NHS services remain open and available during the COVID-19 pandemic and that those in need of treatment or diagnosis should not delay accessing services.

Notwithstanding the challenges faced, in 2019/20 Yeovil Hospital was consistently rated as a high performer against the range of national indicators. This continued good performance is testament to the commitment and dedication of our staff and volunteers and is more evident in the response seen in the initial weeks and months of the COVID-19 pandemic.

In terms of the Trust's financial position, whilst challenges were faced during 2019/20, the Trust was able to celebrate a significant achievement in meeting its financial control total. For Yeovil District Hospital NHS Foundation Trust the control total is the financial deficit agreed with NHS England and Improvement for the financial year. For 2019/20, the control total was a deficit of £19.3million. Having achieved this, the Trust was able to secure additional national support funding amounting to £19.3million to offset the deficit, meaning that 2019/20 ended in financial balance. This significant achievement should be commended, however, it is important to recognise the scale of the underlying financial challenge that remains going forward.

Owing to the COVID-19 pandemic, the Operational Planning process for 2020/21, where the financial targets and budgets are set for the coming year, was suspended. During any budget setting process, Yeovil District Hospital Board insists that the setting of any Cost Improvement Plans targets must be realistic and not detrimentally affect the safety and/or quality of care.

The Board recognises the continued challenges regarding the financial position and is committed to work to address these through its own internal focus on efficiency and productivity. It will also work collaboratively with local partners to ensure a system response to the countywide deficit position and address the key strategic issues that the deficit drivers report identifies. The Somerset STP acknowledges that the county's health and care services are not keeping pace with demand and the changing needs of local people and that the Somerset system requires radical transformation to ensure its financial and clinical sustainability.

Performance Analysis and Assurance

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

Operational dashboards are monitored and reviewed by individual wards and departments and the urgent and elective care strategic business units. These dashboards include key quality metrics covering infection control, patient safety and falls. The performance metrics for Yeovil District Hospital are set nationally and reported to NHS England and Improvement

who hold the hospital to account along with the Trust's commissioners through contracting arrangements.

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

Alongside the Board Assurance Committees, the Hospital Management Team ensures direct oversight of the operational performance reporting and assurance process. This meeting includes the executive teams, business managers and clinical directors who review Trust-wide performance along with a focus on any specific risks identified through departmental and corporate risk registers. The performance overview includes a review of financial, workforce, quality and operational performance KPIs. Any areas where performance has declined will be reviewed and any risks will be considered.

Achievements and Celebrations within 2019/20

Throughout 2019/20, Yeovil District Hospital enjoyed great recognition through a number of national awards. Yeovil Hospital was announced as the deserving winner of the Best International Recruitment Experience category at the Nursing Times Workforce Summit and Awards 2019 for the successful work in recruiting nurses from overseas for both Yeovil Hospital and other NHS Trusts. Making their award, the judges said: *"Yeovil have shown excellent outcomes with zero vacancies and reduced agency spend. We were also really impressed at the spread of this project and the evidence of a very inclusive approach to the recruitment and strategy proves its sustainability".*

In addition, the Trust secured two finalist places in the National Retention Awards, run by NHS England and Improvement, in the 'Retention team of the year' and the 'Health and Wellbeing' categories as well being shortlisted for two HSJ Awards, in the 'Staff engagement' and 'Workforce Initiative of the Year' categories. The HSJ Awards are some of the most prestigious in UK health and social care receiving around 2,000 nominations for 23 categories each year and the Trust is immensely proud of having been shortlisted.

These successes across workforce engagement and recruitment were further supported by recognition from Health Education England regarding its overseas recruitment campaign where the Director of Global Engagement stated *"…the model that [YDH] are using is clearly following best principals, they also have some impressive figures around churn, OSCE assessment success and expansion. It seems clear to me that Yeovil are 'best in class' in this regard…".*

In further support of the fantastic work around workforce initiatives, Yeovil District Hospital was the best Trust in the county for staff health and wellbeing and the support staff receive from their immediate line manager, according the latest NHS Staff Survey. The Trust's results for health and wellbeing mean that staff rated the hospital more positively than staff of any other of the 230 NHS organisations surveyed. In addition, Yeovil District Hospital is in the top 20% of NHS trusts for a number of important areas, including diversity and inclusion, support from managers, staff morale, safety of the hospital environment, bullying and harassment, and staff engagement. This survey is extremely important to the hospital, because it reflects the real experiences and opinions of the Trust's staff. To be amongst the best NHS organisation in the country demonstrates the value we place on the welfare of our staff. Further information on the staff survey can be found within the Staff Report on page 47.

The Yeovil Hospital Ambulatory Emergency Care unit (AEC) received a high commendation in the category of Best Comprehensive Thrombosis Management Centre at the Anticoagulation Awards. These awards celebrate outstanding practice across multiple healthcare providers of exemplary anticoagulation services. This high commendation is an incredible achievement and showcases the continuous fantastic work completed by staff.

As part of a wider project with the Somerset healthcare system, primarily led by Yeovil District Hospital's Deteriorating Patient Lead, the Somerset Clinical Commissioning Group were announced as the winners of the Sir Peter Carr Partnership Award in November 2019. The overall aim of the improvement project is the prevention of avoidable hospital admissions and providing care at the place of a person's choice. This initiative has already shown high level of success in the early stages with nursing homes, with high impact in terms of improving patient safety, saving lives, and enhancing patient experience, workforce competency and capacity, as well as improving clinical and financial efficiency.

On an annual basis, Yeovil District Hospital participates in the Care Quality Commission Adult Inpatient Survey. This survey is the longest running survey in the NHS Patient Survey Programme, which covers a range of topics including maternity care, children and young people's inpatient and day case services, urgent and emergency care and community mental health. Yeovil District Hospital placed 37th out of 344 trusts, with three key areas where the Trust was rated significantly better than the national average, including choice of food, pain control and information given pre-operatively or before a procedure. In addition, Yeovil District Hospital saw one area of significant improvement from the previous survey – noise at night caused by other patients. This had been highlighted as an issue with previous surveys so it is extremely encouraging to see an improved score. There were a small number of areas where the scores decreased, including information provided before a bed move, concerns on discharge timings and information given on condition and treatment. All areas have been reviewed with action taken to improve the scores within subsequent surveys.

Yeovil District Hospital's maternity services were also rated as better than the national average in the Care Quality Commission Maternity Services Inpatient Survey. The results show that the maternity services performed better than other trusts with women feeling they had more involvement in decisions around their care during labour and birth and having the opportunity to ask questions concerning their childbirth.

The Yeovil maternity team also performed better in how the women were discharged home with their babies and the standard of the information and explanations they were given; meaning women felt they received useful information or the clarification they required after the birth of their babies. 100% of women replying to the survey felt that they were treated with respect and dignity and 100% had confidence and trust in the staff during labour and birth. In addition 99% felt they were involved enough in decisions about their care.

These excellent survey results come on the back of last year's CQC inspection report, which rated the maternity service as Good overall with an Outstanding rating for caring.

In 2019, the importance of organ donation in saving lives was marked by the unveiling of a beautiful new sculpture in Yeovil District Hospital's entrance.

Remembering those who have given so much in death, and their families, a moving ceremony took place during National Organ Donation Week (Monday 2 September – Sunday 8 September 2019) and was attended by families of those who gifted their organs at Yeovil Hospital, thanking them for their precious contributions.

Dr Joe Tyrell, Consultant Director for Organ Donation and Anaesthetist at the trust, unveiled the sculpture saying: *"We would like this beautiful sculpture to commemorate those of our patients who, in death, have given the ultimate gift; life. But we also hope that it will act as a thoughtful reminder for those who may have thought about organ donation but perhaps have never got around to joining the register or talking to their loved ones about this."*

Group Entities

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

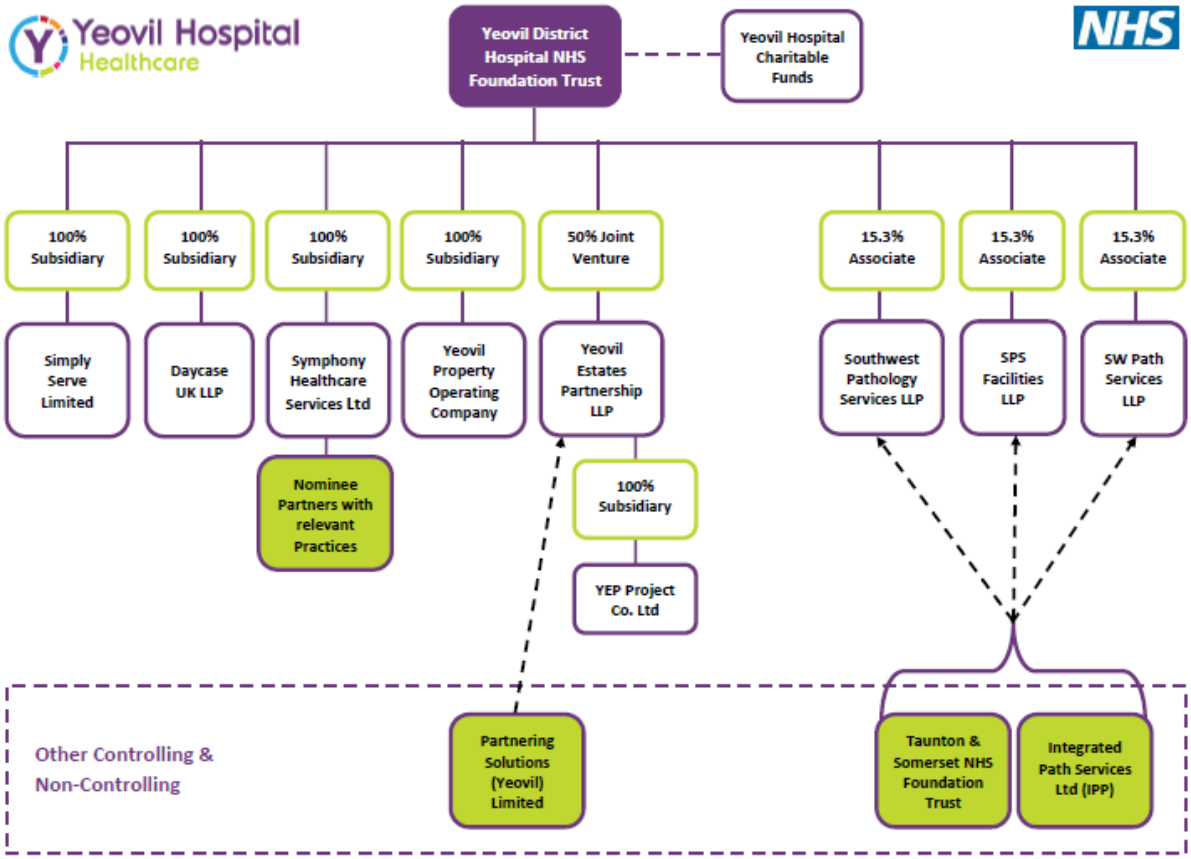
Yeovil District Hospital owns or has shares in the following subsidiary companies:

- Simply Serve Limited (100%)
- Symphony Healthcare Services Limited (100%)
- Daycase UK LLP (100%)
- Yeovil Property Operating Company (100%)
- Wellchester Innovation Limited (100%)

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

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

The group structure can be seen below:



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

Simply Serve Limited's overall performance has grown in strength with key service metrics showing strong performance and a strong financial position. The organisation has grown its profitable customer base and service offering. Courier services have been established and provide a higher quality service at a lower cost to the Trust. Maintenance, compliance and other services are provided to a number of customers including the GP practices operated by Symphony Healthcare Services Limited.

All necessary accreditation for the performance of high quality, effective services has been achieved and maintained along with achievement of the Cyber Essentials accreditation. Simply Serve Limited continues to drive efficiency and utilise technology to provide enhanced cost effective services.

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

provides a strong case for success of the new care models within South Somerset; this includes most of the Symphony Healthcare Services practices.

During 2019/20, Symphony Healthcare Services integrated an additional practice. The following practices are therefore part of Symphony Healthcare Services:

Practice	Integration	Merged	List Size: March 2020
Buttercross Health Centre	07/04/16	1 July 18	7,188
The Ilchester Surgery	07/04/16		
Yeovil Health Centre	07/04/16	1 September 17	10,776
Oaklands Surgery	01/08/17		
Highbridge Medical Centre	01/04/17		12,282
Crewkerne Medical Centre	01/07/17	1 July 18	12,941
West One Surgery	01/07/18		
Wincanton Health Centre	01/10/17		8,915
Hamdon Medical Centre	01/05/18		5,600
The Meadows Surgery	01/11/18		3,786
Martock Surgery	01/12/18		10,671
Bruton Surgery	01/02/19		6,021
Exmoor Medical Centre	01/04/20		3,888
TOTAL			82,068

Symphony Healthcare Services has continued to manage and support these practices by adopting the organisation's vision and values as well as introducing the GET strategy. This strategy focussed the mission of the organisation to:

- Grow – increase patient list sizes and practice numbers;
- Enhance – improve the quality and extent of services provided to patients; and
- Transform – transform services to ensure the best use of available resources.

Under the strategy arms of Transform and Enhance, Symphony Healthcare Services commenced the implementation of an online consultation system, askmyGP. This system has been revolutionary for both patients and staff members, improving the ability to offer help for health needs on the same day. Evidence demonstrates an increase in clinical contacts with patients with notable improvements in the rate of telephone consultations. The roll out of askmyGP was expedited across all SHS practices due to the COVID-19 pandemic with online consultations now available across all Symphony Healthcare Services practices.

Since January 2019, all Symphony Healthcare Services practices (with the exception of Exmoor Medical Centre having just been integrated) have been inspected by the Care Quality Commission. The feedback from these inspections has been extremely encouraging with all practices, bar the exception of one, receiving a Good CQC rating. This is a great achievement with the successful turnaround of a number of the practices following integration. Symphony Healthcare Services will build upon the outcomes of the inspections to ensure the continuing development of quality services for all patients across all practices.

Symphony Healthcare Services operated at a deficit in 2019/20; however, the entity has led a reduction in the level of demand across the South Somerset region and a reduction in the number of overnight stays within hospitals resulting in savings across the acute providers within the county.

The future plan for the business is to continue to integrate GP practices in line with the financial plan and to achieve profitability whilst providing a strategic and financial benefit to the local health system on an ongoing basis. This is being supported by national initiatives such as the introduction of Primary Care Networks to create efficiencies through at-scale working and collaboration within localities and piloting of various healthcare systems and projects. Ongoing streamlining of systems and digitalisation of processes across all practices will also positively contribute to a reduction in operating costs. In addition, further recruitment of permanent GPs and other key clinical staff will reduce the expenditure on locums and provide a platform for creating further efficiencies.

Daycase UK LLP: Daycase UK is a subsidiary of Yeovil District Hospital that was formed in June 2016 after an OJEU procurement for a joint venture partner to support efficient day case activity. It was previously 70 percent owned by Yeovil District Hospital and 30 percent owned by Ambulatory Surgery International (ASI), which is an offshoot of AmSurg a leading US-based day case facility operator. During 2019/20, up until 28 February 2020, Daycase UK provided day surgery within the Day Surgery Unit at Yeovil District Hospital and at the Castleton Unit at the Yeatman Hospital in Sherborne across a range of specialties.

The initial business model depended upon growing the level of day case surgery activity. However, due to the financial constraints currently experienced by the wider NHS, and the Somerset system, it has not been possible to increase level of activity to the volumes required to deliver an effective partnership. On this basis and following ASI's intention to focus on other opportunities, both parties mutually agreed to terminate the partnership with Yeovil District Hospital purchasing ASI's shares in the entity. Therefore, on 1 March 2020, all staff and activities transferred back to Yeovil District Hospital. ASI formally retired from the partnership in May 2020. Daycase UK will remain dormant until a point where the entity can be formally dissolved.

Yeovil Property Operating Company Ltd: Yeovil District Hospital established a subsidiary company, Yeovil Property Operating Company Ltd, to facilitate integration of GP practices. It enables former GMS practices to sub contract service delivery to SHS whilst retaining the right to receive notional rent from NHSE. The company was incorporated on 19th January 2016. There are no transactions other than the flow of rent.

Wellchester Innovation Limited: Wellchester Innovation Limited was incorporated on 1 October 2016 to provide consultancy services leveraging YDH's knowledge of innovation in the health sector. An application has been made to strike off the company.

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

Southwest Pathology Services LLP, SPS Facilities LLP, SW Path Services LLP: Established in 2011/12, Southwest Pathology Services took responsibility for delivering the full range of laboratory services to Musgrove Park Hospital and Yeovil District Hospital on 1 June 2012, serving a population of over 500,000 and over 100 GP practices. The SPS hub laboratory provides services for the NHS and other organisations in the southwest,

undertaking the high quality, efficient processing of routine and non-urgent testing, reporting results according to clinically agreed turnaround times.

Further information on all group entities can be found within the Trust's Annual Accounts 2019/20. The Trust has no overseas operations other than recruitment campaigns.

Going Concern

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

The Department of Health and Social Care (DHSC) Group Accounting Manual 2019/20 states that financial statements should be prepared on a going concern basis unless there is an intention for dissolution without transfer of services to another entity.

There is no intention for dissolution of the Trust and the Trust continues to prepare and publish financial and operational plans for future years. As the Trust has operated with a deficit position in previous years, the Board have considered the principle of going concern and ongoing financing.

Financial plans and cash flow forecasts for 2020/21 have been prepared taking into account potential impacts of COVID19 and financial arrangements in response, and the new cash regime which converts previous loans to Public Dividend Capital and allows for future Public Dividend Capital support.

On 2 April 2020, the DHSC and NHS England and NHS Improvement (NHSE/I) announced reforms to the NHS cash regime. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment.

The affected loans total £90.1m, and are classified as current liabilities within these financial statements and result in Net Current Liabilities of £82.0m. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust submitted a draft financial plan to NHSE/I on 5 March 2020, setting out the work in progress position before suspension of the planning round due to COVID19. This set out a deficit position of £28.9m for the year ending 31 March 2021, however had the planning round continued the Trust believe that the final plan for the year would have been to achieve the Financial Improvement Trajectory of £15.3m deficit and thus earn £15.3m of Financial Recovery Funding (FRF).

Planning was superseded by the financial arrangements for COVID19, which include nationally devised contracts for the period to 31 July 2020. This national approach provides assurance of sufficient income to meet all operating costs in the period.

Further, the Directors have a reasonable expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form of revenue support from DHSC. Whilst historically such support has been in the form of loans, following the announcement that all existing loans will be repaid using the issue of PDC, the Trust expects any future support required to be in the form of PDC.

The cash balance as at 31st March 2020 was £12.5m, and at 31st May 2020 £31.6m. The Trust has assessed its best, worst and most likely case financial forecast for 2020/21 taking into account an assumed reversion to plan in the later part of the year. This results in a

surplus / deficit in the range of £0.0m to £10.2m after Financial Recovery Funding. The Trust will require cash support in the form of additional PDC during the year to support the cash position in the range of £0.0m (best case) to £10.2m (worst case).

The Directors, having made appropriate enquiries, have concluded that there is a reasonable expectation the Trust will have access to adequate resources to continue in operational existence for the going concern assessment period. Therefore, these accounts have been prepared under a going concern basis as set out in IAS 1.

Summary Statement of Comprehensive Income

	Group 2019/20	Group 2018/19
	£'000	**£'000**
Operating income from continuing operations	195,401	153,771
Operating expenses of continuing operations	(193,942)	(171,852)
Operating Profit / (Loss)	**1,459**	**(18,081)**
Finance income	14	40
Finance expense – unwinding of discount on provisions and financial liabilities	(1,473)	(1,553)
Net finance costs	**(1,459)**	**(1,513)**
Gain/(Loss) on disposal of non-current assets	(91)	744
Share of losses of associate/joint venture	0	(72)
Corporation tax Expense	**28**	(109**)**
Deficit for the year	**(63)**	**(19,031)**
Revaluation gains and impairment losses – property, plant and equipment	1,588 (752)	4,721 (1,765)
Other reserve movements	(46)	(15)
Total comprehensive income for the year	**727**	**(16,090)**

Income

	Group 2019/20	Group 2018/19
Clinical income	**£'000**	**£'000**
A&E income	8,317	6,917
Elective income	18,411	17,825
High cost drugs Income	11,675	10,992
Non-elective income	47,060	35,799
Other non-protected clinical income	372	439
Other NHS clinical income	28,176	26,815
Community Services Income	13,703	11,313
Outpatient income - Firsts	7,448	7,261
Outpatient income – Follow ups	11,392	10,885
Private patient income	2,132	2,464
AFC pay award central funding	0	1,273
Pension contribution central funding	3,763	**0**
Clinical income from activities	**152,449**	**131,983**
Other operating income		
Research and development	925	896
Education and training	4,515	4,268
Receipts of capital grants and donations	169	726
Resources from NHS charities excluding investment income	522	464

Provider Sustainability Fund income	19,479	3,384
Other income	17,342	12,050
Total other operating income	**42,952**	**21,788**
Total operational income	**195,401**	**153,771**

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

Expenditure

	Group	Group
	2019/20	2018/19
	£'000	**£'000**
Clinical negligence insurance	(4,195)	(4,220)
Consultancy costs	(239)	(374)
Depreciation and amortisation	(4,500)	(4,083)
Drug costs	(20,537)	(16,226)
Establishment	(3,266)	(3,578)
Fees for Audit:		
- Statutory audit	(64)	(58)
- Audit related assurance services	(22)	(27)
- Other assurance	(1)	(10)
Internal audit fees	(55)	(60)
Tax advisory services	(174)	(219)
Impairment	(84)	101
Increase provisions	(1,563)	(12)
Legal fees	(150)	(232)
Losses, ex gratia and special payments	(149)	17
NHS charities expenditure	(523)	(1,240)
Premises	(9,853)	(8,887)
Purchase of healthcare from non NHS bodies*	(6,800)	(5,553)
Rentals under operating leases	(755)	(623)
Operating Expenditure IFRIC 12	(561)	0
Services from:		
- CCGs and NHS England	(72)	(20)
- NHS Foundation Trusts	(2,422)	(2,385)
- NHS trusts	(104)	(277)
Staff costs:		
- Executive directors'	(937)	(1,207)
- Other staff costs	(121,402)	(106,737)
- Redundancy costs	(139)	(510)
- Non-executive director costs	(110)	(116)
Supplies and services (excluding drug costs)		
- Clinical	(9,478)	(9,641)
- General	(3,085)	(2,947)
Training	(681)	(484)
Transport	(1,194)	(1,118)
Other	(827)	(889)

Total Operational Expenditure	**(193,942)**	**(171,852)**

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

Agency Staffing

Nursing

Over the past year, as a result of our continued success with overseas recruitment, Yeovil District Hospital is in the position of having no Band 5 nursing vacancies across inpatient clinical areas. There may be periods where temporary nurse staff are required, such as periods of escalation or to provide enhanced care to particular patients. Despite this, significant reductions have been made in nurse agency usage and spend within Yeovil Hospital itself. There do however remain some challenges in nursing agency usage within Symphony Healthcare Services.

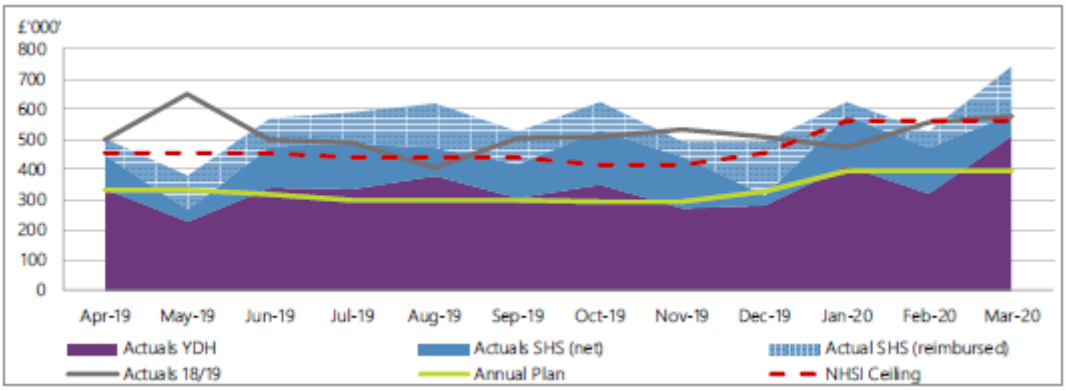
One strategy has been to continue to increase the number of staff on our internal staff bank. We have continued with a programme of "auto enrolment" to the bank for all our nursing staff to ensure that they are able to work additional shifts. Our bank fill rates have continued to increase during 2019/20 achieving 89% for registered nurses and 98% for our unregistered shifts.

Yeovil District Hospital continues to build on the success of our overseas nursing recruitment offering services externally to other NHS trusts in addition to a most recent partnership with BUPA. The Trust's overseas recruitment programme was recently recognised by Health Education England as the "best end to end recruitment service in the whole of the NHS". The overseas recruitment service has supported over 800 nurses to join the NHS during 2019/2020. The service includes full support in the advertising, interview, registration, pre-employment document check stages as well as providing training and assessments for the required Objective Structured Clinical Examinations (OSCE). The OSCE training programme has achieved 100% pass rate with over 90% of those first time passes.

Medical

Medical staffing continues to be the most challenging area of recruitment with locum agencies dominating the labour market and demanding high pay rates above the national cap. The Trust has established a medical workforce key stakeholder group, which meets regularly to develop strategies and trial changes in staffing models in order to tackle the ever-changing challenges we are facing. This is also reflected in Symphony Healthcare Services with national shortages of available General Practitioners. Significant progress has been made and the Trust has used different clinical staff more effectively in order to bridge medical vacancies. Plans are in place to replicate the successes achieved with the overseas nursing recruitment campaign.

The agency spend through the year is set out below. The Trust was set an agency ceiling by NHS Improvement of £5.6million for the year. Spend for the year was £1.03million above this although due to the support funding provided by the Clinical Commissioning Group for a number of practices within Symphony Healthcare Services, the Net actuals versus the previous year were £0.31million less and below the agency ceiling.



Capital Investment

£6.9m was invested in capital developments in 2019/20, which included spend on medical equipment, TrakCare (electronic patient record system) development, general site improvements, IT upgrades and construction works including ED / Pathology expansion, replacement lifts in the women's hospital and the remodelling of pharmacy to cater for a new robot.

Cashflow Statement

	Group 2019/20	Group 2018/19
	£'000	**£'000**
Cash flows from operating activities		
Operating deficit	**1,459**	**(18,081)**
Non-cash income and expense:		
Depreciation and amortisation	4,500	4,083
Net impairments and reversals of impairments	84	101
Income recognised in respect of capital donations	(169)	(728)
(Increase)/decrease in receivables and other assets	(4,213)	232
(Increase)/decrease in inventories	(41)	(226)
Increase/(decrease) in payables and other liabilities	(320)	(3,049)
Increase/(decrease) in provisions	1,665	12
Corporation Tax	(109)	0
Other movements in operating cashflows	39	(665)
Net cash generated from operations	**2,858**	**(18,321)**
Cash flows from investing activities		
Interest received	4	20
Payments to acquire intangible assets	(500)	(842)
Payments to acquire tangible fixed assets	(3,301)	(2,952)
Sale of property, plant and equipment	0	2,471
Receipt of cash donations to purchase capital assets	48	20
Prepayment of PFI capital contributions (cash payments)	(463)	**0**
Other movements in investing activities	(53)	0
Net cash used in investing activities	**(4,265)**	**(1,283)**
Cash flows from financing activities		
Public Dividend Capital received	2,250	253

Loans received from Department of Health and Social Care	9,948	20,857
Movements on other loans	36	616
Interest paid on loans	(1,415)	(1,332)
Loans repaid - including finance lease capital	(161)	(155)
Interest element of finance lease	(44)	(53)
Other capital movements	(14)	(193)
Net cash used in financing activities	**10,660**	**19,993**
Increase / (decrease) in cash and cash equivalents	**9,193**	**389**
Cash and cash equivalents at 1 April	**5,021**	**4,632**
Cash and cash equivalents at 31 March	**14,214**	**5,021**

Summary Statement of Financial Position

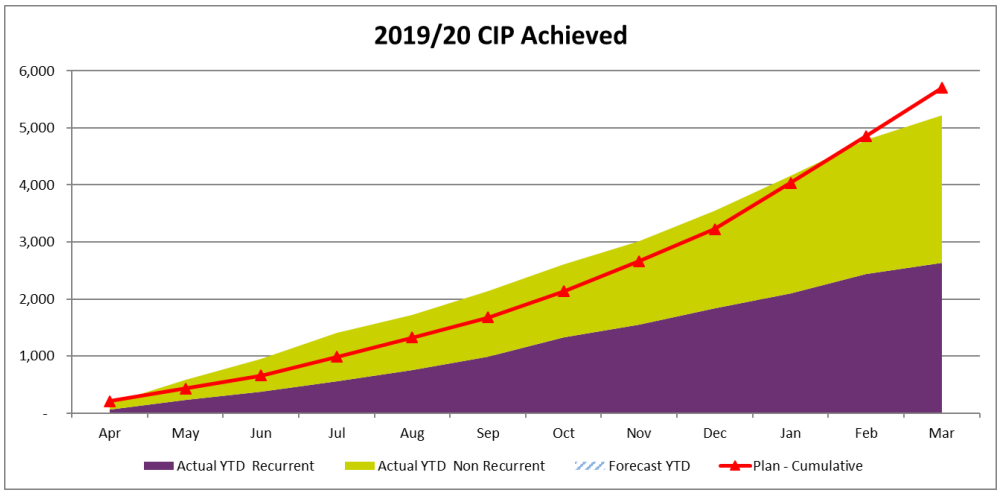
	Group	Group
	2019/20	2018/19
	£m	**£m**
Non-current assets	70,169	66,482
Current assets	33,391	19,873
Current liabilities	(115,406)	(56,319)
Total assets less current liabilities	**(11,846)**	**30,035**
Non-current liabilities	(3,620)	(48,479)
Total assets employed	**(15,466)**	**(18,443)**
Total taxpayers equity	**(15,466)**	**(18,443)**

Income Disclosures Statement

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

Cost Improvement Plans (CIP)

Yeovil District Hospital set a very demanding cost improvement plan target during 2019/20, which was required in order to meet the overall financial control total agreed with NHS Improvement. In year savings of £5,223k were delivered against a target of £5,701k resulting in a shortfall of £478k. 50.5% of cost improvement plans achieved were recurrent (£2,637k, with the full year effect of recurrent savings being £2,892k). Whilst the target was not achieved, the level of saving continues to be impressive, equating to 2.9% of turnover.



Environmental Sustainability

Yeovil District Hospital continues to investigate ways in which its environmental impact can be reduced. A number of key indicators are measured to assist with the monitoring of environmental performance such as utility usage and waste generation. Key indicators are measured and reported within the Trust through regular reports and to the Department of Health and Social Care through ERIC returns and Model Hospital Dashboard.

The Trust continues to collaborate with the estates teams from Somerset NHS Foundation Trust and other regional partners with regard to sustainability to ensure that Sustainable Development Plans take a consistent approach and to share best practice across the region. The Trust is working on the development of its Green Plan to support the achievement of the NHS Long Term Plan.

The Trust continues to meets its obligations under the Building Performance Directive and ensures that Display Energy Certificates are in place.

Priorities for 2020/21 are to:

- Develop and implement the Trust Green Plan; and
- Take advantage of shared opportunities for sustainability across the STP.

Energy Management

The Trust, through Simply Serve Limited, continues to work with Veolia Ltd on an energy performance contract (EPC) to make guaranteed energy, financial and carbon savings through a number of measures, but chiefly through the two Combined Heat and Power (CHP) systems, rated at 330 and 270KWs, which supply heat and electricity to the Hospital. The EPC continues to deliver savings of over £200K p.a.

Simply Serve Limited procures the Trust's utilities using the Crown Commercial Services (CCS) Framework, ensuring it benefits from CCS's huge buying power. CCS has been proven to deliver significant savings across the NHS estate. In addition, through Simply Serve Limited, the Trust continued to invest in its infrastructure over the past 12 months, implementing a number of energy savings schemes, some of which are set out below:

- Upgrade of air handling units including installation of new energy efficient motors and controls;
- Chiller replacements with energy efficient units;
- Laundry equipment replacement with high efficiency equipment.

Priorities for 2020/21 include:

- Replacement windows;
- Improvement of chilled water and electrical infrastructure;
- Replacement of old air handling units with efficient units; and
- Investigate further opportunities to upgrade lighting to LED low energy units.

Waste Management

The Trust, through Simply Serve Limited, continues to strive towards its goal of zero waste to landfill through an increase in recycling rates, and processing of other waste streams as refuse derived fuel (RDF). The Trust continues to actively reduce waste by ensuring:

- Dry mixed recycling products, including paper, hand towels, cardboard, plastic bottles and metal cans are bulk compacted and sorted into constituent parts for recycling;
- Wood waste has been removed from general waste and is segregated for re-processing and re-use;

- Soft clinical waste is sent for alternative treatment (not incineration) and is then processed as refuse derived fuel;
- Reducing packaging used for hard clinical waste, reducing waste sent for incineration;
- Organic waste from the grounds and gardens is either shredded on-site for mulch or sent for composting and re-use;
- Electronic and electrical equipment waste is sent for recovery and all parts are recycled where possible;
- Removing RVC plastic from the clinical waste stream for recycling; and
- All household batteries are segregated and recycled.

The priorities for 2020/21 include:

- Further improve waste segregation and awareness; and
- Reduce food waste through targeted projects.

Jonathan Higman, Chief Executive, 23 June 2020

2. ACCOUNTABILITY REPORT

NHS Foundation Trust Code of Governance Disclosures

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

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

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

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

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

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

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

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

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

The Council of Governors comprises elected and appointed governors and is chaired by the Trust Chairman. The Council of Governors may not delegate any of its powers to a committee or sub-committee, but it may appoint committees or working groups consisting of governors, directors, and other persons to assist it in carrying out its functions. The committees and working groups of the Council of Governors in operation during 2019/20 were: Appointments Committee, Strategy and Performance Working Group and Membership and Communications Working Group. Members of the Board, including the non-executive directors, regularly attend the Council of Governors and their working groups. The Chairman and Chief Executive regularly meet face-to-face with the governors who are also encouraged to attend and observe meetings of the Board and its assurance committees as part of their role. The governors also partake in clinical walkarounds with the Chairman and a member of the Clinical Governance Department.

During 2019/20, the Council of Governors discharged its statutory duties. The governors contributed to the development of the Trust's forward plans and reviewed key aspects of finance, performance and quality through its various activities. They received the annual accounts and the annual report at the annual general meeting. To comply with its role to hold the Non-Executive Directors to account, the Council of Governors regularly met with them and requested updates and attended meetings of the Board and its assurance committees. The Governors also undertook regular "Governor Surgeries" and participated in regular events in the community to gain direct feedback from members of the public.

In the event of a dispute between the Council of Governors and the Board, in the first instance the Chairman shall seek to resolve it (on advice from the Company Secretary and/or Senior Independent Director and such other guidance as the Chairman may see fit to obtain). If the Chairman is unable to address the dispute, he shall appoint a special committee comprising equal numbers of directors and governors to consider the circumstances and to make recommendations to the Council of Governors and the Board. If the recommendations (if any) of the special joint committee are unsuccessful, the Chairman may refer the dispute back to an external mediator appointed by an organisation selected by him. There were no disputes between the Council of Governors and the Board during 2019/20.

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

Audit Function and Audit Committee Role

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

BDO are the Trust's appointed internal auditors and they undertake reviews for the level of assurance on the adequacy of internal control arrangements, including risk management and governance. The Trust's external auditors are KPMG who provide the Trust's statutory audit services. During 2019/20, KPMG reviewed whether their general procedures support their independence and objectivity, including any matters related to the provision of non-audit services, and positive affirmation has been presented to the Audit Committee. This is in line with guidance from the National Audit Office, which states that the total fees for advisory services should not exceed 70% of the total fee for all audit work carried out a public body.

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

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

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

- Management override of controls – valuation of Land and Buildings
- Fraudulent recognition of revenue
- Fraudulent recognition of non-pay expenditure
- Management Override of Controls

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. An unqualified opinion was provided for the financial statements audit for 2019/20. The external auditors confirmed that in all significant respects the Trust had in place proper arrangements for securing Value for Money in the Use of Resources, except for one area, which related to the informed decision making sub-criterion. This opinion arose due to the findings of the CQC Use of Resources inspection published in May 2019 and timing of the implementation of subsequent actions. Significant progress has been made on improvement actions agreed in the latter part of the year. The auditors confirmed that there were no matters to report in relation to the arrangements around financial sustainability.

Governors and Membership Information

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

Members of the public who reside within the Trust's various constituencies can be elected as a public governor. Elected governors (public and staff) are usually appointed for three-year terms. Alison Whitman remained Lead Governor following her appointment from 1 February 2017.

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

As at 30 March 2020, membership of the public constituency saw a small increase compared to the previous year at 7,515. Public membership equates to approximately 4% of the Trust's catchment area. As at 30 March 2020, membership of the staff constituency also saw a small increase to 2,013.

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

Public Membership

Constituency	Greater Yeovil	South Somerset (S&W)	South Somerset (N&E)	Dorset	Mendip	Rest of Somerset & England	Total
At 30 March 2020	2,395	1,688	1,781	923	547	181	7,515

Staff Membership

Staff Membership	2019/20
At 30 March 2020	2,013

Elected Governors – Public Constituency

Name	Constituency	Date Elected	Duration of Term of Office (Years)	Attendance at Council of Governor Meetings 19/20
Michael Beales	Greater Yeovil	01/06/2018	2	4/4
John Webster	Greater Yeovil	01/06/2014 01/06/2017	3 3	3/4
Roger Wharton	Greater Yeovil	01/06/2018	2	2/4
Tony Robinson	South Somerset	01/06/2016 01/06/2019	3 1	4/4
Sue Bulley	South Somerset	01/09/2014 01/06/2017	3 3	3/4
Jenny Flory	South Somerset	01/06/2019	1	2/4
Sue Brown	South Somerset	01/06/2015 01/06/2018	3 2	2/4

Janette Cronie	South Somerset	01/06/2017	3	4/4
Nigel Stone	South Somerset	01/06/2017	3	3/4
Alan Harrison	Dorset	01/06/2018	2	4/4
Peter Shorland	Dorset	01/09/2019	1	3/4
Virginia Membrey	Mendip	01/06/2017	3	4/4
Alison Whitman	Rest of Somerset & England	01/06/2014 01/06/2017	3 3	2/4

Elected Governors - Staff Constituency

Name	Constituency	Date Elected	Duration of Term of Office (Years)	Attendance at Council of Governor Meetings 19/20
Michael Fernando	Staff	01/06/2012 01/06/2015 01/06/2018	3 3 2	3/4
Paul Porter	Staff	01/06/2013 01/06/2016 01/06/2019	3 3 1	2/4
Julie Reeve	Staff	01/09/2019	1	3/4
Fiona Rooke	Staff	01/06/2016 01/06/2019	3 1	4/4

Appointed Governors

Name	Stakeholder Organisation	Attendance at Council of Governor Meetings 19/20
Sekharbabu Thananki*	YDH Subsidiary Company "Partnership Organisation Group"	3/3
Dirk Williamson		2/3
David Recardo	South Somerset District Council	2/4
Rob Childs	Dorset CCG	0/4
Lou Evans	Somerset CCG	3/4
Faye Purbrick	Somerset County Council	4/4
Peter Shorland**	Dorset County Council	0/0

* Sekharbabu Thananki stood down as Partnership Governor in December 2019.
**Peter Shorland was excluded from being an Appointed Governor following the 2019 Local Elections.

Membership Strategy and Representation

YDH recognises the importance of having a strong and representative membership. With approximately 7,500 public members, the Trust has access to an extensive community of

users and supporters. The aim during the coming year is to maintain those numbers, to improve the quality of engagement with them and to recruit younger members. YDH has a membership coordinator (Corporate Services Assistant) who works with the communications team and patient experience team to develop and implement the membership strategy. In 2019/20, the governors continued their 'Governor Surgeries' within the outpatient department for direct feedback from members and patients and to assist in the recruitment of Foundation Trust members. Options are also being explored for evening events for further membership and public engagement.

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

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

Contact Information for Members

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

Directors Report

Statement of Disclosure to the Auditors

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

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

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

Income Disclosures

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

Better Payment Practice Code

Under the national Better Payment Practice Code, Yeovil District Hospital aims to pay non-NHS invoices within 30 days of receipt. As outlined below, 79% of NHS invoices and 91% of Non-NHS invoices were paid within this target in 2019/20. This is an improved position from

2018/19. The target was not achieved within the year owing to a small number of NHS invoices being placed on hold following the Trust raising queries on the invoice values.

	2019/20		2018/19	
	Number	£'000	Number	£'000
Total NHS trade invoices paid in year	1,553	5,778	1,490	6,620
Total NHS trade invoices paid within target	1,222	4,508	896	4,021
Percentage of NHS trade invoices paid within target	79%	78%	60%	61%
Total Non-NHS trade invoices paid in year	47,714	87,627	53,175	108,533
Total Non-NHS trade invoices paid within target	43,440	82,780	44,437	97,654
Percentage of non-NHS trade invoices paid within target	91%	94%	84%	90%

Quality Governance

The Quality Account (due for publication later this year) and the annual governance statement provide an overview of the arrangements in place to govern service quality, including descriptions of how the Trust is continuing to improve patient care and enhance the patient experience. Details of Yeovil District Hospital's activities in research and development and information about patient care activities will be set out in the Quality Account.

The Board

The membership, skills and expertise of the Board during 2019/20, together with attendance at meetings, the commitments of the Board members were as follows:

Paul von der Heyde+* — Chairman

Paul von der Heyde joined the Trust Board as a Non-Executive Director in June 2012 and assumed the role of Chair of the Audit Committee from June 2013 – April 2016 and the Board Remuneration Committee from March 2014 – January 2016. He began his post as Chairman in January 2016.

Paul was in practice in London for almost 30 years specialising in many clients' business development following which he has led the UK arm of an international group for 11 years. Paul is also a Fellow of the Institute of Chartered Accountants.

Public Board Attendance: 9/9
Audit Committee Attendance: 5/5
Board Remuneration Committee Attendance: 5/5

Maurice Dunster+ — Non-Executive Director

Maurice Dunster joined the Trust Board in June 2012.
After a career as a science teacher Maurice Dunster moved to the John Lewis Partnership. There he held a number of posts including HR Director for the John Lewis Department Store division, and finally Corporate Director of Organisational Development.

Maurice became Chair of the Workforce Committee in March 18 and is Chairman of Symphony Healthcare Services.

Public Board Attendance: 9/9
Board Remuneration Committee Attendance: 5/5

Martyn Scrivens+*	Non-Executive Director

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

Public Board Attendance: 9/9
Audit Committee Attendance: 5/5
Board Remuneration Committee Attendance: 5/5

Jane Henderson+*	Deputy Chairperson / Non-Executive Director / Senior Independent Director

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

Public Board Attendance: 9/9
Audit Committee Attendance: 5/5
Board Remuneration Committee Attendance: 5/5

Graham Hughes+	Non-Executive Director

Graham Hughes joined the Trust Board in April 2018
Graham has over 40 years of experience in the financial and legal sectors and was previously an Executive Director of Bank and Clients PLC. Prior to this, in his capacity as Managing Partner and latterly Chairman, he developed a legal practice to a multi office large employer. He has a deep understanding of commercial and risk management within the financial sector together with a thorough knowledge of the core strategic principles of heavily regulated and competitive sectors.

He has also been involved in change management, developing policies for large and complex organisations including Whistle blowing, IT Security and Data Protection and People policies. Graham chairs the Trust's Remuneration Committee.

Public Board Attendance: 7/9
Board Remuneration Committee Attendance: 4/5

Paul Mapson+*	Non-Executive Director

Paul joined the Trust Board in March 2020.
After a career spanning 41 years in the NHS, including 17 years as Director of Finance and Information at University Hospitals Bristol NHS Foundation Trust, Paul retired in June 2019.
He is Chair of the Audit Committee and member of the Financial Resilience and Commercial Committee.

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

Caroline Moore+*	Non-Executive Director

Caroline Moore joined the Trust Board in September 2016. Caroline is a Chartered Accountant and worked for PricewaterhouseCoopers in both London and Bristol until 2002, where she provided audit and consultancy services to a wide range of clients, and had national responsibility for the social housing practice. She joined her current employer, Yarlington Housing Group, in 2002 and is Managing Director having previously been the Executive Director of Finance, Governance and Risk. She is also a member of the Board of the trading subsidiary Yarlington Homes. Caroline was Chair of the Trust's Audit Committee. Caroline left the Trust in September 2019.

Public Board Attendance: 1/4
Audit Committee Attendance: 3/3
Board Remuneration Committee Attendance: 1/2

Jonathan Higman	Chief Executive

Jonathan Higman joined the Trust Board in January 2009 and became Acting Chief Executive in December 2017. He was appointed as Chief Executive in March 2019. During his time on the Board, he has held a number of Director level posts, including Director of Strategic Development and Director of Operations at the Trust.

Jonathan graduated from the University of Reading in 1993 and has over 20 years' experience working in a variety of roles in both hospitals and commissioning across the NHS in the South West and South East of England.

Public Board Attendance: 9/9

Shelagh Meldrum	Deputy Chief Executive / Chief Nurse & Director of People

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

Public Board Attendance: 9/9

Sarah James	Chief Finance Officer

Sarah James joined the Trust Board in October 2019.

Sarah qualified as a member of the Chartered Institute of Public Finance and Accountancy in 1993, through the NHS Graduate Finance Training Scheme. She has worked in a range of finance roles at Salisbury FT, Royal United Hospital Bath FT, Avon and Wiltshire Mental Health Partnership and Wiltshire PCT and joined YDH after 6 years as Chief Finance Officer at Bath and North East Somerset CCG. Sarah has also undertaken roles in corporate governance, project management and performance management.

Public Board Attendance: 4/4

Mike Barber	Interim Director of Finance

Mike Barber joined the Trust Board in April 2019.
Mike is an experienced finance professional and strategic advisor to the NHS, with a substantial track record of supporting organisations to deliver finance-focused transformational change. This has included providing guidance to NHS hospitals. He is a Director of Seagry Consultancy Ltd, and was previously a Director with auditors Ernst & Young, with a particular responsibility for the health sector. Mike is a Fellow of the Institute of Chartered Accountants in England and Wales. Mike was Interim Director of Finance between April and July 2019.

Public Board Attendance: 2/4

Timothy Newman	Chief Finance & Commercial Officer

Tim Newman joined the Trust Board in February 2013.
Tim was Chief Finance and Commercial Officer and led the finance, procurement, estates and hotel services, information technology, human resources, and commercial functions of YDH. Tim joined YDH in February 2013 from Fitness First, a leading operator of health and fitness clubs where he was Finance Director. Prior to Fitness First, Tim held senior roles at United News & Media plc, a global media business, where he was Group Treasurer and then Chief Financial Officer of NOP World, the

market research division. Before that, he was Group Treasurer at Hammerson plc, a global property investment company. Tim qualified as a Chartered Accountant at PwC after obtaining a law degree at the London School of Economics. Tim Newman left the Trust in June 2019.

Public Board Attendance: 0/3

Dr Tim Scull	Chief Medical Officer

Tim Scull joined the Trust Board in March 2014.
Tim Scull graduated from Dundee University in 1984. Following training in primary care medicine, he joined an anaesthesia programme and was granted Fellowship of the Royal College of Anaesthesia in 1995. In 2000, Tim became a consultant anaesthetist at YDH, his main areas of clinical interest being paediatric and obstetric anaesthesia. Tim has had an interest in medical management for several years, having spent periods as Clinical Director, Divisional Director and Associate Medical Director. Tim held the Chief Medical Officer position until December 2019.

Public Board Attendance: 4/7

Dr Merry Kane	Chief Medical Officer

Merry Kane joined the Trust Board in December 2019.
Merry graduated from Nottingham University in 1993 and then trained as a Paediatrician with a special interest in Emergency Paediatrics, qualifying in 1996. She gained a Masters Degree in Medical Ethics and Law from Keele University in 2005, and later established the Trust's Medical Ethics Committee. Merry has occupied a number of management roles at YDH, including Clinical Director of both Emergency Medicine and Paediatrics, Associate Medical Director, and Responsible Officer. She is an alumna of the NHS Leadership Academy, with time spent at Harvard University and the Institute for Healthcare Improvement in Boston, USA.
Merry is passionate in her belief that a well-supported and valued workforce is imperative for the delivery of the best possible care for patients and their families. Merry lives in Somerset with her husband and their four children.

Public Board Attendance: 2/2

Simon Sethi	Chief Operating Officer

Simon Sethi joined the Trust Board in June 2015.
Simon is a graduate of the NHS General Management Training Scheme and has an MSc in Healthcare Leadership from Birmingham and an MBA from Warwick Business School. Simon has experience in commissioning, system redesign, public health and hospital management. In 2018, Simon undertook a fellowship studying health services around the world to understand what lessons they could bring for the NHS. He is passionate about listening to clinical teams and supporting them to develop and improve services.

Public Board Attendance: 9/9

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

Tom Norton	Director of Transformation / Chief Information Officer

Tom Norton joined the Trust in September 2017.
Tom has been leading significant change, operational improvement and transformational programmes in a range of industries over the last 15 years. More recently, Tom has turned his attention to healthcare, and for the past 9 years has been leading IT, technology, innovation and transformation functions in health and care, spanning both profit and not for profit organisations. Tom left the organisation in January 2020.

Public Board Attendance: 8/8

Jeremy Martin	Director of Transformation

Jeremy Martin joined the Board in February 2020.
Prior to joining the Board, Jeremy was the Programme Director for the Symphony Vanguard Programme, which introduced new integrated models of care for the 150,000 population of South Somerset through a collaboration between primary care, NHS organisations, the local authority and voluntary sector.
Prior to becoming Programme Director, Jeremy was Director of Planning and Performance at Yeovil Hospital, where he led on strategy, planning, performance, communications, IT and corporate governance.

Through his career Jeremy has held a wide variety of roles in NHS organisations and the Department of Health in Somerset and London, including policy development, commissioning, operational management, business development, service improvement and performance management.

Public Board Attendance: 1/1

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

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

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

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

NHS Foundation Trusts are subject to the recommendations of the *NHS Foundation Trust Code of Governance* (modelled on best practice UK governance principles) and the *Well-*

Led Framework, which encourage Boards to conduct a formal evaluation of their own performance and that of its committees and directors. Accordingly, Yeovil District Hospital took part in a joint Care Quality Commission and NHS Improvement pilot inspection under the new well-led framework in 2017/18. This pilot inspection was considered to fulfil the requirements outlined in the well-led framework – consequently a further independent review under the framework will be scheduled in due course. In addition, the Trust was formally inspected by the Care Quality Commission and NHS Improvement in December 2018 and January 2019 where areas of good practice were identified during both inspections.

The Trust continuously reviews its Board governance structure and in 2019/20, BDO were invited to complete a review of the Effectiveness of Governance. This review focussed on the following key areas:

- The governance and management structure, including documented terms of reference and guidance to the committees
- The performance reporting processes and escalation through the committees to the Board, including the effectiveness of the information received, how performance action plans are developed, and how risks are delegated to the individual committees
- The membership and actual attendees of the committees and groups within the governance structure, and the resources and capacity available to staff with governance responsibilities

A number of areas of good practice were identified from the review, including:

- A clearly documented Governance Framework is in place at the Trust which was reviewed in 2019. This outlines the responsibilities of the key Board Assurance Committees, as well as the sub-groups and committees that feed into them
- Terms of Reference are in place for each of the committees and groups reviewed within the Governance Framework. These outline the responsibilities of the committee, as well as the frequency of meetings and the required attendees
- There is a separate Hospital Management Team, which monitors divisional and operational matters to ensure the Governance Committees can focus on overarching strategic governance.

The report also identified potential opportunities for the membership of the committees to be reviewed and reduced to improve their effectiveness. As such, the Trust took immediate action to reduce the duplication of both executive directors and deputy directors attending the same meetings. Alongside this, a piece of work is ongoing to review the sub-groups of the various Board assurance committees to understand whether certain groups could be merged or reduced.

Prior to 2019/20, the Trust undertook a review of the effectiveness of the Board of Directors. This review included a revised schedule for the Board of Directors that now rotates between strategically and operationally focussed meetings, providing a suitable framework for the review and consideration of strategic developments, both within the hospital, the Somerset STP and the wider healthcare system. This revised schedule has worked well in practice throughout 2019/20.

A larger piece of work to overhaul and strengthen the Board Assurance Framework and Corporate Risk Register commenced in the latter part of 2018/19 with the reports continued to be refined throughout 2019/20. The BAF considers and monitors the principal risks to the organisation and, following a piece of work led by the Company Secretary and Head of Risk and Compliance, a Board risk appetite was considered and approved by the Board. Further information on internal control, the organisation's performance and the governance framework (including the BAF and risk appetite) is contained within the annual governance statement.

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

Annual Remuneration Report

Annual Statement on Remuneration and Senior Managers' Remuneration Policy

The Remuneration Committee of the Board is responsible for reviewing and agreeing the salary and allowances payable to and the performance of the Chief Executive and Board level executive directors of Yeovil District Hospital. Details of the membership and the number of meetings held by the Remuneration Committee are contained in the directors report from page 33. In 2019/20, the Committee was chaired by Graham Hughes, Non-Executive Director. The Chief Executive, Company Secretary, Director of Human Resources and Deputy Chief Medical Director attended the Remuneration Committee during 2019/20 to give advice as required. No other person attended the Remuneration Committee to provide advice or services to the committee. To ensure there are no conflicts of interest concerning items on the meeting agenda, the member of staff to which discussions pertain is not in attendance.

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

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

During 2019/20, the Remuneration Committee considered whether the Board had appropriate composition and skill mix to meet the strategic objectives of the organisation and set executive director remuneration to reflect this position. In line with the Trust's strategic priorities, objectives are set for the Chief Executive and executive directors annually and performance is assessed through a formal appraisal process. During the year, the impact of national pension annual and lifetime allowances was considered. This position was resolved for clinical staff as per the arrangements put in place by NHS England and Improvement. For those members of staff not covered by the solution provided for clinical staff, an alternative solution was provided for the potential opting out of the pension scheme for a set period, but for individuals to continue to receive the pension contributions typically paid by the organisation. Alongside this, strong recommendations were made to ensure that life

insurance is sought for this interim period. In addition, in line with the national guidance provided by NHS England and Improvement, the Remuneration Committee considered the Very Senior Managers pay uplift.

Fair Pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director at Yeovil District Hospital in the financial year 2019/20 was £165,000 to £170,000 (2018/19 £170,000 to £175,000). This was 6.8 times (2018/19 - 7.4 times) the median remuneration of the workforce which was £25,551 (2018/19 - £23,864). The calculation is based on employed members of staff; it does not include locum and agency staff.

In 2019/20, the number of employees receiving remuneration in excess of the highest paid director was three (2018/19 - eight). Remuneration ranged from £185,000 to £219,000 in 2019/2020. The employees receiving remuneration in excess of the highest paid director are medical consultants.

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

Expenses of the Governors and Directors

The Trust has policies on the payment of expenses that governs all staff, including directors, governors and volunteers. During 2019/20, the expenses paid to members of the Board and directors attending the Board totalled £5,540. During the same period, the expenses paid to the members of the Council of Governors totalled £1,960. The combined sum for expenses was £7,500, which compares to £12,570 for 2018/19 and £14,579 for 2017/18.

Salary and Pension Entitlements of Senior Managers 2019/20

Name and Title		2019/20					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£00	£000	£000	£000	£000
P von der Heyde	Chairman	45 – 50	0	0	0	0	45 - 50
M Scrivens	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
M Dunster	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
G Hughes	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
J Henderson	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
P Mapson	Non-Executive Director	0 - 5	0	0	0	0	0 - 5
C Moore	Non-Executive Director	5 - 10	0	0	0	0	5 – 10
J Higman	YDH Chief Executive	160 - 165	0	0	0	20 - 22.5	180 - 185
T Newman	YDH Chief Finance and Commercial Officer	165 - 170	0	0	0	0	165 - 170
M Barber	YDH Interim Director of Finance	35 - 40	0	0	0	0	35 - 40
S James	YDH Chief Finance Officer	55 - 60	0	0	0	112.5 - 115	170 - 175
S Sethi	YDH Chief Operating Officer	120 - 125	0	0	0	65 - 67.5	185 - 190
Dr T Scull	YDH Chief Medical Officer	110 - 115	0	0	0	0	110 - 115
Dr M Kane	YDH Chief Medical Officer	60 - 65	0	0	0	0 - 2.5	65 - 70
S Meldrum	YDH Deputy Chief Executive / Chief Nurse & Director of People	135 - 140	0	0	0	0	135 - 140
T Norton	YDH Director of Transformation	105 - 110	0	0	0	0	105 - 110
J Martin	YDH Director of Transformation	15 - 20	600	0	0	15 - 17.5	30 - 35
M Seymour-Hanbury	SHS Managing Director	120 - 125	0	0	0	0	120 - 125
K White	SHS Managing Director	45 - 50	0	0	0	50 - 52.5	95 - 100
Dr K Patrick	SHS Director of Primary Care	65 - 70	0	0	0	45 - 47.5	115 - 120
Dr B Balian	SHS Medical Director	130 - 135	0	0	0	0	130 - 135
D Stevens	SSL Managing Director	100 - 105	0	0	0	42.5 - 45	145 - 150
R Perkins	SSL Health and Sciences & IT Director	70 - 75	0	0	0	30 – 32.5	105 - 110
D Shire	SSL Estates and Facilities Director	75 - 80	0	0	0	30 – 32.5	105 - 110

Notes: M Kane and T Scull's salary includes pay for their clinical and non-clinical responsibilities.
*Pension related benefits is the in-year increase in the overall pension of any given employee. As the pension scheme is a final salary scheme any large increase or decreases to salaries significantly changes the in-year benefits calculation. This amount is not paid by the Trust.
The list of names includes those who commenced and/or finished their period of employment, or were in temporary positions in the financial year.
The remaining taxable expense payments relates to the additional mileage allowance paid over and above the Inland Revenue allowance.

Salary and Pension Entitlements of Senior Managers 2018/19

Name and Title		2018/19					
		Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits*	TOTAL
		(bands of £5,000)	(Rounded to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£	£000	£000		£000
P von der Heyde	Chairman	45 - 50	0	0	0	0	45 – 50
M Scrivens	Non-Executive Director	10 - 15	0	0	0	0	10 – 15
M Dunster	Non-Executive Director	10 - 15	0	0	0	0	10 – 15
G Hughes	Non-Executive Director	10 - 15	0	0	0	0	10 – 15
J Henderson	Non-Executive Director	10 - 15	0	0	0	0	10 – 15
C Moore	Non-Executive Director	10 - 15	0	0	0	0	10 – 15
J Higman	YDH Chief Executive	150 – 155	0	0	0	185 – 187.5*	335 – 340
T Newman	YDH Chief Finance and Commercial Officer	170 – 175	1,300	0	0	0	170 – 175
S Sethi	YDH Director of Operations	60 – 65	0	0	0	50 – 52.5	115 – 120
Dr T Scull	Medical Director	165 – 170	0	0	0	0	165 – 170
M Seymour-Hanbury	Managing Director of SHS	135 – 140	0	0	0	0	135 – 140
S Meldrum	Deputy Chief Executive / Director of Nursing and Elective Care	135 - 140	0	0	0	0	135 – 140
Dr K Patrick	Director of Primary Care SHS	30 – 35	0	0	0	30 – 32.5	65 – 70
Dr B Balian	Medical Director SHS	65 – 70	0	0 – 5	0	20 – 22.5	90 – 95
D Stevens	Managing Director SSL	90 – 95	0	0	0	80 – 82.5	175 – 180
R Perkins	Health and Sciences & IT Director SSL	65 – 70	0	0	0	110 – 115*	175 – 180
D Shire	Estates and Facilities Director SSL	60 - 65	0	0	0	20 – 22.5	85 - 90

Notes

T Scull's salary includes pay for his clinical and non-clinical responsibilities. S Sethi took a Sabbatical during 2018/19.

*Pension related benefits is the in-year increase in the overall pension of any given employee. As the pension scheme is a final salary scheme any large increase or decreases to salaries significantly changes the in-year benefits calculation. This amount is not paid by the Trust.

The remaining taxable expense payments relates to the additional mileage allowance paid over and above the Inland Revenue allowance.

Some of the information provided above has been updated from that presented in the 2018/19 Annual Report following a review of data provided by a third party for pension-related

Pension Benefits of Senior Managers 2019/20

Name and Title		Real increase in pension at pension age (bands £2,500)	Real increase in pension lump sum at pension age (bands £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
J Higman	YDH Chief Executive	0 – 2.5	0 - 2.5	45 - 50	115 - 120	835	45	895	0
S James	YDH Chief Finance Officer	2.5 - 5	2.5 - 5	40 - 45	110 - 115	754	57	891	0
S Sethi	YDH Chief Operating Officer	2.5 – 5	0 – 2.5	20 – 25	35 – 40	239	44	287	0
Dr M Kane	YDH Chief Medical Officer	0 – 2.5	0 – 2.5	35 – 40	85 – 90	646	4	669	0
J Martin	YDH Director of Transformation	0 – 2.5	0 – 2.5	20 – 25	70 – 75	107	61	484	0
Dr K Patrick	SHS Director of Primary Care	0 – 2.5	5 – 7.5	10 – 15	30 – 35	166	41	210	0
D Stevens	SSL Managing Director	2.5 – 5	5 – 7.5	20 – 25	45 – 50	371	51	429	0
R Perkins	SSL Health and Sciences & IT Director	0 – 2.5	5 – 7.5	25 – 30	85 – 90	620	61	693	0
D Shire	SSL Estates and Facilities Director	0 - 2.5	0 – 2.5	10 - 15	0 - 5	118	30	151	0

Notes: As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme. The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.
No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table.

Pension Benefits of Senior Managers 2018/19

Name and Title		Real increase in pension at pension age (bands £2,500)	Real increase in pension lump sum at pension age (bands £2,500)	Total accrued pension at pension age at 31 March 2019 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2018	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2019	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
J Higman	YDH Chief Executive	7.5 - 10	20 – 22.5	45 - 50	110 - 115	592	226	835	0
S Sethi	YDH Director of Operations	15 – 17.5	35 – 37.5	15 - 20	35 - 40	27	211	239	0
D Stevens	SSL Managing Director	2.5 - 5	5 - 7.5	20 - 25	40 - 45	259	104	371	0
R Perkins	SSL Health and Sciences & IT Director	25 – 27.5	80 - 82.5	25 -30	80 - 85	0	620	620	0
D Shire	SSL Estates and Facilities Director	0 – 2.5	0 – 2.5	5 – 10	0 – 5	85	30	118	0
K Patrick	SHS Director of Primary Care	0 – 2.5	0 – 2.5	10 – 15	20 - 25	122	41	166	0
Dr B Balian	SHS Medical Director	0 – 2.5	0 – 2.5	10 - 15	15 - 20	160	26	192	0

Notes: As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accumulated in their former scheme. The pension figures shown relate to the benefits that the individual has accumulated as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accumulated to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Real increase / (decrease) in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accumulated pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.
No other directors are part of the NHS Pension Scheme hence non-inclusion in the above table.

Jonathan Higman, Chief Executive, 23 June 2020

Staff Report

The Trust is immensely proud of the staff at Yeovil District Hospital, who continually look for new and innovative ways of working in the best interests of our patients, most notably during the COVID-19 pandemic. Many staff go above and beyond. The Trust does not take this for granted, and wishes to engage with all members of staff whilst aiming to be the best NHS trust in the country to work for. We are always looking for new ways to improve people's health and wellbeing.

The exceptional work and dedication by staff and teams from across YDH was recognised and rewarded at Trust's seventh annual iCARE Awards in November 2020.

Eight awards were presented on the night, in categories including Leadership, Collaboration, and Team of the Year, while seven staff picked up their long-service awards for 30 years' service to the hospital. Also attending on the night were recipients of the Trust's monthly iCARE Champions awards, provided to those who have embodied the iCARE values through a particular act. Last year's recipients included an HCA, our security manager, and a porter.

The Trust Group (including subsidiary companies) employs the following people (as at 31 March 2020):

Headcount (Excluding Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	5	10	15
Non Executives & Chairman	1	5	6
Other Senior Managers	19	11	30
All other employees	2145	593	2738
Grand Total	**2170**	**619**	**2789**

Headcount (Including Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	5	10	15
Non Executives & Chairman	1	5	6
Other Senior Managers	19	11	30
All other employees	2706	784	3490
Grand Total	**2731**	**810**	**3541**

Full-Time Equivalent (Excluding Bank Employees)			
	Female	**Male**	**Grand Total**
Directors & Chief Executive	4.22	10	14.22
Non Executives & Chairman	1	4.51	5.51
Other Senior Managers	17.38	10.5	27.88
All other employees	1777.73	555.26	2332.99
Grand Total	**1800.33**	**580.27**	**2380.6**

The average number of employees employed by the Group:

Average Number of Employees (Full-Time Equivalent)	2019/20			2018/19
	Permanent	**Other**	**Total**	**Total**
Medical and dental	165.3	111.9	277.2	264.6
Administration and estates	528.6	36.6	565.2	560.6
Healthcare assistants and other support staff	451.5	9.5	461.0	453.4
Nursing, midwifery and health visiting staff	664.9	37.0	701.8	621.0
Scientific, therapeutic and technical staff	284.0	23.6	307.6	298.2
Total Average Numbers	**2094.3**	**218.5**	**2312.8**	**2202.1**

Staff Costs

Group	2019/20	2018/19
	Total	**Total**
	£000	£000
Salaries and wages	93,697	84,143
Social security costs	8,427	7,771
Employer's contributions to NHS pensions	9,462	9,029
Agency/contract staff	3,763	0
NHS charitable funds staff	6,796	6,376
Apprenticeship levy	304	625
Termination benefits	139	510
Total staff costs	122,588	108,454

Absence Data

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

The Trust's internal 12 monthly rolling sickness absence rate for the Yeovil District Hospital group as of 31 March 2020 was 2.9%, which meets our target. This compares favourably with the average for the southwest region, which is circa 4.4%. We have been working hard to support our people and help them stay well. We provide resilience and mindfulness programmes and have put in place many health and wellbeing initiatives. Monthly sickness reports are available to managers to help them manage absence with support from their Human Resources Business Partner.

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

As a public sector organisation, The Trust is statutorily required to ensure that equality, diversity and human rights are embedded into its functions and activities as per the Equality Act 2010, the Human Rights Act 1998 and the NHS Constitution. Anyone who is an employee of Yeovil District Hospital, or who uses NHS services as a patient, has a right to be protected from discrimination and be treated fairly. To this end, and in common with other NHS trusts across the country, Yeovil District Hospital has taken part in numerous initiatives and embedded good practice within the organisation. We are also a disability symbol user.

To ensure equality of opportunity, the Trust supports disabled persons working at the hospital to access learning and development opportunities. This includes meeting with them individually and putting in place a tailored support plan. From this, additional requirements to support their learning may be identified such as additional time and/or access to resources. For medical and nursing students, any support needs are aligned with those of the university to which they are affiliated. However, we want to go above and beyond what is statutorily required. We want to be an organisation that not only embraces equality and diversity, but also embeds fairness and inclusion into everything that we do.

Information on the Trust's Workforce Disability Equality Standard (WDES), Workforce Race Equality Standard (WRES) and Gender Pay Gap is available on the Yeovil District Hospital website here.

Staff Policies and Actions applied during the Financial Year

Yeovil Hospital has an up-to-date Human Resources Manual, which is displayed on the Trust's YCloud (intranet). The polices within the manual are concise, easy to read, colourful, and co-written with trades unions and a Plain English Editor.

The Trust has an active Staff Minority Network, and we are working hard to ensure Black and Minority Ethnic (BAME) staff are proportionately represented across all roles and pay bands. We also comply with the Equalities Act and the recruitment and selection policy ensures that full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Such policies apply to those who become disabled persons during the year requiring the provision of tailored measures to ensure that the needs of disabled employees are met. Every effort is made to treat people equally and kindly, and provisions are made for reasonable adjustments where required. We also actively encourage people with disabilities to apply for roles within the hospital, and each year we provide opportunities for young people to gain work experience working within different areas of the hospital.

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

Involving our people in addressing areas of concern is paramount, and we are keen to develop a culture of openness where our people can freely express their concerns without

any fear of reprisal. Raising a concern early can also prevent minor issues becoming more serious and thus avoid an adverse incident. The focus of this approach is to protect the public from harm and improve standards of care.

Senior manager presence on wards is really important and executive and non-executive directors regularly visit wards and departments to find out more about the work people do, and discuss any concerns they may have relating to the service delivered to patients, enabling our people to discuss day-to-day operational issues. The Trust has implemented a system to ensure that all departments are visited in the financial year by the executive and non-executive directors.

Yeovil Hospital has three 'Freedom to Speak up Guardians' and we have a simple accessible process for raising concerns. We have also increased the use of social media such as blogs and Twitter as a mechanism of interaction, in addition to regular team meetings, and monthly meetings for all staff and managers.

Our staff are also encouraged to stand in Staff Governor Elections and become directly involved through the Trust's governance structure. Our four Staff Governors and subsidiary company Partnership Governors come from a variety of posts within the Trust, both clinical and non-clinical. The role of Staff Governor allows employees to strengthen the link between their workplace communities and the broader decision-making process.

Health and Safety

Fire, health and safety arrangements during 2019/20 have been enhanced with improvements across a number of areas. Fire safety risks have been reduced in line with fire risk assessment priorities. Installation and upgrade of passive fire barriers across healthcare buildings has taken place. Installation of fire doors on all service risers reduces the risk of smoke spread within the building. Fire compartmentation in theatres has been upgraded to provide safe fire evacuation routes. Fire suppression systems have been installed in electrical service rooms to enhance protection and prevention of electrical fires in support of business continuity arrangements. Progressive horizontal evacuation has been enabled with fire door separation across wards to meet the fire evacuation strategy. In addition, fire doors across main hospital routes have been installed to improve both accessibility and fire safety.

An additional role has been developed within the fire, health and safety team providing capability to conduct safety audits alongside workplace monitoring. A review of COSHH monitoring for anaesthetic gasses has been carried out as a result, identifying areas of compliance and improvements. Substances and chemicals have been reviewed along with procurement to identify and remove the most hazardous products with improvements in availability and access to spillage kits. Safety steps with handrails have been introduced to reduce risk of falls when working at height. Safety when accessing confined spaces has been a focus with training and arrangements developed for rescue equipment and evacuation procedures.

Security arrangements have been strengthened. Introduction of body worn cameras in the Emergency Department, worn by clinicians, additional to those worn by security are helping to diffuse conflict. Lockdown arrangements have been strengthened and practiced with improvements in building security measures taken. A Counter Terrorism review took place, which provided assurance on local procedures with upgrades to secure radio communication systems taking place. Introduction of the 'Green button' assistance call system has been trialled to enhance lone working procedures.

Conflict resolution training has been provided at a higher level to relevant staff in the Emergency Department introducing skills in breakaway and restraint techniques. A revised

health and safety training session has been introduced on induction and mandatory training to meet staff needs. A combined Security and Safety Committee meet quarterly to review a comprehensive action plan with measures identified from proactive audits and response to incident trends.

Occupational Health

The Trust has an outsourced Occupational Health Service which managers can refer staff to as required through an online portal or by telephone. Managers then receive regular updates on the progress of the referral via a dashboard.

A range of management information is provided which enables us to identify key areas in which support is needed. We pay particular attention to the top three reasons for sickness absence, namely musculoskeletal, stress and mental health. We work with key stakeholders to support staff as best as we possibly can.

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

Counter Fraud and Corruption

Yeovil District Hospital complies with the Secretary of State's directions on countering fraud. All anti-fraud and corruption work is overseen by the Chief Finance Officer who is regularly updated on the progress of anti-fraud work within Yeovil District Hospital through liaison with, and reports produced by, the Trust's local counter fraud specialist (LCFS) who is employed through BDO. The LCFS provides regular progress reports and concluding investigation reports to the Audit Committee. The Trust's counter fraud arrangements and procedures are set out in the Anti-Fraud, Bribery and Corruption Policy.

Engaging our People

Yeovil Hospital recognises the vital importance of staff engagement in enabling it to operate and perform effectively and efficiently. In the 2019 staff survey, Yeovil Hospital was identified as one of the best hospitals in the county for staff engagement.

To ensure staff remain informed and can feedback their successes and concerns, we use a range of corporate communication channels, known as CONECT, in conjunction with multiple two-way staff meetings and briefings and our intranet, YCloud.

Our suite of CONECT communications includes regular newsletters, all staff emails for operational and internal initiatives, and monthly staff meetings featuring the iCARE Champion award along with questions submitted by staff. Trust wide meetings such as Big Gov and Schwartz Rounds enable staff to come together to learn and discuss how they can provide the best patient care possible. For staff unable to attend meetings in person, we use recordings to make them as accessible as possible. This includes our Chief Executive, Jonathan Higman, recording a summary of our board meetings, which are shared on YCloud. Our YCloud-based reporting system gives staff an effective way of highlighting where we can improve.

Our approach to staff engagement is one of celebrating the excellent work of our staff, the pinnacle of which is our annual iCARE awards. The awards recognise and celebrate the

exceptional performance of our staff and volunteers across nine categories such as the Lifetime Achievement Award and the Rising Star Award.

The Trust has an active Staff Minorities Network, which is run by its members. This network is supported by the executive team and it provides an opportunity for members to discuss experiences, share ideas and contribute their collective voices to the organisation's strategic goals.

Staff Survey

The 2019 Staff Survey results built on the successes of the previous year, and were the best we have ever had. Our response rate was 72%, which was the highest in the country for an acute trust (average was 47%). For almost every question, we have seen an improvement on last year's results, sometimes by as much as 10%. Our results are also more positive than the national comparator results on almost every question.

Key headlines are:

- Best trust for Health and Wellbeing
- Best trust for quality of Immediate Managers

We also did extremely well for:

- Equality, Diversity and Inclusion
- Morale
- Safe environment (free from bullying & harassment)
- Staff engagement
- Team working

We have worked hard to engage with our people at every level in the organisation, by ensuring there is regular and open communication, and involvement of people in changes that affect them in a timely way. At the same time, we also recognise the importance of promoting an increased awareness and understanding of hospital activities, and the key issues affecting our performance and service delivery.

We understand the value of two-way communication and we continue to promote and act through existing groups and networks to overcome barriers to effective communication, and ensure all staff are provided with the opportunity to 'be heard'. Initiatives over the year have included visits by executive and non-executive directors on wards and in departments to find out more about the work of staff and discuss any concerns they may have relating to the service delivered to patients, enabling staff to discuss day-to-day operational issues. We have also increased the use of social media.

Partnership working is taken very seriously by the hospital, and we have an established partnership forum – the Joint Consultation and Negotiation Committee (JCNC) for non-medical staff, and the Local Negotiating Committee (LNC) for medical staff. Both of these committees are the organisation's recognised collective bargaining mechanisms, and all changes that affect staff are discussed at these committees.

However, there are still things we need to do to make YDH a truly great place to work, and we will be working tirelessly to become the best employer we possibly can be.

Benchmark scores

	2019		2018		2017	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.2	9.0	9.2	9.1	9.1	9.1
Health and wellbeing	6.7	5.9	6.7	5.9	6.5	6.0
Immediate managers	7.4	6.8	7.2	6.7	7.0	6.7
Morale	6.6	6.1	6.4	6.1	-	-
Quality of appraisals	5.9	5.6	5.7	5.4	5.2	5.3
Quality of care	7.7	7.5	7.5	7.4	7.5	7.5
Safe environment – bullying and harassment	8.3	7.9	8.2	7.9	8.4	8.0
Safe environment – violence	9.4	9.4	9.3	9.3	9.4	9.4
Safety culture	6.9	6.7	6.7	6.6	6.6	6.6
Staff engagement	7.4	7.0	7.3	7.0	7.0	7.0

Score: 0 = low 10 = high

Future Priorities and Targets

Yeovil Hospital is only as good its people so there is a focus on making our Trust the best place to work of any organisation. The Trust is driven by its core values and we want to empower our people to do their very best, every day.

We will continue to invest in our people and develop our managers. There is recognition that managers shape the way by providing a positive atmosphere for our people to be creative. We therefore strongly believe that as an organisation we need to nurture and develop our talent to be successful in the future.

A particular focus for this year is to support our people who face violence and aggression from our patients, particularly those with dementia. We have put significant investment into our conflict resolution training, and all our 'frontline' people are required to attend this training.

Trades Union Disclosures

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

	2019/20
Number of Staff Side Representatives	11
Percentage of time spend on facility time	9.66%
Amount spend on facility time: • Total cost of facility time • Total pay bill	 £30,703 £307,744
Percentage of paid facility time spend on trade union activities calculated as (total cost of facility time / total pay bill) x 100	9.98%

Expenditure on Consultancy

£239k – includes work to support vacant senior managers posts as well as strategic corporate advice, including work undertaken in the Somerset STP.

Off-payroll Arrangements

Nothing to declare.

Exit Packages

	2019/20	2019/20	2019/20	2018/19
	Compulsory redundancies	Other departures	Total Number	Total number
< £10,000	0	2	2	3
£10,001 - £25,000	0	2	2	4
£25,001 - £50,000	1	0	1	6
£50,001 - £100,000	1	0	1	0
£100,001 - £150,000	0	0	0	2
£150,001 - £200,000	0	0	0	0
Total Number	**2**	**4**	**6**	**15**
Total resource cost			**£164,000**	**£511,000**

The data for 2019/20 may include agreements legally signed and agreed in 2019/20 although due to timing of agreements and payroll, some of these payments will be realised in 2020/21. The level of agreements also reflects the Trust's workforce reduction programme for non-clinical staff.

Other (non-compulsory) departure payments

	2019/20	2019/20	2018/19	2018/19
	Number of Agreements	Value of Agreements	Number of Agreements	Value of Agreements
		£000		£000
Mutually agreed resignations (MARS) contractual costs	3	25	8	132
Contractual payments in lieu of notice	1	11	0	0
Total	**4**	**£36,000**	**8**	**£132,000**

Non-Contractual Departure Payments

There were no non-contractual departure payments made.

Board Members and/or senior officials with significant financial responsibility

	2019/20
	Number of Engagements
Number of off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, during the financial year.	2
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility".	10

Regulatory Ratings

Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. Yeovil District Hospital did not receive any notices from NHS Improvement stating that the Trust was in breach of licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Yeovil District Hospital NHS Foundation Trust has been placed in segment 2. This segmentation information is the Trust's position as at March 2019. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and Use of Resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/20 Scores				2018/19 Scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	3	4	4	4	4	4	4	4
	Liquidity	4	4	4	4	4	4	4	4
Financial efficiency	I&E margin	2	4	4	4	4	4	4	4
Financial controls	Distance from financial plan	1	1	1	1	3	1	1	1
	Agency spend	2	2	2	2	2	2	2	2
Overall scoring		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**

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

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Yeovil District Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis

required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yeovil District Hospital NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

- observe the Accounts Direction issued by NHS 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; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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

Jonathan Higman, Chief Executive, 23 June 2020

Annual Governance Statement 2019/20

Scope of Responsibility

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Yeovil District Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Yeovil District Hospital for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

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

The non-executive director who chairs the Audit Committee, supported by the Governance and Quality Assurance Committee, independently reports to the Board with assurance on the appropriateness and effectiveness of risk management and internal control processes. A Risk Assurance Committee, chaired by the Deputy Chief Executive/Chief Nurse and Director of People, reviews compliance against the Care Quality Commission standards across the Trust's regulated activities. This process allows for a systematic review of compliance, providing assurance and highlighting areas of risk and focus for improvement. The Hospital Management Team meetings, chaired by the Chief Executive, review the corporate risk register on a quarterly basis. The meeting will undertake a deep dive review of areas of risk highlighted during the course of these reviews.

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

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

Throughout 2019/20, Yeovil District Hospital has continued to review the risk management and risk reporting processes. This included a comprehensive review of the risk register and Board Assurance Framework (BAF) to improve the monitoring processes and provide additional assurance on any mitigating actions. The BAF includes details of the principal risks that may affect the Trust achieving its objectives or core aims, how they are currently controlled and what sources of assurance the Board have that the risks are being addressed and managed appropriately. It also details action to address the risks to reduce the risk rating to the target level and to meet the risk appetite set.

The wider piece of work to review the risk register included the implementation of a new risk management system (Ulysses) in quarter four of 2018/19; this new system was fully embedded during 2019/20. The Ulysses system has improved the oversight of all departmental and organisational wide risks.

In March to August 2019, the Board completed an exercise that considered the Trust's Risk Appetite Statement. Further information on the Risk Appetite Statement can be found in the Risk and Control Framework section below.

The newly revised Corporate Risk Register and BAF were implemented in 2019/20. These reports are reviewed on a quarterly basis by the Board assurance committees and the Board of Directors. In addition, all papers considered by the Board of Directors include a cover sheet, which outlines the links to the BAF, and the risks that the paper is aimed to address.

During quarter four of 2019/20, the Trust's internal auditors, BDO, completed a review of the Trust's risk management processes. This review highlighted many areas of good practice including:

- having a clear Risk Management Strategy;
- clarity on the roles and responsibilities of all staff groups;
- all relevant staff receiving risk management training;
- the categorisation of all risks in topics for review by the Risk Assurance Committee; and
- close working with the Head of Risk and Compliance and Company Secretary for oversight of both operational and principal risks to the organisation.

The Trust achieved **Substantial assurance** on the design of processes in place.

Training

Risk management training is completed through various in-house channels at Yeovil District Hospital; this training is designed to equip staff with the necessary skills to enable them to manage risk effectively. The Trust's induction programme ensures that both clinical and non-clinical staff are provided with details of internal risk management systems and processes. This Trust-wide induction is augmented by local orientation within each department or specialty. For members of staff who are likely to be risk owners or services lead, additional training and induction is provided by the Head of Risk and Compliance. In addition, and to act as a reminder, all members of staff are required to complete mandatory training. This training reflects the essential training needs and includes risk management

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

The Trust has a number of trained investigators to undertake Level 2 serious incident investigations. Additional training for managing safety alerts is provided on a needs basis. Learning from national and internal reports and from external and internal investigations is presented at the Board, the assurance committees and/or their sub-groups.

The remit of the Patient Experience Team and the management of complaints and PALs process were integrated into the Clinical Governance Department in 2017. Learning from incidents and claims is presented through the Patient Safety Steering Group whilst complaints are reviewed through the Patient Experience Committee. These committees and/or forums continually identify opportunities for improvement with the learning cascaded via monthly peer review and governance meetings.

The Trust continues to exhibit areas of good practice with regard to integrated learning and the embedding of a learning culture throughout the Trust. This includes ensuring all responses from investigation managers are SMART actions, with allocated responsible officers and clear implementation dates. To aid this, the Trust has implemented a new Ulysses action-planning module; this links in with the risk and incident reporting systems to provide a streamlined and joined up approach to identifying and drafting action plans. All managers have been reminded of their responsibilities and been provided with guidance on developing SMART actions accompanied by a template action plan for completion. A review of responses is regularly undertaken by the Patient Experience Team with spot checks on department-led investigations to ensure that actions have been identified. Other areas of good practice include the use of the Ulysses risk management system with in-built stages to assist departments in completing their investigations and recording required outcomes. Monitoring reports for complaints and incidents are produced and monitored by management and the Board of Directors. The Governance and Quality Assurance Committee receive updates from the Patient Experience Department on a quarterly basis with the Board receiving a high-level update on the learning from complaints and incidents as part of the Trust's Operational and Financial Reports.

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

The Risk and Control Framework

Risk management processes are set out in the Trust Risk Management Strategy, which was reviewed and updated in 2019/20 to include the amendments to the Risk Scoring Matrix and for the inclusion of the Risk Appetite Statement as set by the Board of Directors. The Trust's Risk Management Strategy applies to the hospital, with the Trust's subsidiary companies Simply Serve Limited and Symphony Healthcare Services having developed strategies based on the Yeovil District Hospital model. All risks across these entities are managed through the newly implemented Ulysses Risk Management System.

The Risk Management Strategy demonstrates the organisational risk management structure, which details that all committees have a shared responsibility for managing risk across the organisation. The Trust recognises that there is an acceptable level of risk within the Trust; this may be defined as potential hazards that are either small enough to have an immaterial

effect on the achievement of organisational objectives, or are significant risks that have been mitigated by the establishment of effective controls. The Trust's risk appetite identifies what level of risk is acceptable at departmental level and at which point this risk is required to be escalated. Systematic identification of risks starts with a structured risk assessment with identified risks documented on departmental risk registers. These risks are analysed in order to determine their relative likelihood and consequence using risk matrix scoring.

A risk appetite statement sets out the Board's strategic approach to risk-taking by defining its boundaries and risk tolerance thresholds. The risk appetite statement does not negate the opportunity to potentially take decisions that result in risk-taking that is outside of the risk appetite. The risk appetite statement was considered against the following risk categories: quality and governance; compliance and performance; continuity of service; operational risk; financial risk; business risk; and reputation risk.

The Board of Directors set the following risk appetite in relation to these categories:

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

In addition, the risk scoring matrix colour bandings were revised, which in turn revised the grading of risks. The risk scoring matrix is outlined in the Trust's Risk Management Strategy and is summarised as using the 5x5 matrix:

1-6 = Low Risk
8-10 = Moderate Risk
12-15 = Significant Risk
16-25 = High Risk

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

- Risks scored 6 and under shall be monitored as part of the 'local' risk register reviews of activities such as team and senior management meetings.
- Risks scored between 8 and 10 shall be recorded on Strategy Business Unit or Specialty risk registers and tabled at appropriate meetings, management meetings and relevant committees with responsibility for risk management.
- Risks scored 12 and above shall be proactively managed and reported on at intervals defined within the action plan but as a minimum requirement quarterly to the Board Assurance Committees and to the Board of Directors through the Corporate Risk Register.

The Trust's Risk Management Strategy outlines who has overall responsibility for managing risk in their areas. Risk registers are held for each specialty and include all operational risks. Managers implement action plans and review the risks in line with the review dates set.

The Trust's Quality Improvement Strategy 2019-2021 is aimed at achieving excellence in clinical care. The Quality Report for 2019/20 due for publication later this year will outline the progress made in areas of patient safety, clinical outcomes and patient experience. The Patient Safety Steering Group monitors all patient safety improvement, with information on quality and patient safety is received monthly by the Board and scrutinised in depth on a quarterly basis by the Governance and Quality Assurance Committee. The Data Quality Steering Group, Information Governance Steering Group and BDO, as internal auditors, review data quality elements.

The Trust aims to promote a high level reporting, low level harm culture with regard to incident reporting with monitoring processes in place to identify incidents and risks. These are analysed for trends to prevent reoccurrence. Should an investigation be triggered, this is reviewed by the Clinical Governance team and any identified learning is reported back through clinical teams. At all times, members of staff are encouraged to report incidents with support provided by managers and through training. One example is junior doctors meeting on a monthly basis to share their learning and experiences within a "no-blame" environment and undertaking quality improvement projects that are presented to the Board at a seminar session.

Yeovil District Hospital utilises the national reporting and learning system (NRLS) for the reporting of all patient safety incidents together with mechanism to ensure action on safety alerts, recommendations and guidelines made by all relevant central bodes such as NHS

England, the Medical Healthcare Regulatory Authority (MHRA) and the National Institute for Health and Care Excellence (NICE).

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

Continuing risks affecting the organisation

It has been a challenging year for the NHS with continuing unprecedented levels of demand that have been reflected at Yeovil District Hospital, notably in recent months as a result of the COVID-19 pandemic. These challenges are reflected within the wider region including North and West Dorset and parts of Mendip for which Yeovil District Hospital also provides services. The pressure of this is felt across the local health and social care economy, with ever-increasing demand, coupled with difficulties in having sufficient staff to deal with demand and complexity of patient conditions.

With regard to COVID-19, a consistent approach was implemented for the management of the Trust's response. The tried and tested incident management method, through the Emergency Preparedness, Resilience and Response team, allowed for quick and efficient communication and situational awareness with partners. Business continuity plans have worked well, in conjunction with the Trust's Pandemic Flu Plan, and they have in turn provided a clear focus and direction in the management of the Trust's response.

Alongside this, the Trust established a COVID-19 Incident Management Team for the centralised coordination of the review and roll out of new processes, guidance and instruction. This team provides comprehensive support over seven days. A daily Coordination Huddle, chaired by the Chief Executive or Deputy Chief Executive, and attended by key senior managers, reviews the ongoing position and is the formal meeting for the consideration and sign off any required decisions and policy changes. The Trust has adapted well to this fast-paced situation.

Notwithstanding the risks relating to COVID-19, the Trust still faces a number of risks continuing into 2020/21, including:

- Risk that the Trust does not continue to deliver its financial control total, associated financial plans, and cost improvement and transformation plans
- The ongoing impact of the COVID-19 pandemic on the hospital and services
- Risk of Long Term Financial Sustainability of SHS due to the cost of using locum GP's due to the lack of permanent GP's (Risk 378)
- Risk of not being able to progress evacuation in the event of fire resulting with potential exposure to products of combustion (Risk 45)
- The fire compartmentation in Main Theatres is not of a sufficient standard to support, defend in place and aid progressive horizontal evacuation in the event of fire and smoke internal to Theatres (Risk 50)

In addition, the Trust's principal risks are captured and monitored within the Board Assurance Framework, which is published within the Trust's Board of Directors papers on a quarterly basis.

There are a number of mitigating actions and processes in place to reduce these risks, including planned theatre compartmentalisation barrier work. This work is planned across three phases although progress has been affected as a result of the COVID-19 outbreak. To further mitigate risks, comprehensive fire evacuation exercises are carried out to maintain staff skills and competence.

The Trust is working to enhance the management of its staff and become class leading at identifying, harnessing and retaining people with the skills and potential to achieve the organisational vision. As an organisation, Yeovil District Hospital is undertaking a thorough workforce review of all clinical roles and is developing plans for every clinical area to help identify the potential gaps and savings in the workforce over the coming years.

The six monthly Safer Staffing Report complements this process. This report highlights any significant changes in nursing and midwifery workforce; and provides the Board with an overview of key issues and makes clear recommendations for any changes to the nursing and midwifery establishment.

The Trust, via the Governance and Quality Assurance Committee, reviewed the areas of focus for quality improvement and the updated Quality Improvement Strategy in 2019. This strategy incorporates national recommendations, including safe staffing, considers system wide challenges, STP ambitions and local priorities that reflect patients' needs. In addition, plans to develop and implement models to provide enhanced seven-day services, which will be a key enabler to preventing admissions at weekends and facilitating discharge, will improve the experience for patients. Improving access to high quality end of life care remains a priority.

Principles of Corporate Governance

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

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

In 2019/20, BDO were invited to complete a review of the Effectiveness of Governance. This review focussed on the following key areas:

- The governance and management structure, including documented terms of reference and guidance to the committees
- The performance reporting processes and escalation through the committees to the Board, including the effectiveness of the information received, how performance action plans are developed, and how risks are delegated to the individual committees
- The membership and actual attendees of the committees and groups within the governance structure, and the resources and capacity available to staff with governance responsibilities

Moderate assurance was provided for both Design and Operational Effectiveness alongside the identification of a number of areas of good practice. Further information was provided on page 42.

The Trust has a standardised rolling agenda programme for the Board and its assurance committees, accompanied by a development programme for the Board shaped through Board seminar sessions and executive monthly developmental away days. A clear Board Governance Structure is in place that outlines the reporting lines from ward to Board (see diagram below). This structure includes a number of Board Assurance Committees.

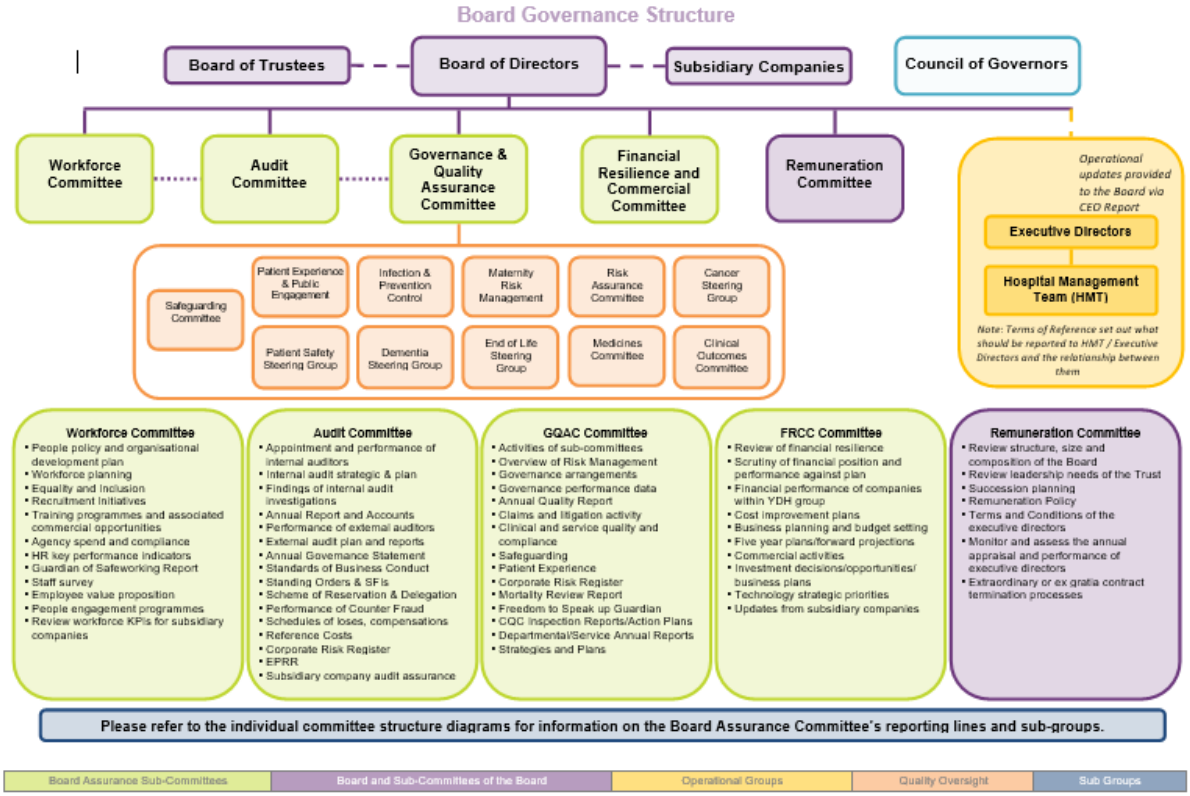
The Workforce Committee advises the Board on the strategic, transformational workforce agenda and reviews the HR data sent to the Board. In addition, it focuses on agency staffing rates and the expenditure, mandatory training, appraisal, occupational health, sickness management and ESR data quality. The committee scrutinises workforce data and plans across the entire Yeovil District Hospital Group. The committee meets on a bi-monthly basis.

The Governance and Quality Assurance Committee has a wide remit to review a number of topics, including clinical and service quality and compliance, safeguarding, patient experience, learning from deaths, Freedom to Speak Up updates, departmental annual reports, Quality Improvement Strategy, Annual Quality Report and claims and litigation activity. It meets on a quarterly basis.

The Audit Committee receives the findings from across the Trust group of internal audit investigations, reviews the internal audit strategy and plan, annual accounts and reports, standards of business conduct, and counter fraud. It meets on a quarterly basis.

The Financial Resilience and Commercial Committee supports the Board by reviewing financial resilience of the organisation, scrutinising the financial position and performance against the financial plan, the financial performance of the wider Yeovil District Hospital group, progress against cost improvement plans, business planning and budget setting, commercial activities and considering investment decisions, opportunities and business plans. The committee meets on a monthly basis.

The current Board Governance Structure is shown below:



Individual Board meetings also take place within Simply Serve Limited and Symphony Healthcare Services. These Board meetings review the strategic and commercial direction of the respective organisations together with various key performance indicators across various categories, including performance, activity levels and workforce. These entities report directly to the Trust Board of Directors Part 2 meetings on a quarterly basis with a highlight report outlining recent developments, activity, financial performance and strategic direction. In addition, the entities report to the Financial Resilience and Commercial Committee on their financial and commercial performance. The Trust's workforce committee also scrutinises the workforce data of the Yeovil District Hospital group.

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

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

During 2019/20, Yeovil District Hospital held its annual general meeting along with the opportunity for members of the public to interact with staff from various departments and to provide feedback.

The Trust has a Code of Conduct and Conflicts of Interest Policy in line with the national 'Managing Conflicts of Interest in the NHS' guidance provided by NHS England in 2017. In line with this policy and guidance, the Trust seeks declarations from all members of staff identified as a "decision maker". The interests of the Board of Directors are published within each set of Board meeting papers and are available on the public website. Additional

procedures are in place to ensure that conflicts of interests are suitably managed or avoided during all procurement and tender processes.

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

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

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Emergency Preparedness, Resilience and Response

Yeovil District Hospital completes annual assurance to ensure it is compliant with the statutory requirements placed upon it under the Civil Contingency Act (2004), the terms and conditions of the NHS Standard Contract for Emergency Planning and the NHS Commissioning Board Standards for Emergency Preparedness, Resilience and Response (EPRR). This includes assurance of the Trust's state of readiness to respond to the challenges, threats, hazards and major disruptive events that may impact on the delivery of its services, or require a wider community response.

In September 2019, through internal and external assurance. Yeovil District Hospital was declared 'Fully Compliant' and continues to maintain a high level of preparedness, as further evidence in the Trust's response to COVID-19.

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

The NHS continues to experience a challenging economic environment, namely as a direct result of the continuing unprecedented levels of demand on health and social care, a higher proportion of residents aged over 65 in South Somerset than the rest of England, difficulties in the recruitment of substantive staff and an increasing complexity of patient conditions.

In previous years, due to the deficit financial position for Yeovil District Hospital and the wider Somerset system, a drivers of the deficit report was commissioned from NHS Improvement. This report outlined that the drivers of the deficit within the Somerset system were split between the following categories: structural, strategic and operational. Operational reasons were deemed to be in the control of a single organisation, such as inefficiency in cost improvement plans. Strategic reasons were recognised to be outside of the control of one organisation and structural reasons were recognised to be outside of the control of the entire system. The drivers of the deficit report highlighted that the scale of the challenge in both the structural and strategic categories meant that just focussing on improving operational efficiency would not close the financial gap for the Somerset system.

The Trust had a Use of Resources inspection completed by NHS Improvement in January 2019; the report was published in May 2019. The Trust was rated Inadequate for using its resources productively. NHS Improvement rated the Trust as Inadequate as "the trust had the twelfth highest overall cost per Weighted Activity Unit (WAU) nationally and had a deteriorating deficit position representing 15.1% of its turnover, the fourteen highest

nationally." There were however a number of areas where the inspection identified several areas of outstanding practice, including the Trust having a very low rate of delayed transfers of care achieved through the Home First initiative and weekly multi-disciplinary team meetings; successes in the recruitment of overseas nursing, and a low rate of turnover for these nurses. The Trust also provides support to a number of organisations across the region on nursing recruitment. The inspection also acknowledged the zero percent nursing vacancy rate at the time of the inspection following the successful recruitment campaigns. The Trust's procurement function was also recognised as ranking 11 out of 136 on the procurement league table.

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

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

- a low delayed transfers of care rate (supported by Home First and multi-disciplinary teams);
- a successful overseas recruitment service;
- no nursing vacancies;
- good quality human resource services at low cost;
- a highly benchmarking procurement function
- appropriate Board and Committee focus on finance
- sound and accurate financial reporting
- effective Financial Resilience and Commercial Committee; and
- Cost Improvement Plan delivery is well organised and reported.

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

The following recommendations were made:

- undertake a review key areas of governance and business planning;
- review contractual arrangements;
- develop a 19/20 recovery plan which also reduces the underlying deficit;
- expand and strengthen business planning process and accountability framework; and
- develop realistic 4 year financial plans, in the context of system plans but setting out the Trust's component.
- exploring further opportunities available as highlighted by the Getting it Right First Time (GIRFT) reviews;
- reducing spend on agency staff;
- high costs per pathology tests;
- consolidation of back office functions;
- ensure the rapid implementation of Patient Level Information Costing System (PLICS);
- developing a clear plan and narrative around subsidiary companies and their benefits
- strengthening the business planning process;

- developing an accountability framework;
- strengthening the presentation of financial information; and
- exploring additional Cost Improvement Plan opportunities.

To facilitate these improvements, the Trust has developed three action and delivery plans. The first considers the 2019/20 financial recovery; the second is a financial governance and control improvement plan, and finally a four-year financial recovery and sustainability plan to 2023/24. Progress has been made against the 2019/20 plan with all actions largely delivered and the Trust achieved the financial plan and met the control total for 2019/20. The actions identified as part of the financial governance plan are in progress with a new suite of financial reports developed for the Financial Resilience and Commercial Committee and new arrangements in place for the development and implementation of the Patient-Level Information Costing System (PLICS). A high-level productivity assessment indicates an improved productivity (pay and non-pay) from 2018/19 and 2019/20 alongside the Model Hospital dashboards demonstrating improvement in key areas.

As a result of the COVID-19 outbreak, the Operational Planning 2020/21 has been suspended with alternative funding arrangements in place. Typically, budget setting is completed through detailed analysis by qualified accountants within the finance team using current year actuals as a baseline. The team in turn liaises with various departments and managers on the proposed budgets which are amended, if required, following this input. The executive directors then consider the draft budget prior to full consideration by the Financial Resilience and Commercial Committee and ultimately by the Board of Directors. This robust process ensures that resources are planned on an economic, efficient and effective basis.

The Trust's performance is monitored via the quality, operational and financial performance quadrant at meetings of the Board in addition to the full operational and financial reports. The Trust Board schedule rotates between operational and strategic focussed meetings with an in-depth review of performance on a quarterly basis. Operational management and the co-ordination of services are delivered by the strategic business units. Performance is also reviewed monthly by the Hospital Management Team. During the year, project management leads worked with the Strategic Business Units to achieve improvements in quality, productivity and economic efficiency.

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

The Audit Committee also considered the financial statements risks identified by external audit through their risk assessment processes. An unqualified opinion was provided for the financial statements audit for 2019/20. The external auditors confirmed that in all significant respects the Trust had in place proper arrangements for securing Value for Money in the Use of Resources, except for one area, which related to the informed decision making sub-criterion. This opinion arose due to the findings of the CQC Use of Resources inspection published in May 2019 and timing of the implementation of subsequent actions. Significant progress has been made on improvement actions agreed in the latter part of the year. The auditors confirmed that there were no matters to report in relation to the arrangements around financial sustainability.

Information Governance

In March 2018 NHS Digital released the Data Security & Protection Toolkit (DS&PT) replacing the Information Governance Toolkit (IGT), lending itself to a more digital world and addressing standards laid down by the National Data Guardian's (NDG) review published in 2016.

In response to the COVID-19 outbreak, the submission of the DS&PT has been postponed until 30 September 2020. The Trust recognises data security and information governance as a high priority and continues to ensure that high standards are met throughout the organisation with data security and information governance breaches reported and monitored through the Information Governance Steering Group, which, in turn, reports to the Audit Committee.

In line with the DS&PT reporting tool, four incidents were reported to the ICO in 2019/20. Two of those incidents related to information being disclosed in error. One incident related to a Phishing attack with the remaining incident relating to incorrect transferring of personal data. The incidents were fully investigated, with action plans created where appropriate and additional targeted IG training sessions made available. The ICO were notified of all four incidents and have investigated these. The ICO decided in all four of the incidents that no further action by the ICO was necessary but made recommendations for the Trust to take forward in three of the incidents. The ICO advised the Trust that for one of the incidents reported to them, they did not feel it was a reportable data breach under Article 33 of the GDPR.

The Senior Information Risk Owner position for 2019/20 was held by the Director of Transformation/ Chief Information Officer until 31 January 2020 upon which the Chief Finance Officer fulfilled the position.

Data Quality and Governance

To provide assurance that the Trust has appropriate controls in place regarding the reporting of data, the following arrangements are in place:

- Information in relation to quality, safety and patient experience is considered by the relevant sub-groups and the strategic business units. Data is presented to the Board on a monthly basis with an in-depth review of this information taking place on a quarterly basis. In addition, the information is scrutinised by the Governance and Quality Assurance Committee (which is chaired by a non-executive director) on a quarterly basis.
- Operational and executive leads present to the Governance and Quality Assurance Committee to enable the opportunity for debate about quality measures and any key risks.
- Data quality is analysed monthly by the information team.
- The Patient Safety Steering Group, Patient Experience and Engagement Steering Group and Clinical Outcomes Committees monitor safety incidents, complaints, mortality and clinical audit reports and the data presented to review progress against the quality strategy and to produce the Quality Report.
- The Deputy Chief Nurse leads quality improvement work jointly with the Clinical Director for Patient Safety and members of the Clinical Governance Team.
- Compliance with NICE guidance is measured and monitored through the Strategic Business Units and the Clinical Outcomes Committee. A high-level oversight is provided quarterly to the Governance and Quality Assurance Committee.

- External sources of information are used to inform reporting, including outcomes of inspections and peer reviews and monitoring of mortality rates provided by DrFoster.
- Quality measures and CQUINs (Commissioning for Quality and Innovation) are agreed with the Somerset Clinical Commissioning Group and these are monitored in-year through the CQUIN Steering Group.
- The Trust's Quality Report in draft form is externally reviewed by the Somerset Clinical Commissioning Group, HealthWatch and the Somerset Overview and Scrutiny Committee.
- The local indicator for the Quality Accounts is selected by the Council of Governors and monitored by them on a quarterly basis alongside quality and patient safety updates.
- Assurance is gained through the annual internal audit programme and by the work of the external auditors in reviewing the quality report indicators.

Review of Effectiveness

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

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

The 2019/20 internal audit programme was implemented which was adapted in-year to adjust for the risk profile. The Trust's Head of Internal Audit Opinion outlines that BDO 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.

Conclusion

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

Jonathan Higman, Chief Executive, 23 June 2020

Yeovil District Hospital NHS
NHS Foundation Trust

Consolidated Financial Statements For The Year to 31st March 2020

Contents

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

The National Health Service Act 2006 (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 Yeovil District Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yeovil District Hospital NHS Foundation Trust and of its income and expenditure, items of comprehensive income and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Department of Health Group Accounting Manual* the NHS Foundation Trust Annual Reporting 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 Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- assess Yeovil District Hospital NHS Foundation Trust's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve Yeovil District Hospital NHS Foundation Trust or the Group without the transfer of its services to another public sector entity

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Yeovil District Hospital NHS Foundation Trust and to enable them to ensure that the accounts comply with the requirements outlined in the above mentioned Act.

The accounting officer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error and for safeguarding the assets of Yeovil District Hospital NHS Foundation Trust and hence for taking any reasonable steps for the prevention and detection of fraud and other irregularities. The accounting officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

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

Jonathan Higman, Chief Executive

Date: 23rd June 2020

Statement of Directors' responsibilities in respect of the Accounts

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

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

Signed on behalf of the board:

Jonathan Higman, Chief Executive

Date: 23rd June 2020

Independent auditor's report

to the Council of Governors of Yeovil District Hospital NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Yeovil District Hospital NHS Foundation Trust ("the Group") for the year ended 31 March 2020 which comprise the Group and Trust Statements of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Equity and Group and Trust Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

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

— the Group 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 (DHSC) 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 Group and 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: Group financial statements as a whole	£3.6 million (2019:£3.0 million) 2% (2019: 2%) of income from operations	
Risks of material misstatement		**vs 2019**
Recurring risks	Valuation of land and buildings	◄►
	Recognition of NHS and Non-NHS Income	◄►
	Recognition of Non-Pay and Non-Depreciation Expenditure	◄►

Key

◄► Risk level unchanged from prior 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 continued to perform procedures over going concern. However, due to changes in the NHS cash regime we no longer consider there to be a material uncertainty related to going concern and this is not separately identified as a key audit matter in our report this year. We summarise below the other 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 from those procedures in order that the Groups governors as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

All of these key audit matters relate to the Group and the parent Trust.

	The risk	Our response
Valuation of land and buildings (£54.4 million; 2019: £52.9 million) *Refer to page 31 (Annual Report - Audit Committee Report), page 23 (accounting policy) and page 45 (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at current value in existing use. 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'. 91.2% of the Groups land and buildings related to specialised assets. When considering the cost to build a replacement asset the Group may consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic. Valuation is completed by an external expert, engaged by the Group using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with interim desktop valuations completed in interim periods. The Group had a full valuation undertaken by an external valuer at 31 March 2020. Valuations are inherently judgemental, therefore our work focused on whether the valuer's methodology, assumptions and underlying data, were appropriate and correctly applied. 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, material valuation uncertainty clauses have been noted within valuation reports 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 the valuation of land and buildings. The financial statements (note 1.19) disclose the sensitivity estimated by the Trust. **Accounting treatment** Consideration is also required as to whether revaluation gains and impairment losses are processed through other operating income/expense, or recognised in other comprehensive income. This treatment could have significant impact on the reported deficit for the year.	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; — **Methodology choice:** We considered the overall methodology of the external valuation performed to identify whether the approach was in line with industry practice, assisted by our Estate Valuation specialist; — **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 and utilising our Estate Valuation specialist; — **Test of details:** We undertook the following tests of details: — We tested the completeness of the estate covered by the valuation to the Group's underlying estate records, including additions to land and buildings during the year; — We re-performed the calculation of gain or loss on revaluation for all applicable assets and checked whether the accounting entries were consistent with the DHSC Group Accounting Manual; 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 Group would receive future benefits. — **Assessing transparency**: We assessed the completeness and accuracy of the matters covered in the valuations disclosure, including the group's disclosures of the sensitivity of the valuation. **Our findings** We found the resulting accounting treatment and valuation of land and buildings to be balanced (2018/19: balanced). We found the disclosure of the sensitivity related to COVID-19 to be proportionate.

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

	The risk	Our response
Recognition of NHS and Non-NHS Income (£195.4 million; 2019: £153.8 million) *Refer to page 31 (Annual Report - Audit Committee Report), page 21 (accounting policy) and page 36 (financial disclosures)*	**Effects of Irregularities:** Of the Group's reported income from activities, £149.8 million (2019: £132.0 million) came from commissioners (Clinical Commissioning Groups (CCG), other NHS Bodies and NHS England). Income from CCGs, other NHS Bodies and NHS England make up 76% of the Group'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 (AoB) 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 Group reported total other income of £43.0 million (2019: £21.8 million) from other activities principally, private patient income and education and training. 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 £19.5 million (2019: £3.4 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% 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 Group'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 Group's approach to recognising income; — We assessed the judgements made to receive the transformation funding recorded in the financial statements as part of the Group'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 findings** We found the resulting recognition of NHS and non-NHS income to be balanced (2018/19: balanced).

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

	The risk	Our response
Recognition of Non-Pay and Non-Depreciation Expenditure (£66.9 million; 2019: £59.3 million) *Refer to page 31 (Annual Report - Audit Committee Report), page 22 (accounting policy) and page 38 (financial disclosures)*	**Effects of Irregularities:** As most public bodies are net spending bodies, then 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 Group may manipulate expenditure to meet externally set targets and we had regard to this 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 Group'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 Group's approach to recognising expenditure with other providers and other bodies within the AoB boundary. **Our findings** We found the resulting recognition of non-pay expenditure to be balanced (2018/19: balanced).

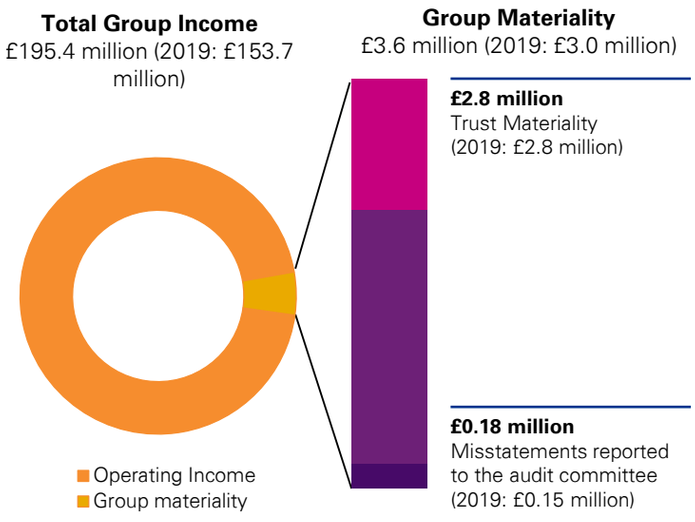
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £3.6 million (2019: £3.0 million), determined with reference to a benchmark of operating income (of which it represents approximately 2% (2019: 2%)). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £2.8 million (2019: £2.8 million), determined with reference to a benchmark of operating income (of which it represents approximately 2% (2019: 2%)).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £180,000 (2019: £150,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's four (2019: five) reporting components, we subjected four (2019: five) to full scope audits for group purposes.



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 Group or 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 Group or the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Group's and Trust's business model, including the impact of Brexit and COVID-19, and analysed how those risks might affect the Group's and Trust's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Trust's available financial resources over this period was the availability and extent of temporary revenue and capital support from DHSC to enable them to meet their liabilities. This is in the context of changes to the cash and capital regime published by DHSC in April 2020 alongside revised arrangements for NHS contracting and payment applicable for part of the 2020/21 financial year and published in March and May 2020.

As these were risks that could potentially cast significant doubt on the Group's and Trust's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's and Trust's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Accounting Officer consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

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 page 2 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 Group and 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 Group'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 Group 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 56 of the annual report, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 Group and parent Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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.

Our conclusion on the Group's arrangements for securing economy, efficiency and effectiveness in the use of resources is qualified/adverse

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

Qualified conclusion

Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects Yeovil District Hospital NHS Foundation Group put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

In May 2019, the Group CQC inspection resulted in an overall rating of 'Requires improvement', including a 'inadequate' rating for use of resources. Following the CQC inspection, the Group commissioned an independent review of financial governance arrangements in October 2019, with the resulting reporting identifying a series of actions required to improve the arrangements.

Whilst progress has been made to implement some actions, a number have not been implemented in line with the original due dates and remain outstanding at 31 March 2020. Due to the timing of the review, implemented actions have not been in place for significant parts of the period under review.

These findings demonstrate weaknesses during the 2019//20 financial year over the Group's arrangements applying the principles and values of sound governance to support informed decision making.

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

The Group 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 Group 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 Group'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 November 2017, as to whether the Group 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 Group's arrangements to secure 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 Group'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 Group, 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.

The significant risks identified during our risk assessment are set out below together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Financial Sustainability	Whilst the context of the financial challenges within the NHS is noted, the deficit presents a significant risk to our assessment of the adequacy of arrangements in place at the Group specifically in relation to planning finances effectively. The Group continues to operate with an underlying deficit, with no medium term plans to returned to a break even position. It is reliant on DHSC loans to support the cash position.	**Our work included:** — Considering the nature of cash support the Group is receiving from NHSI and its performance against any conditions attached to the support. — Assessing the Group's arrangements for managing working capital, including the processes for forecasting and monitoring cash flows and delivering cash savings. — Considering the arrangements in place to deliver recurrent cost improvements by assessing the Group CIP delivery against the planned CIP target and the use of recurrent and non-recurrent savings. — Comparing the Group use of agency staff against the agency cap set by NHS Improvement. — Evaluating the Group position as at 31 March 2020 against the forecast position and considering the future financial plans to assess the ongoing financial sustainability. **Our findings on this risk area:** — As at 31 March 2020 the Group has achieved the control total of a £19.3 million deficit, which resulted in the receipt of £19.3 million of PSF, MRET and FRF. Achievement of the control total resulted in the Group reporting a £72,000 deficit against planned surplus of £0.5 million. — The Group cash balance at year end was £12.1 million, with the Group requiring £26.3 million of revenue support borrowings in year, taking the total revenue support loan balance to £84.1 million. — The Group delivered £5.6 million of the £6.0 million Cost Improvement Plans for 2019/20, of which 55% are recurrent savings. — The Group has incurred £5.5 million of agency expenditure against an agreed agency cap of £5.6 million. We have nothing to report in this respect.

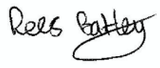
Significant Risk	Description	Work carried out and judgements
Response to Regulators	In May 2019, the Group CQC inspection resulted in an overall rating of 'Requires improvement', including a 'inadequate' rating for use of resources. Following the CQC inspection, the Group commissioned an independent review of financial governance arrangements in October 2019, with the resulting reporting identifying a series of actions required to improve the arrangements.	**Our work included:** — Reviewing the actions undertaken as a response to the CQC use of resources report issued in May 2019 and Financial Governance review in October 2019. — Monitoring the progress and implementation of actions arising from the reviews undertaken. **Our findings on this risk area:** We noted the Group responded to the CQC report by undertaking a review of the Financial Governance arrangements at the Group. This report identified a series of recommendations required to improve the arrangements in place at the Group. The Group agreed an action plan as a result of the review, which was provided to the Board on 26 February 2020 and also prepared an update on progress to the Board on 25 March 2020. Whilst progress has been made to implement some actions, a number have not been implemented in line with the original due dates and remain outstanding at 31 March 2020. Due to the timing of the review, implemented actions have not been in place for significant parts of the 2019/20 financial year'. These findings demonstrate weaknesses during the 2019/20 financial year over the Group's arrangements in respect of Value for Money sub-criterion informed decision making.

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 Group. 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 Group, 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 Yeovil District Hospital NHS Foundation Trust 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.



Rees Batley
for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants
66 Queen Square,
Bristol, BS1 4BE
25 June 2020

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2020 have been prepared by Yeovil District Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed:

Jonathan Higman, Chief Executive

Date 23rd June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		Group		Trust	
		2019/20	2018/19	**2019/20**	2018/19
	Note	**£'000**	£'000	**£'000**	£'000
Operating income from patient care activities	3	**152,449**	131,983	**138,471**	119,510
Other operating income	4	**42,952**	21,788	**45,501**	25,036
Total operating income		**195,401**	153,771	**183,972**	144,546
Operating expenses	5	**(193,942)**	(171,852)	**(183,606)**	(164,177)
Operating Surplus/(Deficit)		**1,459**	(18,081)	**366**	(19,631)
Finance income	9	**14**	40	**1,133**	1,113
Finance expenses	9	**(1,473)**	(1,553)	**(2,797)**	(2,822)
Net finance costs		**(1,459)**	(1,513)	**(1,664)**	(1,709)
(Loss)/Gain on disposal of non-current assets	10	**(91)**	744	**(91)**	(80)
Share of (losses) of associates/joint arrangements		**0**	(72)	**0**	0
Corporation tax expense		**28**	(109)	**0**	0
Deficit for the year		**(63)**	(19,031)	**(1,389)**	(21,420)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments		**(752)**	(1,765)	**(752)**	0
Revaluations	14	**1,588**	4,721	**1,030**	4,358
Other reserve movements		**(46)**	(15)	**0**	0
Total comprehensive income/(expense) for the period		**727**	(16,090)	**(1,111)**	(17,062)
Surplus/(Deficit) for the period attributable to:					
non-controlling interests; and		**0**	144	**0**	0
the Foundation Trust		**(63)**	(19,175)	**1,389**	(21,420)
Total Surplus		**(63)**	(19,031)	**(1,389)**	(21,420)
Total comprehensive income/ (expense) for the period attributable to:					
non-controlling interests; and		**0**	144	**0**	0
the Foundation Trust		**727**	(16,234)	**(1,111)**	(17,062)
Total comprehensive income/ (expense)		**727**	(16,090)	**(1,111)**	(17,062)

All results relate to continuing operations – Daycase UK (DCUK) was previously partly owned (70%) by the Trust. During the year the Trust acquired the remaining 30% of the shares of DCUK, transferred its activities to the Trust and liquidated the company.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

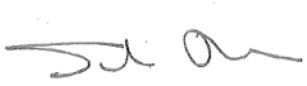
		Group		Trust	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	Note	**£'000**	£'000	**£'000**	£'000
Non current assets					
Intangible assets	13	**5,151**	5,115	**4,957**	5,129
Property, plant and equipment	14	**64,179**	60,466	**61,755**	58,536
Investments in associates and joint ventures	26	**148**	139	**15,125**	15,124
Trade and other receivables	17	**691**	762	**32,342**	32,501
Total non current assets		**70,169**	66,482	**114,179**	111,290
Current assets					
Inventories	15	**2,344**	2,303	**1,371**	1,440
Trade and other receivables	16	**16,833**	12,549	**15,141**	11,025
Cash and cash equivalents	17	**14,214**	5,021	**7,172**	243
Total current assets		**33,391**	19,873	**23,684**	12,708
Current liabilities					
Trade and other payables	19	**(23,423)**	(20,576)	**(21,585)**	(17,154)
Borrowings	22	**(90,303)**	(35,668)	**(92,824)**	(38,045)
Provisions	20	**(1,680)**	(75)	**(1,628)**	(32)
Other Liabilities		**0**	0	**0**	(1,156)
Total current liabilities		**(115,406)**	(56,319)	**(116,037)**	(56,387)
Total assets less current liabilities		**(11,846)**	30,036	**21,826**	67,611
Non current liabilities					
Trade and other payables	19	**0**	(132)	**0**	0
Borrowings	22	**(2,691)**	(47,480)	**(39,749)**	(87,325)
Provisions	20	**(929)**	(867)	**(913)**	(894)
Total non current liabilities		**(3,620)**	(48,479)	**(40,662)**	(88,219)
Total assets employed		**15,466**	**(18,443)**	**(18,836)**	**(20,608)**
Financed by					
Public dividend capital	25	**44,592**	42,342	**44,592**	42,342
Revaluation reserve		**13,371**	12,535	**5,631**	4,722
Income and expenditure reserve		**(75,136)**	(74,958)	**(69,059)**	(67,672)
Non-controlling interest		**0**	(60)	0	0
Charitable fund reserves		**1,707**	1,698	0	0
Total taxpayers' & others' equity		**(15,466)**	(18,443)	**(18,836)**	(20,608)

The notes on pages 18 – 62 form an integral part of these financial statements

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

Jonathan Higman – Chief Executive

Date - 23rd June 2020



Sarah James – Chief Finance Officer

Date – 23rd June 2020

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2019/2020

	Total	Charitable Funds	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Non - Controlling Interest
	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2019	**(18,443)**	**1,698**	**42,342**	**12,535**	**(74,958)**	**(60)**
Deficit for the year	(63)	9	0	0	(72)	0
Revaluation gains and impairment losses property, plant and equipment	836	0	0	836	0	0
Public Dividend Capital received	2,250	0	2,250	0	0	0
Movements on other reserves*	(46)	0	0	0	(106)	60
Taxpayers' Equity at 31 March 2020	**(15,466)**	**1,707**	**44,592**	**13,371**	**(75,136)**	**0**

* The £106k relates to reserve movements from the winding up a subsisiray Daycase UK (DCUK).

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2018/2019

	Total	Charitable Funds	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Non - Controlling Interest
	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2018	(2,606)	2,454	42,089	9,580	(56,525)	(204)
(Deficit) / Surplus for the year	(19,031)	(756)	0	0	(18,419)	144
Revaluation gains and impairment losses property, plant and equipment	2,956	0	0	2,956	0	0
Public Dividend Capital received	253	0	253	0	0	0
Movements on other reserves	(15)	0	0	(1)	(14)	0
Taxpayers' Equity at 31 March 2019	**(18,443)**	**1,698**	**42,342**	**12,535**	**(74,958)**	**(60)**

Information on reserves

NHS charitable funds reserves

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

Public dividend capital

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

Revaluation reserve

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

Non-Controlling Interest

A non-controlling interest is an ownership position where a corporate shareholder owns less than 50 percent of outstanding shares and can only influence management decisions instead of controlling them. This related to DCUK and is no longer applicable as this is now 100% owned within the group.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS foundation trust.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

		Group		Trust	
		2019/20	2018/19	**2019/20**	2018/19
	Note	**£'000**	£'000	**£'000**	£'000
Cash flows from operating activities					
Operating surplus/ (deficit)		**1,459**	(18,081)	**366**	(19,631)
Non-cash income and expense:					
Depreciation and amortisation		**4,500**	4,083	**4,664**	4,139
Net impairments and reversals of impairments		**84**	101	**(163)**	(1,498)
Income recognised in respect of capital donations		**(169)**	(728)	**(165)**	(728)
(Increase)/decrease in receivables		**(4,213)**	232	**(3,956)**	6,322
(Increase)/decrease in inventories		**(41)**	(226)	**69**	(208)
Increase/(decrease) in payables and other liabilities		**(320)**	(3,049)	**1,690**	1,723
Increase/(decrease) in provisions		**1,665**	12	**1,665**	12
Corporation tax (paid)		**(109)**	0	**0**	0
NHS charitable funds - net movements in working capital, non-cash transactions cash flows		**2**	(665)	**0**	0
Net cash from / (used in) operations		**2,858**	(18,321)	**4,170**	(9,869)
Cash flows from investing activities					
Interest received	9	**4**	20	**1,133**	1,113
Payments to acquire intangible assets	14	**(500)**	(842)	**(484)**	(849)
Payments to acquire tangible fixed assets	15	**(3,301)**	(2,952)	**(1,175)**	(2,463)
Sale of property,plant and equipment	15	**0**	2,471	**0**	0
Prepayment of PFI capital Contributions		**(463)**	0		0
Receipt of cash donations to purchase capital assets		**48**	20	**11**	0
Cash flows attributing to investing activities		**(53)**	0		
Net cash used in investing activities		**(4,265)**	(1,283)	**(515)**	(2,199)
Cash flows from financing activities					
Public Dividend Capital received	25	**2,250**	253	**2,250**	253
Loans received from Department of Health	22	**9,948**	20,857	**9,948**	20,857
Movements on other loans including intercompany		**36**	616	**(5,968)**	(6,754)
Interest paid on Department of Health loans		**(1,415)**	(1,332)	**(1,276)**	(1,332)
Loans repaid - including finance lease capital		**(161)**	(155)	**(161)**	(155)
Interest element of finance lease inlcuding intercopmany		**(44)**	(53)	**(1,519)**	(1,490)
Interest on PFI and other service concessions		**(14)**	0	**0**	0
Other capital movements		**0**	(193)	**0**	257
Net cash used in financing activities		**10,600**	**19,993**	**3,274**	11,636
(Decrease) / Increase in cash and cash equivalents		**9,193**	**389**	**6,929**	(432)
Cash and cash equivalents at 1 April		**5,021**	4,632	**243**	675
Cash and cash equivalents at 31 March	18	**14,214**	5,021	**7,172**	243

Notes to the Accounts

1. Accounting policies and other information

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 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.

Going concern

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

The Department of Health and Social Care (DHSC) Group Accounting Manual 2019/20 states that financial statements should be prepared on a going concern basis unless there is an intention for dissolution without transfer of services to another entity.

There is no intention for dissolution of the Trust and the Trust continues to prepare and publish financial and operational plans for future years. As the Trust has operated with a deficit position in previous years, the Board have considered the principle of going concern and ongoing financing.

Financial plans and cash flow forecasts for 2020/21 have been prepared taking into account potential impacts of COVID19 and financial arrangements in response, and the new cash regime which converts previous loans to Public Dividend Capital and allows for future Public Dividend Capital support.

On 2 April 2020, the DHSC and NHS England and NHS Improvement (NHSE/I) announced reforms to the NHS cash regime. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment.

The affected loans total £90.1m, and are classified as current liabilities within these financial statements and result in Net Current Liabilities of £82.0m. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust submitted a draft plan to NHSE/I on 5 March 2020, setting out the work in progress position before suspension of the planning round due to COVID19. This set out a deficit position of £28.9m for the year ending 31 March 2021, however had the planning round continued the Trust believe that the final plan for the year would have been to achieve the Financial Improvement Trajectory of £15.3m deficit and thus earn £15.3m of Financial Recovery Funding (FRF).

Planning was superseded by the financial arrangements for COVID19, which include nationally devised contracts for the period to 31 July 2020. This national approach provides assurance of sufficient income to meet all operating costs in the period.

Further, the Directors have a reasonable expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form of revenue support from DHSC. Whilst historically such support has been in the form of loans, following the announcement that all existing loans will be repaid using the issue of PDC, the Trust expects any future support required to be in the form of PDC.

The cash balance as at 31st March 2020 was £12.5m, and at 31st May 2020 £31.6m. The Trust has assessed its best, worst and most likely case financial forecast for 2020/21 taking into account an assumed reversion to plan in the later part of the year. This results in a surplus /deficit in the range of £0.0m to £10.2m after Financial Recovery Funding. The Trust will require cash support in the form of additional PDC during the year to support the cash position in the range of £0.0m (best case) to £10.2m (worst case).

The Directors, having made appropriate enquiries, have concluded that there is a reasonable expectation the Trust will have access to adequate resources to continue in operational existence for the going concern assessment period. Therefore, these accounts have been prepared under a going concern basis as set out in IAS 1.

Accounting convention

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

1.1 Consolidation NHS Charitable Fund

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

The charitable fund's statutory accounts are prepared to 31 March 2020 in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

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

Other subsidiaries

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

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

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year [except where a subsidiary's financial year end is before 1 January or after 1 July in which case the actual amounts for each month of the trust's financial year are obtained from the subsidiary and consolidated.

The Trust wholly owns Symphony Healthcare Services Ltd which forms part of the consolidated accounts. Symphony Healthcare Services Ltd provides primary care services and its turnover for the period ended 31st March 2020 was £25.7m

The Trust also wholly owns Simply Serve LTD which provides Estates and Facilities services which began trading on 1st February 2018 and its turnover for the period ended 31st March 2020 was £14.2m and forms part of the consolidated accounts.

Wellchester Innovation Limited is also a wholly subsidiary that was incorporate on 1st October 2016 to provide consultancy services leveraging YDH's knowledge of innovation in the health sector.

In addition the Trust also wholly owns Yeovil Property Operating Company LLP which facilitates the provision of GP practice premises and the company was incorporated on 19th January 2016.

Daycase UK (DCUK) was previously partly owned (70% by the Trust). However, this was liquidated in year.

Associates

Associate entities are those over which the trust has the power to exercise a significant influence. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the trust from the associate.

Joint ventures

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

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

The Trust also owns 15.3% of SW Path Services LLP, SPS Facilities LLP and Southwest Pathology Service LLP and holds 20% of all the voting rights.

Business Combinations

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

1.2 Income

Revenue from contract's 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.

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 generally 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, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue from research contracts

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

In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date.

It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS Injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations have been satisfied.

In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment.

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

Provider sustainability fund (PSF) and Financial Recovery Fund (FRF)

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.

Apprenticeship service income

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

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

1.3 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.4 Expenditure on other goods and services

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

1.5 Property, plant and equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the cost of the individual asset is 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, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control

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

Measurement

Valuation

All 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 measured subsequently at valuation.

Land and property assets are valued 5 yearly with a 3 yearly interim valuation also carried out. Annual desktop valuation reviews are carried out in other years. The 5 yearly and 3 yearly interim valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The valuations are carried out on the basis of current value in existing use (as required by HM Treasury) incorporating the approach of using a suitable alternative site in valuing the estate. The annual reviews are conducted using the most appropriate information available at the date of the review. A full valuation was carried out as at 31 March 2020.

The valuer 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.

Due to the uncertainty around the valuation a 1% decrease change in the valuation would result in a £0.55m impact on the 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.

Equipment assets values are reviewed annually by internal experts to determine the remaining life based on past and forecasted consumption of economic useful life of the asset.

Assets in the course of construction are valued at current cost. Material assets are valued by professional valuers when they are first brought into use and are subsequently valued as part of the 5 or 3 yearly valuations.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5, of which there are currently none.

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

	Years
Building	9 to 75
Plant and Machinery	5 to 15
Transport equipment	5 to 15
Information technology	5 to 8
Furniture & Fittings	7 to 10

Property, plant and equipment which has been reclassified as ‘held for sale’ ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off statement PFI contract assets are not depreciated until the asset is brought into use or reverse to the Trust, retrospectively.

Revaluation gains and losses

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

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

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

Impairments

In accordance with the DHSC 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 impairment.

An impairment that arises from a clear consumption of economic benefit or 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 the 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 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government granted and other grant funded assets

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

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

1.6 Intangible assets

Recognition

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

Internally generated intangible assets

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 asset;
- 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.

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

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 market exists they 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 at fair value 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.

	Years
Intangible Assets – Internally generated	5 - 10
Intangible Assets – Purchased software	5

1.7 Revenue government grants and other contributions to expenditure

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups 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 Governments apprenticeship service is recognised as income at the point of receipt of the training service. When these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition of the benefit.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Valued using a weighted average cost method. This is considered to be a reasonable approximation to current cost due to the high turnover of inventories.

Inventories are reviewed to enable identification of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. Obsolete goods are disposed of in line with the Standing Financial Instructions guidance on Disposals and Condemnations, Insurance, Losses and Special Payments.

1.9 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

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.

Regular way purchases or sales are recognised and de-recognised, as applicable using the trade/settlement terms and conditions.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

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

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

Classification and measurement

Financial assets are categorised as 'fair value through income and expenditure', loans and receivables.

Financial liabilities are classified as 'fair value through income and expenditure' or as 'other financial liabilities'.

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term.

Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

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

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

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

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

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

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

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

Determination of fair value

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

Impairment of financial assets

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets carrying value and the present value of the revised future cash flows discounted at the assets original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced.

1.10 Leases

Finance leases

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

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for 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 de-recognised 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

1.11 Provisions

The NHS foundation 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 effective for 31st March 2020:

		Nominal rate
Short Term	Up to 5 years	0.51%
Medium Term	After 5 years up to 10 years	0.55%
Long Term	After 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust.

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

Non-clinical risk pooling

The NHS foundation 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 the NHS Litigation Authority 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

1.12 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

1.13 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.

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

A charge, reflecting the cost of capital utilised by the NHS foundation 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 NHS foundation 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), 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 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 of the audit of the annual accounts.

1.14 Value added tax

Most of the activities of the NHS foundation 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.

1.15 Corporation tax

The NHS foundation trust does not have a corporation tax liability for the year 2019/20. Tax may be payable on activities as described below:

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

Within the reporting group of Yeovil District Hospital NHS Foundation Trust subsidiary companies may have a corporation tax liability for 2019/20 financial year.

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

1.16 Foreign exchange

The functional and presentational currencies of the trust are 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.

When accounting for such transactions any gains are losses are recognised through the losses and special payments and disclosed in note 13.

1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, 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 is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

1.19 Critical judgements in applying accounting policies

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

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

Value of land, buildings and dwellings £55,000,000 (2018/19 £53,500,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer with extensive knowledge of the physical estate and market factors.

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

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

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

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

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC:

IFRS 14 Regulatory Deferral Accounts

IFRIC 23 Income Tax Treatment

The above amendments and new standards have not yet been adopted within the FReM, and are therefore not applicable to the Department of Health group for 2019/20. The impact of standards has not yet been fully assessed.

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

The Group will adopt the following new accounting standards,

IFRS 16 Leases

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 re-

measurement 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.

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.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable.

However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

2. Operating Segments

The chief operating decision maker for Yeovil District Hospital NHS Foundation Trust is the Trust Board. Key decisions are agreed at monthly Board meetings and sub-committee meetings of the Board, following scrutiny of performance and resource allocation.

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

	Elective Care £000	**Urgent Care £000**	**Total £000**
NHS Clinical Income	54,507	75,631	130,138
Private Care Income	2,004		2,004
Total Income	**56,511**	**75,631**	**132,142**
Total Expenditure	**(55,393)**	**(75,680)**	**(131,073)**
Segmental Surplus / (Deficit)	**1,118**	**(49)**	**1,069**
SHS			**(1,141)**
Charitable funds			**9**
Consolidated Income Statement			**(63)**

The Trusts Service Line Reporting is set up to mirror the two clinical strategic business units of the Trust Elective Care and Urgent Care. Individual specialty service level positions group up in to one of these two business units.

Cost and income are inclusive of all subsidiaries that support the running of the core acute services, including YDH Trust and Simply Serve Ltd. Symphony Healthcare Services is separate to our core acute work and is not included in our Service Line Reporting.

3. Operating income from patient care activities

3.1 Income from patient care activities (by nature)

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£'000	**£'000**	£'000
Clinical Income				
A & E income	**8,317**	6,917	**8,317**	6,917
Elective income	**18,411**	17,825	**18,411**	17,752
High cost drugs income	**11,675**	10,992	**11,675**	10,992
Non-elective income	**47,060**	35,799	**47,060**	35,799
Other non protected clinical income	**372**	439	**372**	439
Commuinty Serives	**13,703**	11,313	**0**	0
Other NHS clinical income	**28,176**	26,815	**28,049**	25,919
Outpatient income - Firsts	**7,448**	7,261	**7,448**	7,261
Outpatient income - Follow ups	**11,392**	10,885	**11,392**	10,885
Private patient income	**2,132**	2,464	**1,984**	2,273
AFC Pay award central funding	**0**	1,273	**0**	1,273
Pension Contribution central funding	**3,763**	0	**3,763**	0
Clinical income from activities	**152,449**	131,983	**138,471**	119,510

3.2 Income from patient care activities (by source)

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£'000	**£'000**	£'000
CCG's and NHS England	**148,983**	127,174	**135,280**	114,957
Other NHS Foundation Trusts	**852**	579	**725**	513
Departement of Health and Social Care	**0**	1,273	**0**	1,273
Non - NHS: private patients	**2,132**	2,463	**1,984**	2,273
Non - NHS: overseas patients	**80**	55	**80**	55
NHS injury recovery scheme (was RTA)	**372**	439	**372**	439
Non NHS other	**30**	0	**30**	0
Total income from activities	**152,449**	131,983	**138,471**	119,510

NHS Injury Scheme income is subject to a provision for doubtful debts of 21.79% for 2019/20 which has decreased from 21.89% in 2018/19 to reflect expected rates of collection.

3.3 Income from activities arising from commissioner requested services

Under the terms of its provider 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 provider license and are services that commissioners believe would need to be protected in the event of provider failure.

	Group and Trust	
	2019/20	2018/19
	£'000	£'000
Income from services designated (or grandfathered) as commissioner requested services	**149,945**	129,081
Other	**2,504**	2,902
Total	**152,449**	131,983

3.4 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	Trust	
	2019/20	2018/19
	£'000	£'000
Income recognised this year	**80**	55
Cash payments received in-year	**15**	24
Amounts added to provision for impairment of receivables	**42**	35
Amounts written off in-year	**25**	3

4. Other operating income

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£'000	**£'000**	£'000
Research and development	**921**	896	**921**	896
Education and training	**4,515**	4,268	**4,515**	4,268
Receipt of capital grants and donations	**169**	728	**165**	728
PSF, FRF and MRET Income	**19,479**	3,374	**19,479**	3,374
Incoming resources received by NHS charitable fund	**522**	464	**0**	0
Other income	**17,346**	12,058	**20,421**	15,770
Total other operating income	**42,952**	21,788	**45,501**	25,036

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

5. Operating expenses

5.1 Operating expenses comprise

		Group		Trust	
		2019/20	2018/19	**2019/20**	2018/19
	Note	**£'000**	£'000	**£'000**	£'000
Clinical negligence insurance		**4,195**	4,220	**4,195**	4,220
Consultancy costs		**239**	374	**213**	324
Depreciation and amortisation		**4,500**	4,083	**4,664**	4,139
Drug costs		**20,537**	16,226	**19,951**	15,934
Establishment		**3,266**	3,578	**952**	836
Fees for Audit					
- Statutory audit		**64**	59	**64**	59
- Associate Companies		**22**	27	**0**	
- Audit Related Assurance Services		**1**	10	**1**	10
Internal audit fees		**55**	60	**55**	60
Tax advisory services		**174**	219	**101**	67
Impairments	11	**84**	101	**752**	1,497
Increase in provisions		**1,563**	12	**1,490**	97
Legal fees		**150**	232	**102**	60
Losses, ex gratia & special payments		**149**	17	**149**	17
NHS charities expenditure		**523**	1,240	**0**	0
Premises		**9,853**	8,887	**4,249**	3,842
Purchase of healthcare from non NHS bodies *		**6,800**	5,553	**31,351**	26,025
Rentals under operating leases	5.3	**755**	623	**0**	8
Operating expenditure IFRIC 12		**561**	0	**0**	0
Services from:					
- CCGs and NHS England		**72**	20	**72**	284
- NHS Foundation Trusts		**2,422**	2,385	**2,330**	3,836
- NHS Trusts		**104**	277	**93**	279
Staff costs:					
- Executive Directors	6	**937**	1,207	**937**	915
- Other Staff costs	6	**121,402**	106,737	**98,137**	87,106
- Redundancy costs	6	**139**	510	**139**	510
- Non-Executive Directors' costs		**110**	116	**110**	116
Supplies and services (excluding drug costs)					
- Clinical		**9,478**	9,641	**4,229**	4,073
- General		**3,085**	2,947	**7,310**	8,153
Training		**681**	484	**495**	417
Transport		**1,194**	1,118	**1,091**	1,032
Other		**827**	889	**374**	261
		193,942	171,852	**183,606**	164,177

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

5.2 Limitation on auditor's liability

The limitation on the auditor's liability is £1,000,000. (2018/19: £1,000,000)

5.3 Operating leases - Yeovil District Hospital NHS Foundation Trust as a lessee

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£'000	**£'000**	£'000
Operating lease expense				
Minimum lease payments	**755**	623	**0**	0
	755	623	**0**	0
Future minimum lease payments due:				
- not later than one year	**678**	671	**0**	481
- later than one year and not laterthan five years	**1,492**	1,677	**0**	960
- later than five years	**281**	688	**0**	36
	2,451	3,036	**0**	1,477

The Group has entered into commercial leases primarily for healthcare equipment.

6. Staff costs

6.1 Staff costs

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£'000	**£'000**	£'000
Salaries and wages	**93,697**	84,259	**78,639**	68,232
Social Security Costs	**8,427**	7,771	**6,201**	7,088
Emplyer Contributions to NHSPA	**9,462**	9,029	**6,602**	8,083
Additional Pension Costs 6.3%	**3,763**	0	**3,763**	0
Termination Benefits	**139**	510	**139**	510
Apprenticeship Levy	**304**	625	**304**	625
Agency and contract staff	**6,796**	6,376	**3,675**	4,109
	122,588	108,570	**99,323**	88,647

The rise in expenditure relating to employer contributions to NHSPA mainly relates to the employer contribution rate increasing to 20.6% (2018/2019 14.38%. There is corresponding in come shown in note 3.1

6.2 Employee benefits

Benefits in kind relating to lease cars totalled £115,680 in year (2018/19 £109,265). The Trust has introduced a Salary Sacrifice Green Car scheme for employees, these cars are classified as being a Benefit in Kind, and the associated costs are covered by the Salary Sacrifice.

7. Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2020, is based on valuation data as 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 scheme actuary report, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2018. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The actuarial valuation was carried out at 31 March 2020 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2020 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

8. Retirements due to ill health

During 2019/20 there were no early retirements from the trust agreed on the grounds of ill-health.

9. Finance income and expenses

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£'000	**£'000**	£'000
Finance Income				
Trust interest received	**4**	20	**1,123**	1,093
Charity interest received	**10**	20	**10**	20
	14	40	**1,133**	1,113
Finance Expense				
Interest on loan from Department of Health	**(1,276)**	(1,423)	**(1,276)**	(1,332)
Commercial Loans	**(137)**	(77)	**0**	0
Interest on finance leases	**(58)**	(53)	**(1,519)**	(1,490)
Unwiding of discount on provisions	**(2)**	0	**(2)**	0
	(1,473)	(1,553)	**(2,797)**	(2,822)

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

	Group		Trust	
	2019/20	2018/19	**2019/20**	2018/19
	£'000	£,000	**£'000**	£,000
Gain/(Loss) on disposal of fixed assets	**(91)**	(80)	**(91)**	(80)
Gain on disposal of property	**0**	824	**0**	0
	(91)	744	**(91)**	(80)

The disposals in 2019/20 were in respect of non-protected assets.

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

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

12. Losses and special payments

	Group and Trust			
	2019/20		2018/19	
	Number	**Value £'000**	Number	Value £'000
Losses of Cash:				
Due to overpayment of salary	**25**	**19**	0	0
Bad Debts				
Private Patients	**519**	**36**	2	0
Overseas Visitors	**16**	**25**	7	3
Other	**18**	**12**	16	0
Damage to building:				
Not theft or fraud	**0**	**0**	0	0
Ex Gratia payments:				
Loss of personal effects	**12**	**7**	17	12
Other	**1**	**50**	4	17
Recovered Losses:				
Compensation Payments Received	**1**	**(40)**	1	(15)
Total losses and special payments	**592**	**109**	47	17

There were no case payments that exceeded £100,000.

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

13 Intangible Assets

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

Group

	2019/20				2018/19			
	Software licence	**Development**	**Assets under construction**	**Total**	Software licence	Development	Assets under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Cost or valuation at 1 April	**1,674**	**2,877**	**2,808**	**7,359**	1,560	2,877	2,083	6,520
Additions - purchased	**100**	**361**	**262**	**723**	105	0	744	849
Additions - leased	**0**	**0**	**0**	**0**	0	0	0	0
Reclassifications	**0**	**1,469**	**(1,469)**	**0**	19	0	(19)	0
Disposals	**(47)**	**(38)**	**0**	**(85)**	(10)	0	0	(10)
At 31 March	**1,727**	**4,669**	**1,601**	**7,997**	1,674	2,877	2,808	7,359
Amortisation at 1 April	**1,342**	**902**	**0**	**2,244**	1,141	574	0	1,715
Provided during the year	**241**	**402**	**0**	**643**	203	328	0	531
Disposals	**(41)**	**0**	**0**	**(41)**	(2)	0	0	(2)
Amortisation at 31 March	**1,542**	**1,304**	**0**	**2,846**	1,342	902	0	2,244
Net book value								
- Purchased at 1 April	**332**	**1,975**	**2,808**	**5,115**	419	2,303	2,083	4,805
	332	**1,975**	**2,808**	**5,115**	419	2,303	2,083	4,805
Net book value								
- Purchased at 31 March	**185**	**3,365**	**1,601**	**5,151**	332	1,975	2,808	5,115
Total at 31 March	**185**	**3,365**	**1,601**	**5,151**	332	1,975	2,808	5,115

Trust

	2019/20				2018/19			
	Software licence	**Development**	**Assets under construction**	**Total**	Software licence	Development	Assets under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Cost or valuation at 1 April	**558**	**2,874**	**2,808**	**6,240**	469	2,877	2,083	5,429
Additions - purchased	**69**	**153**	**262**	**484**	79	0	744	823
Additions - leased	**0**	**0**	**0**	**0**	0	0	0	0
Reclassifications	**0**	**1,469**	**(1,469)**	**0**	19	0	(19)	0
Disposals	**(50)**	**(38)**	**0**	**(88)**	(9)	(3)	0	(12)
At 31 March	**577**	**4,458**	**1,601**	**6,636**	558	2,874	2,808	6,240
Amortisation at 1 April	**207**	**902**	**0**	**1,109**	6	574	0	580
Provided during the year	**216**	**397**	**0**	**613**	203	328	0	531
Disposals	**(43)**	**0**	**0**	**(43)**	(2)	0	0	(2)
Amortisation at 31 March	**380**	**1,299**	**0**	**1,679**	207	902	0	1,109
Net book value								
- Purchased at 1 April	**349**	**1,972**	**2,808**	**5,129**	463	2,303	2,083	4,849
	349	**1,972**	**2,808**	**5,129**	463	2,303	2,083	4,849
Net book value								
- Purchased at 31 March	**197**	**3,159**	**1,601**	**4,957**	349	1,972	2,808	5,129
Total at 31 March	**197**	**3,159**	**1,601**	**4,957**	349	1,972	2,808	5,129

14. Property plant and equipment

14.1 Property, plant and equipment at 31 March 2020 comprise the following elements

	Group								
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Transport	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,592	56,919	1,369	754	17,464	0	2,944	1,200	**85,242**
Additions - purchased	538	1,980	0	1,885	924	5	578	130	**6,040**
Additions - leased	0	68	0	0	555	0	0	0	**623**
Additions - donated	0	11	0	56	84	0	0	52	**203**
Reclassifications	0	545	0	(567)	22	0	0	0	**0**
Impairments charged to revaluation reserve	0	(752)	0	0	0	0	0	0	**(752)**
Revaluation	22	(849)	(32)	0	0	0	0	0	**(859)**
Disposals	0	0	0	0	(150)	0	(13)	(4)	**(167)**
At 31 March 2020	**5,152**	**57,922**	**1,337**	**2,128**	**18,899**	**5**	**3,509**	**1,378**	**90,330**
Depreciation at 1 April 2019	0	8,640	720	0	13,130	0	1,725	561	**24,776**
Provided during the year	0	2,317	54	0	1,182	0	181	123	**3,857**
Impairments	0	84	0	0	0	0	0	0	**84**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluation	0	(2,398)	(54)	0	0	0	0	0	**(2,452)**
Disposals	0	0	0	0	(99)	0	(13)	(2)	**(114)**
Accumulated depreciation at 31 March 2020	**0**	**8,643**	**720**	**0**	**14,213**	**0**	**1,893**	**682**	**26,151**
Net book value									
- Purchased at 1 April 2019	4,592	45,470	649	593	3,660	0	1,210	489	**56,663**
- Finance Leases at 1 April 2019	0	1,353	0	0	0	0	0	0	**1,353**
- Donated at 1 April 2019	0	1,456	0	161	674	0	9	150	**2,450**
Total at 1 April 2019	**4,592**	**48,279**	**649**	**754**	**4,334**	**0**	**1,219**	**639**	**60,466**
- Purchased at 31 March 2020	5,152	46,529	617	1,968	3,482	5	1,609	561	**59,923**
- Finance Leases at 31 March 2020	0	1,089	0	0	623	0	0	0	**1,712**
- Donated at 31 March 2020	0	1,661	0	160	581	0	7	135	**2,544**
Total at 31 March 2020	**5,152**	**49,279**	**617**	**2,128**	**4,686**	**5**	**1,616**	**696**	**64,179**

Trust

	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,592	46,568	649	754	6,058	969	549	**60,139**
Additions - purchased	538	1,878	0	1,942	901	546	31	**5,836**
Additions - leased	0	68	0	0	555	0	0	**623**
Additions - donated	0	11	0	0	84	0	13	**108**
Reclassifications	0	545	0	(567)	22	0	0	**0**
Impairments charged to revaluation reserve	0	(1,601)	(32)	0	0	0	0	**(1,633)**
Revaluation	22	0	0	0	0	0	0	**22**
Disposals	0	0	0	0	(150)	(13)	(4)	**(167)**
At 31 March 2020	**5,152**	**47,469**	**617**	**2,129**	**7,470**	**1,502**	**589**	**64,928**
Depreciation at 1 April 2019	0	0	0	0	1,315	204	84	**1,603**
Provided during the year	0	2,309	54	0	1,418	181	90	**4,052**
Impairments	0	752	0	0	0	0	0	**752**
Reversal of impairments	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	**0**
Revaluation	0	(3,061)	(54)	0	0	0	0	**(3,115)**
Disposals	0	0	0	0	(105)	(13)	(1)	**(119)**
Accumulated depreciation at 31 March 2020	**0**	**0**	**0**	**0**	**2,628**	**372**	**173**	**3,173**
Net book value								
- Purchased at 1 April 2019	1,229	11,890	649	593	1,339	512	65	**16,277**
- Finance Leases at 1 April 2019	3,363	33,324	0	0	2,728	244	250	**39,909**
- Donated at 1 April 2019	0	1,356	0	161	674	9	150	**2,350**
Total at 1 April 2019	**4,592**	**46,570**	**649**	**754**	**4,741**	**765**	**465**	**58,536**
- Purchased at 31 March 2020	1,789	14,038	617	1,969	2,030	989	88	**21,520**
- Finance Leases at 31 March 2020	3,363	31,770	0	0	2,231	134	193	**37,691**
- Donated at 31 March 2020	0	1,661	0	160	581	7	135	**2,544**
Total at 31 March 2020	**5,152**	**47,469**	**617**	**2,129**	**4,842**	**1,130**	**416**	**61,755**

14.2 Property, plant and equipment at 31 March 2019 comprise the following elements:

	Group							
	Freehold Land	**Freehold buildings excluding dwellings**	**Freehold dwellings**	**Assets under construction & payments on account**	**Plant and machinery**	**Information Technology**	**Furniture & fittings**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation at 1 April 2018	4,591	52,979	1,351	2,126	16,533	2,412	1,152	**81,144**
Additions - purchased	32	2,095	0	515	850	529	48	**4,069**
Additions - Leased	0	103	0	0	0	0	0	**103**
Additions - Donated	0	507	0	102	108	9	2	**728**
Reclassifications	0	1,922	0	(1,989)	67	0	0	**0**
Impairments charged to revaluation reserve	0	(1,866)	0	0	0	0	0	**(1,866)**
Revaluation	(31)	2,955	18	0	0	0	0	**2,942**
Disposals	0	(1,776)	0	0	(94)	(6)	(2)	**(1,878)**
At 31 March 2019	**4,592**	**56,919**	**1,369**	**754**	**17,464**	**2,944**	**1,200**	**85,242**
Depreciation at 1 April 2018	0	8,640	720	0	11,956	1,552	477	**23,345**
Provided during the year	0	1,862	48	0	1,300	175	85	**3,470**
Impairments	0	0	0	0	(101)	0	0	**(101)**
Reversal of impairments	0	0	0	0	0	0	0	**0**
Reclassifications	0	(2)	0	0	2	0	0	**0**
Revaluation	0	(1,731)	(48)	0	0	0	0	**(1,779)**
Disposals	0	(129)	0	0	(27)	(2)	(1)	**(159)**
Accumulated depreciation at 31 March 2019	**0**	**8,640**	**720**	**0**	**13,130**	**1,725**	**561**	**24,776**
Net book value								
- Purchased at 1 April 2018	4,591	40,806	631	1,043	3,701	860	505	**52,137**
- Finance Leases at 1 April 2018	0	1,284	0	1,083	214	0	0	**2,581**
- Donated at 1 April 2018	0	2,249	0	0	662	0	170	**3,081**
Total at 1 April 2019	**4,591**	**44,339**	**631**	**2,126**	**4,577**	**860**	**675**	**57,799**
- Purchased at 31 March 2019	4,592	45,470	649	593	3,660	1,210	489	**56,663**
- Finance Leases at 31 March 2019	0	1,353	0	0	0	0	0	**1,353**
- Donated at 31 March 2019	0	1,456	0	161	674	9	150	**2,450**
Total at 31 March 2019	**4,592**	**48,279**	**649**	**754**	**4,334**	**1,219**	**639**	**60,466**

Trust

	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2018	4,591	41,122	631	2,126	5,138	880	501	**54,989**
Additions - purchased	32	2,095	0	515	839	86	48	**3,615**
Additions - leased	0	103	0	0	0	0	0	**103**
Reclassifications	0	508	0	102	108	9	2	**729**
Impairments charged to revaluation reserve	0	1,923	0	(1,989)	67	0	0	**1**
Revaluation	(32)	(1,540)	0	0	0	0	0	**(1,572)**
Sale of Assets (Disposal)	1	2,359	18	0	0	0	0	**2,378**
Disposals	0	0	0	0	(94)	(6)	(2)	**(102)**
At 31 March 2019	**4,592**	**46,570**	**649**	**754**	**6,058**	**969**	**549**	**60,141**
Depreciation at 1 April 2018	0	0	0	0	42	31	0	**73**
Provided during the year	0	2,002	48	0	1,298	175	85	**3,608**
Impairments	0	(1,497)	0	0	0	0	0	**(1,497)**
Reversal of impairments	0	(1)	0	0	0	0	0	**(1)**
Revaluation	0	(2)	0	0	2	0	0	**0**
Disposals	0	(502)	(48)	0	0	0	0	**(550)**
Accumulated depreciation at 31 March 2019	0	0	0	0	(25)	(2)	(1)	**(28)**
	0	**0**	**0**	**0**	**1,317**	**204**	**84**	**1,605**
Net book value								
- Purchased at 1 April 2018								
- Finance Leases at 1 April 2018	4,591	37,587	631	1,043	4,212	849	330	**49,243**
- Donated at 1 April 2018	0	1,284	0	0	214	0	0	**1,498**
Total at 1 April 2018	0	2,249	0	1,083	670	0	171	**4,173**
	4,591	**41,120**	**631**	**2,126**	**5,096**	**849**	**501**	**54,914**
- Purchased at 31 March 2019	1,229	11,890	649	593	1,339	512	65	**16,277**
- Finance Leases at 31 March 2019	3,363	33,324	0	0	2,728	244	250	**39,909**
- Donated at 31 March 2019	0	1,356	0	161	674	9	150	**2,350**
Total at 31 March 2019	**4,592**	**46,570**	**649**	**754**	**4,741**	**765**	**465**	**58,536**

15. Inventories

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
Drugs	**1,184**	1,149	**1,126**	1,091
Consumables	**1,150**	1,137	**235**	332
Energy	**10**	17	**10**	17
	2,344	2,303	**1,371**	1,440

Inventories recognised in expenses for the year were nil.

16. Trade and other receivables

16.1 Trade and other receivables

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
Current				
Contract receivables	**13,481**	10,891	**12,058**	6,842
Trade receivables	**0**	0	**0**	0
Capital receivables	**0**	0	**0**	0
Allowance for other impaired receivables	**(273)**	(55)	**(273)**	(55)
Prepayments	**1,921**	1,705	**560**	119
VAT receivable	**1,412**	4	**1,593**	4
Amount owed by group undertakings	**0**	0	**948**	4,111
Other receivables	**292**	4	**255**	4
Total current receivables	**16,833**	12,549	**15,141**	11,025
Non-current				
Contract receivables	**864**	909	**862**	178
Trade receivables	**0**	0	**0**	0
Amount owed by group undertakings	**0**	0	**31,653**	32,470
Allowance for other impaired receivables	**(173)**	(147)	**(173)**	(147)
Total non-current receivables	**691**	762	**32,342**	32,501
Total receivables	**17,524**	13,311	**47,483**	43,526

16.2 Allowances for credit losses

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
At 1 April	**202**	464	**202**	464
Increase in provision	**362**	0	**362**	0
Amounts utilised	**(35)**	(262)	**(35)**	(262)
Unused amounts reversed	**(83)**	0	**(83)**	0
At 31 March	**446**	202	**446**	202

An allowance for impairment is made where there is an identifiable event which, based on previous evidence that the monies will not be recovered in full.

16.3 Analysis of allowances for creditor losses

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
Ageing of impaired receivables				
0 - 30 days	**18**	3	**18**	3
30 - 60 days	**109**	4	**109**	4
60 - 90 days	**0**	8	**0**	8
90 - 180 days	**12**	40	**12**	40
Over 180 days	**307**	147	**307**	147
	446	202	**446**	202

17. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
At 1 April	**5,021**	4,632	**243**	675
Net change in year	**9,193**	389	**6,929**	(432)
At 31 March	**14,214**	5,021	**7,172**	243
Broken down into:				
Cash at commercial banks and in hand	**4,662**	2,963	**39**	243
Cash with the Government Banking Service	**7,688**	208	**7,133**	0
Other Investments	**1,864**	1850	**0**	0
Total cash and cash equivalents as in SoFP & SoCF	**14,214**	5,021	**7,172**	243

The group cash balance includes £1.8m held by Symphony Healthcare service in an Escrow account. This cash is only accessible under certain conditions.

18. Third Party Assets

The Trust had cash at bank and in hand at 31 March 2020 £812 (£1,011 at 31 March 2019) in relation to monies held by on behalf of patients.

19. Trade and other payables

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Receipts on account	**(28)**	883	**135**	(28)
NHS payables	**50**	2,941	**170**	961
Trade payables - capital	**4,676**	1,644	**4,676**	1,612
Other trade payables	**1,995**	2,547	**2,121**	4,508
Other payables	**7,099**	5,128	**6,507**	3,176
Accruals	**9,627**	7,431	**7,976**	6,925
NHS Charitable funds payables	**4**	2	**0**	0
Total current payables	**23,423**	20,576	**21,585**	17,154
Amounts falling due after one year:				
Other trade payables	**0**	132	**0**	**0**
Total non current payables	**0**	132	**0**	**0**
Total payables	**23,423**	20,708	**21,585**	17,154

20. Provisions for Liabilities and Charges

	Group			Trust		
	Legal Claims	**Other**	**Total**	**Legal Claims**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2019	906	36	**942**	906	20	**926**
Arising during the year	20	1,582	**1,602**	20	1,530	**1,550**
Change in discount rate	139	0	**139**	139	0	**139**
Utilised during the year	(58)	0	**(58)**	(58)	0	**(58)**
Reversed unused	(18)	0	**(18)**	(18)	0	**(18)**
Unwinding of discount	2	0	**2**	2	0	**2**
At 31 March 2020	**991**	**1,618**	**2,609**	**991**	**1,550**	**2,541**
Expected timing of cashflows:						
Within 1 year	78	1,602	**1,680**	78	1,550	**1,628**
1 - 5 years	233	16	**249**	233	0	**233**
over 5 years	680	0	**680**	680	0	**680**
	991	**1,618**	**2,609**	**991**	**1,550**	**2,541**

Provisions arising in year includes HMRC commitments and clinical pension tax reimbursement.

£69,064,743 is included in the provisions of the NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the Trust, (£73,724,640 for 2018/19).

21. Legal Claims

The provision is based on information provided by the NHS Resolution and refers to non-clinical claims against the Trust.

22. Borrowings

	Group		Trust	
	31 Mar 2020	31 Mar 2019	**31 Mar 2020**	31 Mar 2019
	£'000	£'000	**£'000**	£'000
Current				
Department of Health and Social Care	**90,088**	35,419	**90,088**	35,419
Other Loans	**48**	87	**0**	0
Intercompany finance lease	**0**	0	**2,527**	2,464
Obligations under finance leases	**167**	162	**209**	162
Obligations under PFI & service concessions	**0**	0	**0**	0
Total current borrowings	**90,303**	35,668	**92,824**	38,045
Non-current				
Department of Health and Social Care	**0**	44,694	**0**	44,694
Other Loans	**1,704**	1,629	**0**	0
Intercompany finance lease	**0**	0	**38,785**	41,311
Obligations under finance leases	**987**	1,157	**964**	1,320
Obligations under PFI & service concessions	**0**	0	**0**	0
Total non-current borrowings	**2,691**	47,480	**39,749**	87,325

Department of Health and Social Care loans have various interest rates ranging from 0.5% - 1.5%. These will be converted to Public Dividend Capital (PDC) in 2020/21.

The trust also has an intercompany finance lease with Simply Serve Ltd that started on 1 February 2018 with an interest rate of 3.45% totalling £46.1m.

22.1 Finance Leases

	Group		Trust	
	31 Mar 2020	31 Mar 2019	**31 Mar 2020**	31 Mar 2019
	£'000	£'000	**£'000**	£'000
Gross Leases Liabilities	**1,338**	1,546	**59,104**	56,232
Not later than one year	**204**	206	**4,114**	2,500
Later than one year less than five years	**537**	611	**13,474**	9,790
Later than five years	**597**	728	**41,516**	43,942
Finance charges allocated to future periods	**(180)**	(226)	**(16,638)**	(17,646)
Net lease liabilities	**1,158**	1,319	**42,466**	38,586
Of which is payable				
Not later than one year	**167**	162	**2,693**	2,487
Later than one year less than five years	**435**	491	**8,677**	11,238
Later than five years	**556**	666	**31,096**	24,861
	1,158	1,319	**42,466**	38,586

22.2 On-SoFP PFI, LIFT or other service concession arrangements

Managed Equipment Solution for Diagnostic Imaging

On 1st April 2019 the Trust entered into a contract for the provision of a managed service contract within diagnostic imaging. The contract is for the following services:

- A Facilities Infrastructure Replacement Programme (FIRP), which includes the replacement, installation and
- decommissioning of all assets within the department along with an increase of modalities for ultrasound, MRI and CT scanning;
- The provision of a fully inclusive "Gold Standard" maintenance cover for the department, that includes all parts, durables and labour;
- The provision of a guaranteed uptime availability of the facility to perform diagnostic testing and reporting;
- A consumables management service paid for through a quarterly payment in advance based on an estimate of annual consumption. An assessment of actual Consumables provided is made each quarter and either a balancing invoice or credit note raised as appropriate.

A set of performance parameters has been agreed with the managed service provider. Penalties will apply if performance failures are not corrected within the agreed remedial period.

The accountancy treatment is that the Trust's future assets within the scope of the managed service will be purchased by the managed service provider.

New equipment bought by the service provider has been capitalised under IFRIC 12 where their useful lives are fully utilised during the 10 years of the managed equipment solution agreement. Where new asset lives extend beyond the 10 years of the agreement equipment has been accounted for as operating leases.

The total unitary payment made to the managed equipment solution provider during the 2019/20 financial year was £576,000 (2018/19 nil).

The values of payments due for 2020/21 for the managed facility service is £1,177,332.

22.3 Total future payments committed in respect of PFI, LIFT or other service concessions (includes but is not limited to total future unitary payments)

	Group	
	31 Mar 2020	31 Mar 2019
	£'000	£'000
Not later than one year	**1,178**	0
Later than one year less than five years	**4,765**	0
Later than five years	**6,866**	0
Total	**12,809**	0

These payments include but are not limited to the total future unitary payments.

23.4 Total future payments committed in respect of PFI, LIFT or other service concessions (service element)

	Group	
	31 Mar 2020	31 Mar 2019
	£'000	£'000
Not later than one year	**410**	0
Later than one year less than five years	**1,886**	0
Later than five years	**2,524**	0
Total	**4,820**	0

23. Capital Commitments

There is £283,711 of capital commitments at 31 March 2020 (31 March 2019 £265,161). All commitments relate to plant, property and equipment.

24. Contingent Assets and Liabilities

There were no contingent assets and no contingent liabilities for the year ended 31 March 2020 or for the year ended 31 March 2019.

25. Movements in Public Dividend Capital

	Group and Trust	
	2019/20	2018/19
	£'000	£'000
Public dividend capital at 1 April	**42,342**	42,089
New public dividend capital received	**2,250**	253
Public dividend capital at 31 March	**44,592**	42,342

26. Movement in Investment in Subsidiary Undertakings

	Trust	
	2019/20	2018/19
	£'000	£'000
Shares in subsidiary undertakings	**15,126**	15,149
Loans to subsidiary undertakings > 1 year	**28,401**	31,709
	43,527	46,858
Loans to subsidiary undertakings < 1 year	**947**	898
Total	**44,474**	47,756

27. Related party transactions

The Trust is under the common control of the Board of Directors. During the year none of the Board members or members of the key management staff or parties related to them, has undertaken any material transactions with Yeovil District Hospital NHS Foundation Trust.

During the year ended 31 March 2020, Yeovil District Hospital NHS Foundation Trust has had a significant number of material transactions with other entities for which the Department of Health is regarded as the parent department as well as transactions through subsidiary companies and joint ventures. These entities are listed below:

2019/2020	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Dorset County Hospital NHS FT	360	340	44	3
Dorset University Healthcare NHS FT	0	319	0	0
Royal Devon and Exeter NHS FT	780	303	10	0
Gloucestershire Hospitals NHS FT	0	909	0	78
Somerset Partnership NHS FT	2,513	542	123	0
Taunton and Somerset NHS FT	1,458	1,159	18	0
Health Education England	4,429	0	0	0
Dorset CCG	17,775	0	529	0
Somerset CCG	101,169	212	1,783	0
Wiltshire CCG	501	0	38	0
NHS England (excluding STF)	25,762	0	943	54
NHS England (STF)	19,479	0	5,730	0
NHS Resolution	0	4,195	0	0
Southwest Pathology Services (JV)	99	2,407	0	0
SPS Facilities (JV)	92	1,969	0	0
Integrated Pathology Services	206	58	0	0
Daycase UK (DCUK)	5,028	7,200	1	0
Simply Serve LTD	985	25,599	42,947	44,923
Symphony Healthcare Services	125	1,163	1	0

2018/2019	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Dorset County Hospital NHS FT	193	360	33	76
Dorset University Healthcare NHS FT	0	425	7	104
Royal Devon and Exeter NHS FT	669	177	27	108
Gloucestershire Hospitals NHS FT	0	808	0	82
Somerset Partnership NHS FT	3,237	538	332	167
Taunton and Somerset NHS FT	1,303	1,321	430	134
Health Education England	4,120	0	0	0
Dorset CCG	16,131	0	892	211
Somerset CCG	88,032	214	1,954	1,984
Wiltshire CCG	440	0	73	0
NHS England (excluding STF)	25,313	77	1,548	746
NHS England (STF)	22,510	77	205	746
NHS Resolution	0	4,440	0	0
Southwest Pathology Services (JV)	99	1,971	5	0
SPS Facilities (JV)	92	1,799	5	9
Integrated Pathology Services	198	55	19	5
Daycase UK (DCUK)	4,166	6,814	1,183	1,034
Simply Serve LTD	1,442	24,142	44,707	46,775
Symphony Healthcare Services	542	919	0	23

In addition, the Trust has entered into transactions with other Government Departments and other central and local Government bodies. The Trust has also received revenue and capital payments from a number of charitable funds. Some of the Trustees of these charitable funds are also members of the Board of the NHS Foundation Trust. Full audited accounts are

prepared for the Funds held on Trust.

28. Group Structure

Simply Serve Limited – Company Number: 10847254

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Simply Serve Ltd (SSL) was incorporated on 3 July 2017 and became operational on 1 February 2018. Simply Serve Ltd is 100% owned by Yeovil District Hospital NHS Foundation Trust.

SSL has been set up to support the Trust's strategic objectives, improve efficiency and develop more cost effective ways of working. SSL provides a full range of professional estates and facilities services along with IT, procurement and financial services to Yeovil District Hospital NHS Foundation Trust and other clients. Around 350 staff transferred under TUPE regulations to Simply Serve Ltd on 1 February 2018.

The key objectives of establishing SSL are as follows:

- Maintain and improve quality of services
- Free up Trust management to focus on healthcare
- Develop a more efficient and cost effective service
- Retain staff within the YDH group providing opportunities and security
- Enhance the ability to recruit and retain key staff groups
- Enhance focus and flexibility on developing additional income generation opportunities

SSL operates as an arm's length organisation with its own board of directors and governance structure. Services are provided under contractual arrangements with detailed service specifications and key performance indicators.

Symphony Healthcare Services Ltd – Company Number: 06633460

Registered office – Wynford House, Yeovil, Somerset, BA22 8HR

During 2016/17 Yeovil District Hospital NHS Foundation Trust acquired Pathways Healthcare and Social Care Alliance Ltd, the company was renamed to Symphony Healthcare Services Ltd.

As at 31st March 2020 Symphony Healthcare Services operates primary care services at locations within Somerset; Ilchester GP practice, Yeovil Health Centre, Buttercross Health Centre, Highbridge Medical Centre, Crewkerne Health Centre, Oaklands Surgery, Hamdon Medical Centre, Wincanton Health Centre, Crewkerne West One Surgery, The Meadows Surgery, Martock Surgery, South Petherton Surgery and Bruton Surgery.

Yeovil District Hospital NHS Foundation Trust owns 100% of the equity and no goodwill arose in respect of the acquisitions. As per the NHS Act 2006 section 259 no goodwill can arise as part of the sale of primary care businesses.

	£000's
Consideration paid	88
Net Assets Aquired	(88)
Goodwill	**0**

Daycase UK LLP – Company Number: OC2412071

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

During 2016/17 Yeovil District Hospital NHS Foundation Trust established Daycase UK LLP for the purpose of delivering more efficient day case surgery. The company is a partnership with Ambulatory Surgery International Ltd.

The company was incorporated on 1st June 2016, Yeovil District Hospital NHS Foundation Trust then owned 70% of the company.

The initial business model depended upon growing the level of day case surgery activity. However, due to the financial constraints currently experienced by the wider NHS, and the Somerset system, it has not been possible to increase level of activity to the volumes required to deliver an effective partnership.

On this basis and following ASI's intention to focus on other opportunities, both parties mutually agreed to terminate the partnership with Yeovil District Hospital purchasing ASI's shares in the entity. As such, on 1 March 2020, all staff and activities transferred back to Yeovil District Hospital.

ASI formally retired from the partnership in May 2020. Daycase UK will remain dormant until a point in where the entity can be formally dissolved.

Yeovil Estates Partnership LLP – Company Number: OC396172

Registered office – 5 The Triangle, Worcester, Worcestershire, WR5, 2QX

During 2014/15 Yeovil District Hospital NHS Foundation Trust procured a Strategic Estates Partner and as a result established the Joint Venture Yeovil Estates Partnership LLP to undertake strategic estates activity on behalf of the Trust.

Yeovil Estates Partnership LLP was established on 29th October 2014. Yeovil District Hospital NHS Foundation Trust owns 50% of the equity of Yeovil Estates Partnership LLP and holds 50% of the voting rights.

No goodwill arose in respect of the subsidiary as the reporting Trust established the company and received an interest in the company equal to the fair value of assets on its formation.

Wellchester Innovation Limited – Company Number: 10405218

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Wellchester Innovation Ltd was incorporated on 1st October 2016. Since the date of incorporation the only accounting transaction has been the payment for shares taken by subscribers to the memorandum of association. The company has incurred no other accounting transactions in the accounting period.

As such being dormant since incorporation it is entitled for audit exemption and qualifies for dormant company accounts.

Yeovil Property Operating Company Ltd – Company Number: 09958551

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Yeovil District Hospital NHS Foundation Trust established a subsidiary company, Yeovil Property Operating Company Ltd to facilitate the provision of GP practice premises. The company was incorporated on 19th January 2016, Yeovil District Hospital NHS Foundation Trust owns 100% of Yeovil Property Operating Company.

Southwest Pathology Services LLP – Company Number: OC370482

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is Southwest Pathology Services LLP incorporated in the United Kingdom with its principal place of business being Somerset.

Southwest Pathology Service LLP provided pathology testing for the Trust and other clients up until 28 February 2015. From 1 March 2015 it provides the analytical elements of pathology testing for the Trust and other clients and is expected to continue to do so for the long term.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of Southwest Pathology Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SPS Facilities LLP – Company Number: OC397788

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SPS Facilities LLP incorporated in the United Kingdom with its principle place of business being Somerset.

SPS Facilities LLP was established 1 March 2015 and provides the facilities elements of pathology testing for the Trust and other clients and is expected to continue to do so for the long term.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SPS Facilities LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SW Path Services LLP – Company Number: OC383198

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SW Path Services LLP incorporated in the United Kingdom with its principle place of business being Somerset.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SW Path Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

29. Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity. IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The financial assets and liabilities of the group are generated by day to day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

30. Financial Risk Management

The Trust's financial risk management operations are carried out by the Trust's Treasury Function, within the parameters formally defined within the Treasury Management Guidance, agreed by the Trust Audit Committee. Trust treasury activity is routinely reported and is subject to review by internal and external auditors.

The Trust's financial instruments comprise of cash and liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The Trust does not undertake speculative treasury transactions.

30.1 Liquidity Risk

The NHS Foundation Trust's net operating costs are incurred under contracts with commissioners, which are financed from resources voted annually by Parliament. Yeovil District Hospital NHS Foundation Trust submitted an annual plan to its regulator NHS Improvement (NHSI) for 2019/20 which planned for a breakeven financial position. The Trust received non recurrent cash support from the Department of Health during the year in order for it to be able to meet its cash commitments.

30.2 Interest Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Trust is not, therefore, exposed to significant interest rate risk.

30.3 Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

30.4 Credit Risk

The majority of the Trust's income comes from Government bodies or other NHS organisations under contractual arrangements meaning that the Trust is not exposed to high levels of credit risk.

Other income is subject to credit control procedures which are regularly reviewed by management. Outstanding debtors are referred to a credit collection agency once the Trust has exhausted all other methods of collection.

30.5 Price Risk

The Trust invests its surplus cash in Government Banking Services Accounts (GBS) therefore it is not subject to market price risk.

30.6 Financial Assets

Group	**Carrying Amount 31 Mar 2020**	**Fair Value 31 Mar 2020**	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	**£'000**	£'000	£'000
Trade and other recievables	**16,833**	**13,627**	10,240	10,240
Cash at bank	**14,214**	**14,218**	5,025	5,025
	31,047	**27,845**	15,265	15,265

Trust	**Carrying Amount 31 Mar 2020**	**Fair Value 31 Mar 2020**	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	**£'000**	£'000	£'000
Trade and other recievables	**15,141**	**16,495**	11,025	11,025
Cash at bank	**7,172**	**7,172**	243	243
	22,313	**23,667**	11,268	11,268

30.7 Financial Liabilities

Group	**Carrying Amount 31 Mar 2020**	**Fair Value 31 Mar 2020**	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	**£'000**	£'000	£'000
Borrowings	**91,840**	**91,840**	81,829	81,829
Finance Lease	**1,154**	**1,154**	1,319	1,319
Other creditors	**17,275**	**17,275**	15,875	15,875
Provisions	**2,609**	**2,609**	942	942
	112,878	**112,878**	99,965	99,965

Trust	**Carrying Amount 31 Mar 2020**	**Fair Value 31 Mar 2020**	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	**£'000**	£'000	£'000
Borrowings	**90,088**	**90,088**	80,113	80,113
Finance Lease	**42,466**	**42,466**	38,586	38,586
Other creditors	**17,275**	**17,275**	15,875	15,875
Provisions	**2,609**	**2,609**	942	942
	152,438	**152,438**	135,516	135,516

Fair value is not significantly different from book value since, in the calculation of book value, the expected cashflows have been discounted by the Treasury discount rates.

30.8 Cashflow Risk

Cash is invested in accordance with approved procedures. Cashflows are monitored and weekly forecasts are produced to ensure commitments are met. Quarterly cashflow forecasts are also submitted to the Department of Health to support interim loan applications. Payables are also monitored and managed to ensure all commitments are met.

31. Events after the reporting period

Wellchester Innovation Limited – Company Number: 10405218

Notice was given to Companies House to dissolve Wellchester Innovation Limited on the 17 March 2020. This company will cease trading and existence on 18 May 2020.

Symphony Healthcare Services Ltd – Company Number: 06633460

Symphony Healthcare Services Ltd acquired Exmoor Medical practice on 1st April 2020, no goodwill arose on acquisition, and this company will be included within the consolidated financial performance at 31st March 2021.

Department of Health and Social Care (DHSC) Loans

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment.

Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £90,088,000 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.